

# **CITY OF STOUGHTON**

Stoughton, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

# CITY OF STOUGHTON

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Stoughton  
Stoughton, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Stoughton's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the City of Stoughton adopted the provisions of GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective January 1, 2017. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary Information*

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

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
May 16, 2018



## CITY OF STOUGHTON

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

As of and For the Year Ended December 31, 2017

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, 2017. 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 position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the city's operating results and the net position, as measured in the Statement of Net Position, as one way to measure the city's financial health, or financial position. Over time, increases and decreases in the city's net position, 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 nonfinancial factors, such as the condition of our roads, or the quality of our services, in assessing the overall health of our city.

- The assets and deferred outflows of the City of Stoughton exceeded its liabilities and deferred inflows by \$82,588,336 (net position). Of this amount, \$18,768,479 is considered unrestricted net position, \$6,377,093 is restricted for specific purposes (restricted net position), and \$57,442,764 is net investment in capital assets.
- The city's total net position increased by \$2,366,095 Governmental activities net position decreased by \$52,928 while business-type net position increased by \$2,419,023.
- On December 31, 2017, the city's governmental funds reported combined fund balances of \$16,446,494 at year-end.
- The City of Stoughton's total debt increased by \$215,717 (0.5%) during 2017.

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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 on 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) As of and For the Year Ended December 31, 2017

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

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

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

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

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

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2017

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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 Position is presented below.

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 28,870,637	\$ 27,148,573	\$ 16,865,979	\$ 18,735,100	\$ 45,736,616	\$ 45,883,673
Capital assets	39,997,596	38,471,938	54,404,271	51,017,100	94,401,867	89,489,038
Total Assets	68,868,233	65,620,511	71,270,250	69,752,200	140,138,483	135,372,711
Pension related amounts	2,300,782	3,103,229	733,202	1,066,540	3,033,984	4,169,769
Total Deferred Outflows of Resources	2,300,782	3,103,229	733,202	1,066,540	3,033,984	4,169,769
Long-term liabilities	29,774,727	27,238,629	14,845,278	17,387,561	44,620,005	44,626,190
Other liabilities	1,304,824	2,493,603	3,024,711	1,617,810	4,329,535	4,111,413
Total Liabilities	31,079,551	29,732,232	17,869,989	19,005,371	48,949,540	48,737,603
Unearned revenue	10,338,371	10,944,230	-	408,985	10,338,371	11,353,215
Pension related amounts	986,164	-	310,056	-	1,296,220	-
Total Deferred Inflows of Resources	11,324,535	10,944,230	310,056	408,985	11,634,591	11,353,215
Net investment in capital assets	18,683,527	19,190,712	39,343,187	36,484,386	57,442,764	55,009,388
Restricted	3,226,847	1,969,261	3,150,246	3,091,634	6,377,093	5,060,895
Unrestricted	6,854,555	6,887,305	11,329,974	11,828,364	18,768,479	19,381,379
<b>Total Net Position</b>	<b>\$ 28,764,929</b>	<b>\$ 28,047,278</b>	<b>\$ 53,823,407</b>	<b>\$ 51,404,384</b>	<b>\$ 82,588,336</b>	<b>\$ 79,451,662</b>

The largest portion of the city's net position (69.6%) 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 position (7.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (22.7%) may be used to meet the government's ongoing obligation to citizens and creditors.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2017

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

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

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

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program Revenues						
Charges for services	\$ 3,153,669	\$ 2,883,638	\$ 20,698,407	\$ 20,328,506	\$ 23,852,076	\$ 23,212,144
Operating grants and contributions	1,970,337	1,728,580	39,527	36,747	2,009,864	1,765,327
Capital grants and contributions	871,798	55,913	826,708	1,741,957	1,698,506	1,797,870
General Revenues						
Property taxes	9,035,500	8,662,381	-	-	9,035,500	8,662,381
Other taxes	138,899	134,647	-	-	138,899	134,647
Intergovernmental	952,028	856,350	-	-	952,028	856,350
Other	696,717	590,062	159,538	122,793	856,255	712,855
Total Revenues	<u>16,818,948</u>	<u>14,911,571</u>	<u>21,724,180</u>	<u>22,230,003</u>	<u>38,543,128</u>	<u>37,141,574</u>
<b>EXPENSES</b>						
General government	1,707,389	2,092,522	-	-	1,707,389	2,092,522
Public safety	5,985,472	4,101,812	-	-	5,985,472	4,101,812
Public works	2,949,608	3,227,449	-	-	2,949,608	3,227,449
Culture, education and recreation	4,840,325	3,793,485	-	-	4,840,325	3,793,485
Conservation and development	1,045,047	1,725,503	-	-	1,045,047	1,725,503
Water	-	-	1,547,915	1,559,150	1,547,915	1,559,150
Wastewater	-	-	1,958,873	1,964,246	1,958,873	1,964,246
Electric	-	-	14,392,196	14,577,775	14,392,196	14,577,775
EMS	-	-	466,301	665,127	466,301	665,127
Storm sewer	-	-	692,035	469,033	692,035	469,033
Interest and fiscal charges	591,872	493,337	-	-	591,872	493,337
Total Expenses	<u>17,119,713</u>	<u>15,434,108</u>	<u>19,057,320</u>	<u>19,235,331</u>	<u>36,177,033</u>	<u>34,669,439</u>
Income Before Transfers	(300,765)	(522,537)	2,666,860	2,994,672	2,366,095	2,472,135
Transfers	247,837	74,498	(247,837)	(74,498)	-	-
Change in Net Position	(52,928)	(448,039)	2,419,023	2,920,174	2,366,095	2,472,135
Beginning Net Position (as restated)	<u>28,817,857</u>	<u>28,495,317</u>	<u>51,404,384</u>	<u>48,484,210</u>	<u>80,222,241</u>	<u>76,979,527</u>
<b>ENDING NET POSITION</b>	<u>\$ 28,764,929</u>	<u>\$ 28,047,278</u>	<u>\$ 53,823,407</u>	<u>\$ 51,404,384</u>	<u>\$ 82,588,336</u>	<u>\$ 79,451,662</u>

# CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2017

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

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

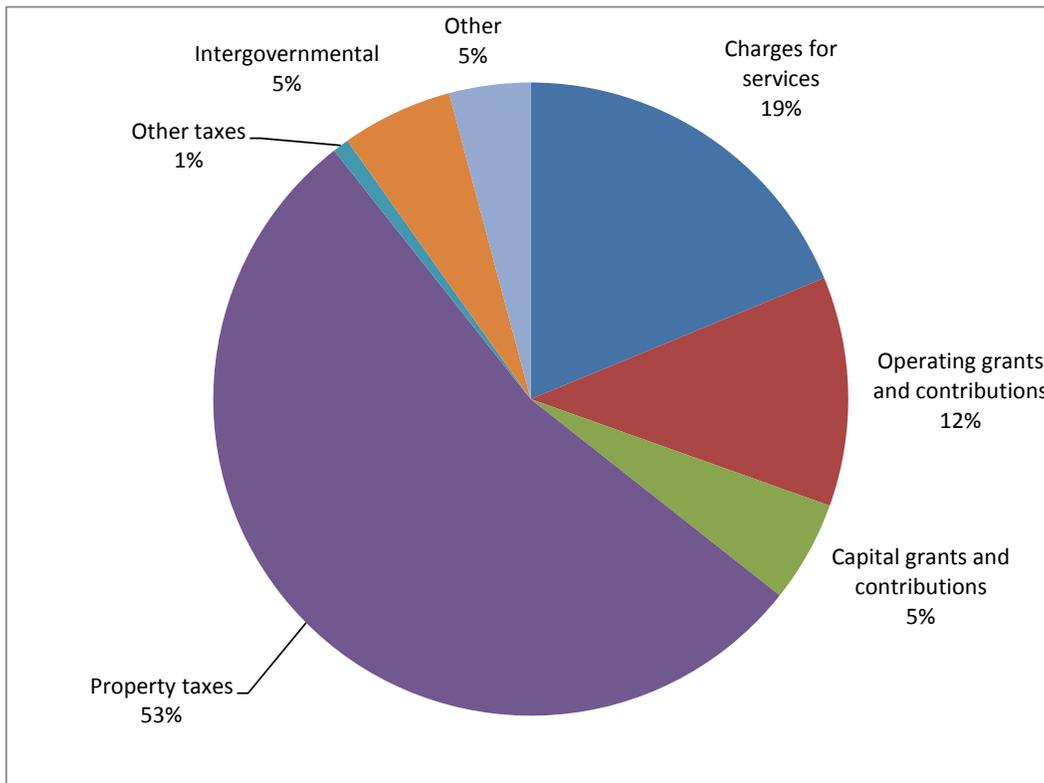
### Governmental Activities – Revenues

Governmental activities decreased the city's net position by \$52,928. This decrease is primarily a result of an increase in public safety and culture and recreation expenditures.

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 53% of total revenues.

**Governmental Activities by Revenue Source**



# CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2017

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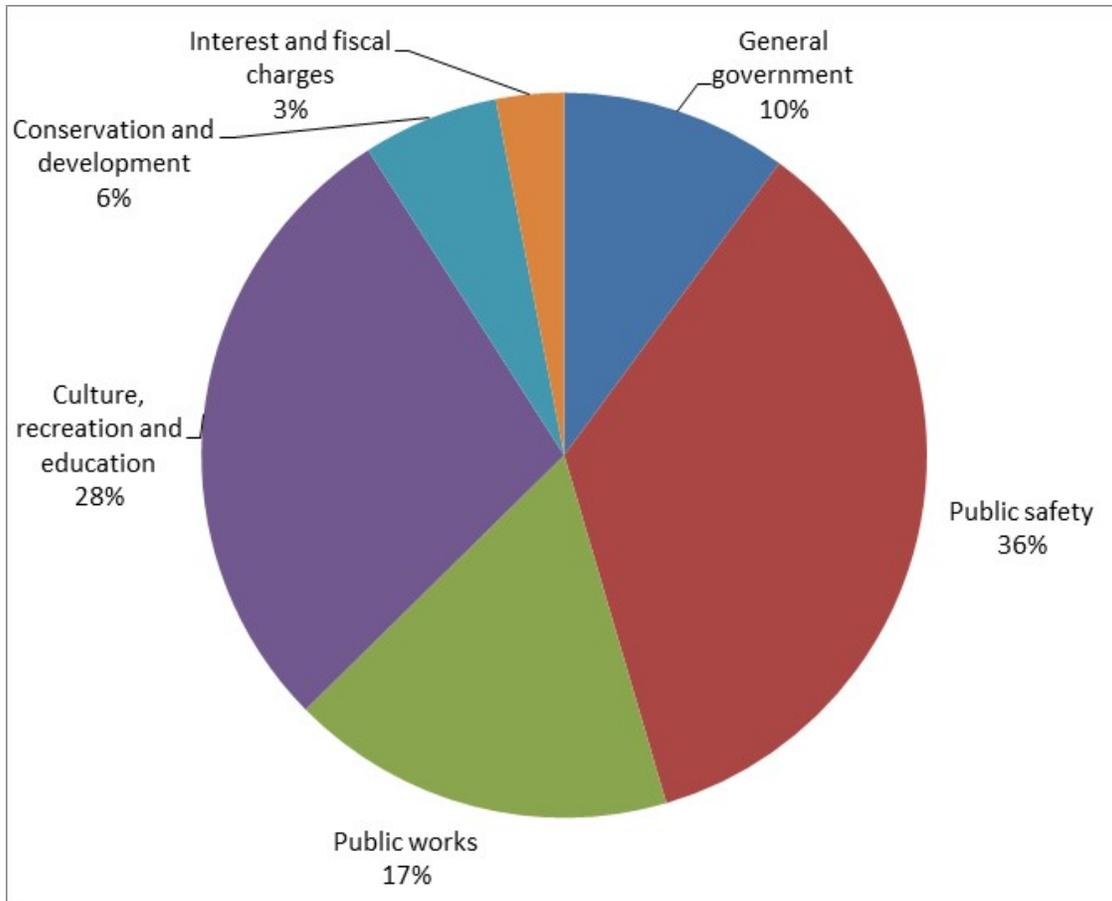
## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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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)  
As of and For the Year Ended December 31, 2017

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

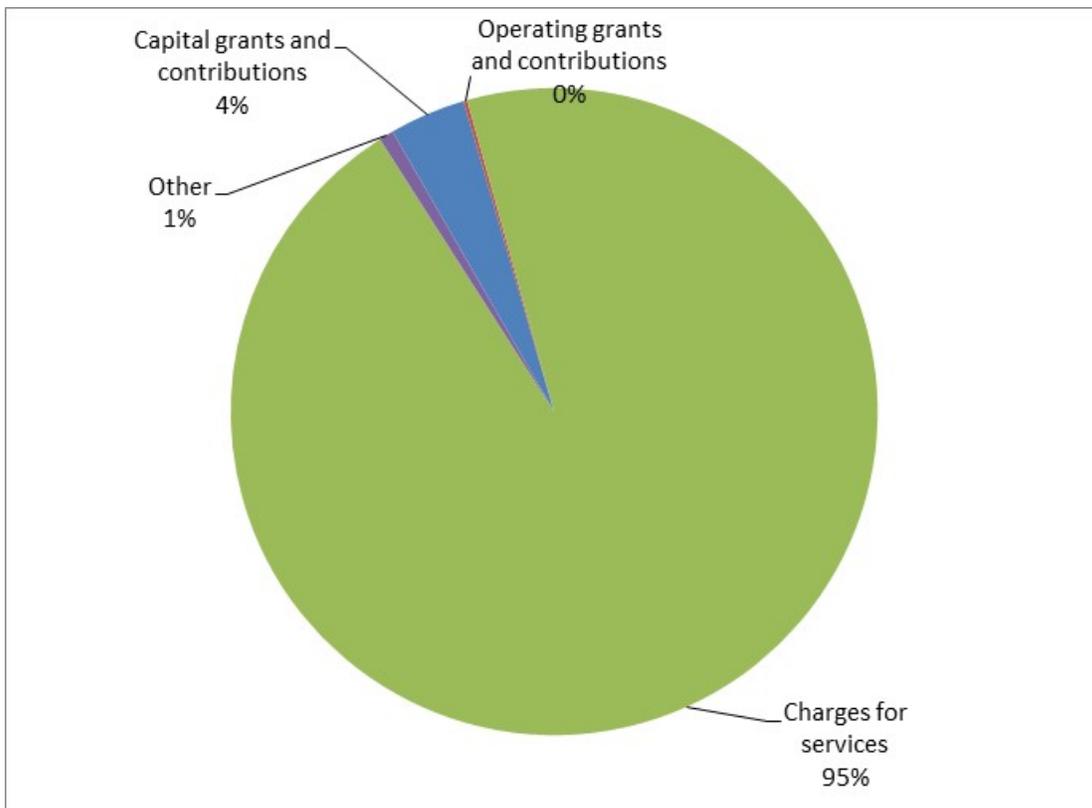
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### Business Type Activities

Business-type activities increased the City of Stoughton's net position by \$2,419,023. The net investment in capital assets increased by approximately 7.8% or \$2,858,801. This is due primarily to the fact that 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

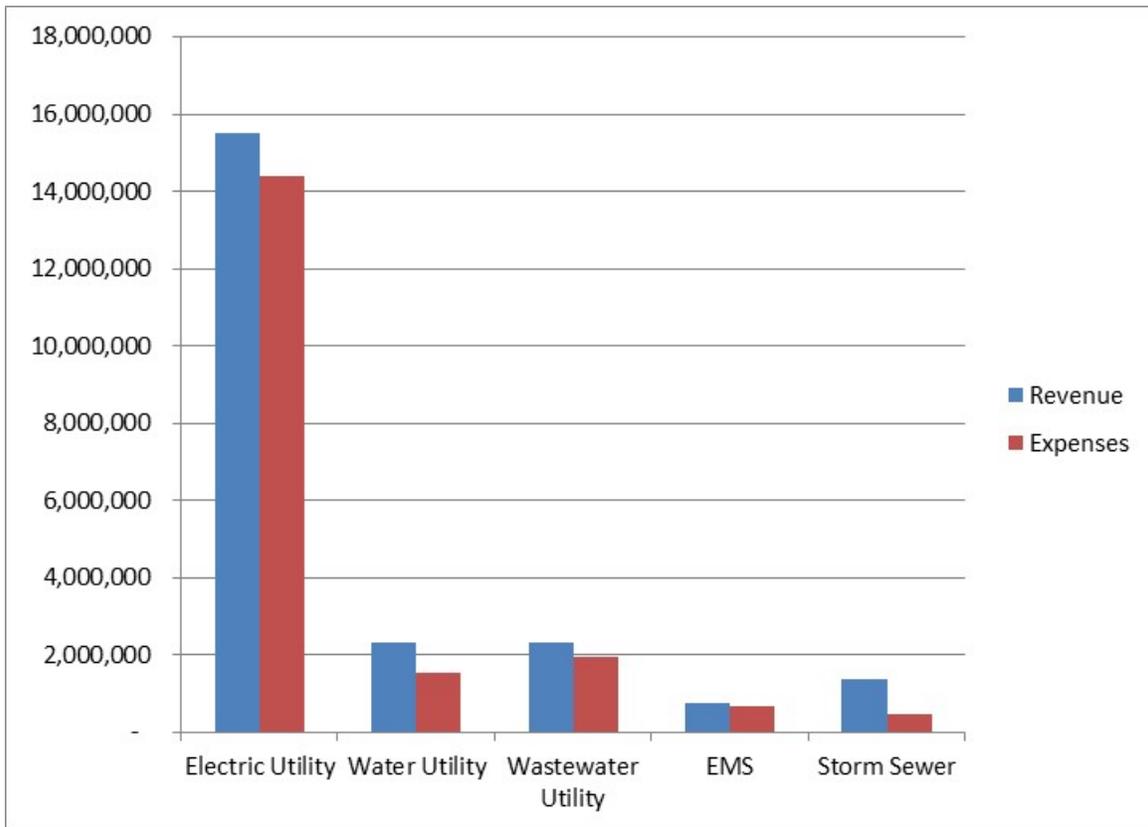
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2017

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

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



### Governmental Funds

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

At December 31, 2017, the city's governmental funds reported combined fund balances of \$16,446,494. Approximately 17.6% of this amount, \$2,895,358, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional \$12,402,162 is included in the restricted, committed, or assigned category which has been designated for specific projects or expenditures. The remaining \$1,148,974 is nonspendable for prepaid expenditures, long-term receivables, noncurrent assets, or CVMIC equity.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2017

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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 \$453,690 or 8.4%. These changes are primarily due to an overall savings in the 2017 operating budget. See the following General Fund Budgetary Highlights section for further details.

The city has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year-end was \$3,743,097 or 28.9% of 2017 general fund budgeted expenditures.

#### Debt Service Fund

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$480,476, which is a decrease of \$2,946,942 from the prior year, mainly because of crossover refunding payment, is restricted 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, 2017 is \$4,548,652. \$2,131,368 of this is assigned for the completion of projects that were begun but were not fully complete by year-end and remaining \$2,417,284 is restricted because of unspent proceeds.

#### Outlay – Capital Projects Fund

The city's outlay fund accounts for the funds accumulated for the purpose of obtaining capital equipment and other capital assets. Entire fund balance of \$604,927, which is an increase of \$381,200 from the prior year, is assigned for completion of future capital projects.

#### Tax Incremental District No. 7

TID No. 7 was created in 2015. The entire fund balance of \$1,089,649, which is an increase of \$33,802, is restricted for future TID projects.

#### Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$3,843,491, an increase of \$790,536 from the prior year.

#### Proprietary Funds

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2017

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

#### Internal Service Fund

In December 2011, the city paid off its Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The city borrowed money from the Electric Utility to pay off its portion of liability. This advance has been recorded in the Retirement Fund, which is an Internal Service Fund that the city created for this purpose. The internal service fund had a deficit of \$337,463 as of December 31, 2017, which represents the amount to be paid to the Electric Utility and funded through future years' charges to governmental funds.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget had total appropriations, including those for transfers out, of \$12,934,046. Actual expenditures and transfers out were \$12,713,456, resulting in a \$220,590 favorable variance. Total revenues and other sources were \$13,167,146, \$321,659 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 2017, the city had invested a total of \$94,401,867 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land and other assets						
not being depreciated	\$ 12,413,292	\$ 12,277,840	\$ 3,436,585	\$ 1,378,406	\$ 15,849,877	\$ 13,656,246
Buildings & improvements	15,865,366	15,609,683	1,240,308	1,240,308	17,105,674	16,849,991
Machinery & equipment	10,731,759	10,141,858	842,543	842,543	11,574,302	10,984,401
Infrastructure	30,586,683	29,168,741	-	-	30,586,683	29,168,741
Utility plant	-	-	83,352,170	79,908,979	83,352,170	79,908,979
Total Capital Assets	69,597,100	67,198,122	88,871,606	83,370,236	158,468,706	150,568,358
Less: Accumulated depreciation	(29,599,504)	(28,726,184)	(34,467,335)	(32,353,136)	(64,066,839)	(61,079,320)
<b>NET CAPITAL ASSETS</b>	<b>\$ 39,997,596</b>	<b>\$ 38,471,938</b>	<b>\$ 54,404,271</b>	<b>\$ 51,017,100</b>	<b>\$ 94,401,867</b>	<b>\$ 89,489,038</b>

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2017

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### CAPITAL ASSETS (cont.)

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

#### Governmental Activities

- Infrastructure reconstruction projects of sidewalks throughout the city and street reconstruction.
- Various equipment purchases.

#### Business-type Activities

- Business-type activities capital assets increased mainly due to additions and replacements to utility plant and the addition of the business park detention basin.

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### LONG-TERM DEBT

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At December 31, 2017, the city had \$42,263,637 of long-term bonds and notes outstanding. \$13,005,714 of this is revenue debt, \$4,775,000 is note anticipation notes, and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2017 increased by \$215,717. 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, 2017 was \$53,277,055. Total general obligation debt outstanding at year end was \$24,482,923. Therefore, the city was at 46% of the legal debt limit.

The city has a debt policy to maintain total outstanding general obligation debt at 4% or less of the equalized value. The city's outstanding general obligation debt was at 2.3%.

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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 2018 city budget. None of these conditions are anticipated to change the overall financial position of the city.

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### REQUESTS FOR INFORMATION

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

# CITY OF STOUGHTON

## STATEMENT OF NET POSITION As of December 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 15,542,362	\$ 10,424,538	\$ 25,966,900
Receivables (net)	11,123,175	2,772,498	13,895,673
Internal balances	408,216	(408,216)	-
Inventories and prepaid items	413,282	420,708	833,990
Investment in mutual insurance company	257,805	-	257,805
Restricted cash and investments	-	3,210,665	3,210,665
Other assets	-	445,786	445,786
Land held for resale	1,125,797	-	1,125,797
Capital Assets			
Capital assets not being depreciated	12,413,292	3,436,585	15,849,877
Capital assets net of depreciation	<u>27,584,304</u>	<u>50,967,686</u>	<u>78,551,990</u>
Total Assets	<u>68,868,233</u>	<u>71,270,250</u>	<u>140,138,483</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>2,300,782</u>	<u>733,202</u>	<u>3,033,984</u>
Total Deferred Outflows of Resources	<u>2,300,782</u>	<u>733,202</u>	<u>3,033,984</u>
<b>LIABILITIES</b>			
Accounts payable	496,518	1,297,467	1,793,985
Accrued liabilities and deposits	524,959	292,593	817,552
Other liabilities	283,347	21,114	304,461
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	1,353,118	1,353,118
Accrued interest	-	60,419	60,419
Noncurrent Liabilities			
Due within one year	7,644,119	380,970	8,025,089
Due in more than one year	<u>22,130,608</u>	<u>14,464,308</u>	<u>36,594,916</u>
Total Liabilities	<u>31,079,551</u>	<u>17,869,989</u>	<u>48,949,540</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	10,338,371	-	10,338,371
Pension related amounts	<u>986,164</u>	<u>310,056</u>	<u>1,296,220</u>
Total Deferred Inflows of Resources	<u>11,324,535</u>	<u>310,056</u>	<u>11,634,591</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,683,527	39,343,187	57,442,764
Restricted for			
Debt service	263,570	2,015,999	2,279,569
Firemen pension	794,510	-	794,510
Equipment replacement	-	1,134,247	1,134,247
TID activities	1,497,009	-	1,497,009
Library	212,470	-	212,470
Impact fees	402,914	-	402,914
Grants and loans	56,374	-	56,374
Unrestricted	<u>6,854,555</u>	<u>11,329,974</u>	<u>18,768,479</u>
<b>TOTAL NET POSITION</b>	<u>\$ 28,764,929</u>	<u>\$ 53,823,407</u>	<u>\$ 82,588,336</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,707,389	\$ 175,809	\$ 165,211	\$ -
Public safety	5,985,472	582,715	328,532	59,866
Public works	2,949,608	1,051,113	718,616	811,932
Culture, recreation and education	4,840,325	1,010,322	738,648	-
Conservation and development	1,045,047	333,710	800	-
Interest and fiscal charges	<u>591,872</u>	<u>-</u>	<u>18,530</u>	<u>-</u>
Total Governmental Activities	<u>17,119,713</u>	<u>3,153,669</u>	<u>1,970,337</u>	<u>871,798</u>
<b>Business-type Activities</b>				
Water	1,547,915	2,071,229	-	236,136
Wastewater	1,958,873	2,051,313	-	224,299
Electric	14,392,196	15,249,623	-	120,147
EMS	466,301	602,208	30,821	-
Storm sewer	<u>692,035</u>	<u>724,034</u>	<u>8,706</u>	<u>246,126</u>
Total Business-type Activities	<u>19,057,320</u>	<u>20,698,407</u>	<u>39,527</u>	<u>826,708</u>
Total	<u>\$ 36,177,033</u>	<u>\$ 23,852,076</u>	<u>\$ 2,009,864</u>	<u>\$ 1,698,506</u>

**General Revenues**

  Taxes

    Property taxes, levied for general purposes

    Property taxes, levied for TIF districts

    Other taxes

  Intergovernmental revenues not restricted to specific programs

  Investment income

  Miscellaneous

    Total General Revenues

Transfers

**Change in net position**

NET POSITION - Beginning of Year (as restated)

**NET POSITION - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,366,369)	\$ -	\$ (1,366,369)
(5,014,359)	-	(5,014,359)
(367,947)	-	(367,947)
(3,091,355)	-	(3,091,355)
(710,537)	-	(710,537)
<u>(573,342)</u>	<u>-</u>	<u>(573,342)</u>
<u>(11,123,909)</u>	<u>-</u>	<u>(11,123,909)</u>
-	759,450	759,450
-	316,739	316,739
-	977,574	977,574
-	166,728	166,728
-	<u>286,831</u>	<u>286,831</u>
-	<u>2,507,322</u>	<u>2,507,322</u>
<u>(11,123,909)</u>	<u>2,507,322</u>	<u>(8,616,587)</u>
8,120,215	-	8,120,215
915,285	-	915,285
138,899	-	138,899
952,028	-	952,028
187,915	155,527	343,442
<u>508,802</u>	<u>4,011</u>	<u>512,813</u>
<u>10,823,144</u>	<u>159,538</u>	<u>10,982,682</u>
<u>247,837</u>	<u>(247,837)</u>	<u>-</u>
(52,928)	2,419,023	2,366,095
<u>28,817,857</u>	<u>51,404,384</u>	<u>80,222,241</u>
<u>\$ 28,764,929</u>	<u>\$ 53,823,407</u>	<u>\$ 82,588,336</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2017

	General	Debt Service	Construction Capital Projects	Outlay
<b>ASSETS</b>				
Cash and investments	\$ 4,114,197	\$ 193,706	\$ 4,646,399	\$ 391,272
Receivables (net)				
Taxes	9,265,194	-	-	-
Delinquent personal property tax	38,154	-	-	-
Accounts	302,195	-	40,311	-
Special assessments	-	-	-	-
Delinquent special assessments	7,979	-	-	-
Leases	-	19,128	-	-
Loans	-	-	-	-
Due from other funds	922,758	286,770	14,606	-
Advances to other funds	643,244	-	-	-
Other investments	257,805	-	-	-
Prepaid items	4,440	-	-	276,370
<b>TOTAL ASSETS</b>	<b>\$ 15,555,966</b>	<b>\$ 499,604</b>	<b>\$ 4,701,316</b>	<b>\$ 667,642</b>

See accompanying notes to financial statements.

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TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 1,081,452	\$ 5,115,336	\$ 15,542,362
415,963	775,103	10,456,260
-	-	38,154
11,127	72,810	426,443
-	125,211	125,211
-	-	7,979
-	-	19,128
-	50,000	50,000
-	7,413	1,231,547
-	-	643,244
-	-	257,805
-	132,472	413,282
\$ 1,508,542	\$ 6,278,345	\$ 29,211,415

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Construction Capital Projects</u>	<u>Outlay</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 173,016	\$ -	\$ 152,664	\$ 62,715
Accrued liabilities	230,324	-	-	-
Deposits	7,791	-	-	-
Other liabilities	-	-	-	-
Due to other funds	14,626	-	-	-
Due to other governments	2,659	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>428,416</u>	<u>-</u>	<u>152,664</u>	<u>62,715</u>
Deferred Inflows of Resources				
Unearned revenues	9,248,251	-	-	-
Unavailable revenues	-	19,128	-	-
Total Deferred Inflows of Resources	<u>9,248,251</u>	<u>19,128</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable for prepaid items	4,440	-	-	-
Nonspendable for non-current interfunds	708,124	-	-	-
Nonspendable for delinquent items	46,133	-	-	-
Nonspendable for CVMIC Equity	257,805	-	-	-
Restricted	-	480,476	2,417,284	-
Committed	-	-	-	-
Assigned	1,119,700	-	2,131,368	604,927
Unassigned (deficit)	3,743,097	-	-	-
Total Fund Balances	<u>5,879,299</u>	<u>480,476</u>	<u>4,548,652</u>	<u>604,927</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 15,555,966</u>	<u>\$ 499,604</u>	<u>\$ 4,701,316</u>	<u>\$ 667,642</u>

See accompanying notes to financial statements.

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TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 539	\$ 104,925	\$ 493,859
-	15,419	245,743
2,391	33,000	43,182
-	283,347	283,347
-	471,242	485,868
-	-	2,659
-	643,244	643,244
<u>2,930</u>	<u>1,551,177</u>	<u>2,197,902</u>
415,963	674,157	10,338,371
-	209,520	228,648
<u>415,963</u>	<u>883,677</u>	<u>10,567,019</u>
-	132,472	136,912
-	-	708,124
-	-	46,133
-	-	257,805
1,089,649	2,833,260	6,820,669
-	970,638	970,638
-	754,860	4,610,855
-	(847,739)	2,895,358
<u>1,089,649</u>	<u>3,843,491</u>	<u>16,446,494</u>
<u>\$ 1,508,542</u>	<u>\$ 6,278,345</u>	<u>\$ 29,211,415</u>

See accompanying notes to financial statements.

## CITY OF STOUGHTON

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

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Total Fund Balances - Governmental Funds	\$ 16,446,494
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	39,997,596
Land held for resale.	1,125,797
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	228,648
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(1,554,024)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,300,782
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(986,164)
Internal service funds are reported in the statement of net position as governmental activities.	(337,463)
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>(28,456,737)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 28,764,929</u></b>

## CITY OF STOUGHTON

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

For the Year Ended December 31, 2017

	General	Debt Service	Construction Capital Projects	Outlay
<b>REVENUES</b>				
Taxes	\$ 8,154,172	\$ -	\$ -	\$ -
Intergovernmental	1,730,666	18,530	36,200	223,857
Licenses and permits	206,157	-	-	-
Fines, forfeitures and penalties	134,649	-	-	-
Public charges for services	1,431,359	-	-	-
Intergovernmental charges for services	60,391	48,783	-	-
Special assessments	13,600	-	-	-
Investment income	85,048	-	55,945	-
Miscellaneous	511,434	60,844	-	-
Total Revenues	12,327,476	128,157	92,145	223,857
<b>EXPENDITURES</b>				
Current				
General government	1,660,722	-	-	-
Public safety	3,884,807	-	-	-
Public works	2,034,622	-	-	-
Culture, recreation and education	1,514,881	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	1,997,716	1,925,608
Debt Service				
Principal	-	2,593,534	-	-
Interest and fiscal charges	-	478,487	37,233	6,710
Total Expenditures	9,095,032	3,072,021	2,034,949	1,932,318
Excess (deficiency) of revenues over expenditures	3,232,444	(2,943,864)	(1,942,804)	(1,708,461)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	4,415,000	1,865,000
Premium on debt	-	175,582	-	-
Payment to refunding escrow	-	(3,207,367)	-	-
Property sales	-	-	-	24,661
Transfers in	839,670	3,028,707	242,711	200,000
Transfers out	(3,618,424)	-	-	-
Total Other Financing Sources (Uses)	(2,778,754)	(3,078)	4,657,711	2,089,661
<b>Net Change in Fund Balances</b>	453,690	(2,946,942)	2,714,907	381,200
FUND BALANCES - Beginning of Year (as restated)	5,425,609	3,427,418	1,833,745	223,727
<b>FUND BALANCES - END OF YEAR</b>	\$ 5,879,299	\$ 480,476	\$ 4,548,652	\$ 604,927

See accompanying notes to financial statements.

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TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 242,013	\$ 756,255	\$ 9,152,440
-	343,117	2,352,370
-	-	206,157
-	-	134,649
-	1,089,052	2,520,411
-	-	109,174
-	200,333	213,933
8,449	38,473	187,915
-	519,508	1,091,786
<u>250,462</u>	<u>2,946,738</u>	<u>15,968,835</u>
-	946	1,661,668
-	41,072	3,925,879
-	-	2,034,622
-	2,057,911	3,572,792
24,917	37,226	62,143
75,684	995,440	4,994,448
-	-	2,593,534
-	3,374	525,804
<u>100,601</u>	<u>3,135,969</u>	<u>19,370,890</u>
<u>149,861</u>	<u>(189,231)</u>	<u>(3,402,055)</u>
-	805,000	7,085,000
-	-	175,582
-	-	(3,207,367)
-	-	24,661
-	977,514	5,288,602
<u>(116,059)</u>	<u>(802,747)</u>	<u>(4,537,230)</u>
<u>(116,059)</u>	<u>979,767</u>	<u>4,829,248</u>
33,802	790,536	1,427,193
<u>1,055,847</u>	<u>3,052,955</u>	<u>15,019,301</u>
<u>\$ 1,089,649</u>	<u>\$ 3,843,491</u>	<u>\$ 16,446,494</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, 2017

Net change in fund balances - total governmental funds	\$	1,427,193
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		4,994,448
Some items reported as capital outlay were not capitalized		(1,475,386)
Depreciation is reported in the government-wide financial statements		(1,790,803)
Net book value of assets retired		(510,998)
Contributed capital assets are reported as revenues in the government-wide financial statements.		811,932
Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(503,535)
Property held for resale recorded as an asset in the government-wide statements but reported as a capital outlay in the fund financial statements.		150,693
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Special assessments		42,691
Lease activity		(55,000)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(7,085,000)
Principal repaid		5,773,534
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Premium on debt issued		(175,582)
Amortization		10,416
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		(61,505)
Net pension liability		(997,961)
Deferred outflows of resources related to pensions		(802,447)
Deferred inflows of resources related to pensions		204,309
Accrued interest on debt		(49,117)
Internal service funds are used by management to charge self insurance costs to individual funds.		
The change in net position of the internal service fund reported with governmental activities.		39,190
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>(52,928)</b>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 292,435	\$ 1,361,952	\$ 6,786,544
Receivables			
Other receivables	221,843	219,178	1,759,804
Interest receivable	1,271	4,229	23,727
Current portion of special assessments	29,026	19,905	-
Due from other funds	238,930	164,633	10,182
Current portion of advance to other funds	-	-	41,375
Inventories	41,401	-	153,499
Prepaid items	2,692	3,363	8,402
Restricted Assets			
Redemption account	262,397	333,597	503,126
Total Current Assets	1,089,995	2,106,857	9,286,659
Noncurrent Assets			
Restricted Assets			
Reserve account	244,677	-	649,338
Depreciation account	25,000	33,283	25,000
Replacement account	-	1,134,247	-
Capital Assets			
Land and land rights	430,131	-	220,797
Construction in progress	5,693	59,092	2,358,222
Plant in service	22,523,484	29,532,551	28,960,084
Property held for future use	-	-	352,664
Less: Accumulated depreciation	(7,110,163)	(10,994,875)	(15,289,472)
Other Assets			
Special assessments	203,181	139,336	-
Preliminary survey and investigation	9,245	10,093	-
Plant and maintenance reserve account	186,538	-	510,846
Sick leave reserve account	99,237	124,633	176,481
Advance to other funds	-	-	296,088
Investment in ATC	-	-	389,457
Non-utility property (net of amortization)	26,358	-	10,633
Total Noncurrent Assets	16,643,381	20,038,360	18,660,138
Total Assets	17,733,376	22,145,217	27,946,797
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	136,127	151,361	405,146
Total Deferred Outflows of Resources	136,127	151,361	405,146

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Fund</u>
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 885,872	\$ 9,326,803	\$ -
150,998	2,351,823	-
-	29,227	-
-	48,931	-
42,903	456,648	-
-	41,375	-
-	194,900	-
211,351	225,808	-
-	1,099,120	-
<u>1,291,124</u>	<u>13,774,635</u>	<u>-</u>
-	894,015	-
-	83,283	-
-	1,134,247	-
9,986	660,914	-
-	2,423,007	-
4,418,902	85,435,021	-
-	352,664	-
(1,072,825)	(34,467,335)	-
-	342,517	-
-	19,338	-
-	697,384	-
-	400,351	-
-	296,088	-
-	389,457	-
-	36,991	-
<u>3,356,063</u>	<u>58,697,942</u>	<u>-</u>
<u>4,647,187</u>	<u>72,472,577</u>	<u>-</u>
<u>40,568</u>	<u>733,202</u>	<u>-</u>
<u>40,568</u>	<u>733,202</u>	<u>-</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 41,086	\$ 15,513	\$ 1,217,494
Accrued liabilities	12,671	15,173	117,316
Public benefits	-	-	21,114
Deposits	-	-	119,724
Due to other funds	446,538	20,147	459,897
Current portion of general obligation debt	51,000	34,000	-
Current portion of advance	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	318,415	424,703	610,000
Accrued interest	7,615	20,876	31,928
Total Current Liabilities	<u>877,325</u>	<u>530,412</u>	<u>2,577,473</u>
Noncurrent Liabilities			
Long-Term Debt			
Customer advances for construction	-	-	28,641
Revenue bonds payable	2,302,332	4,320,264	5,030,000
Unamortized debt premium	29,046	-	108,833
General obligation debt payable	372,000	248,000	-
Compensated absences	99,237	124,633	176,481
Net pension liability	21,314	22,833	52,947
Advances from other funds	-	-	-
Total Noncurrent Liabilities	<u>2,823,929</u>	<u>4,715,730</u>	<u>5,396,902</u>
Total Liabilities	<u>3,701,254</u>	<u>5,246,142</u>	<u>7,974,375</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	<u>57,271</u>	<u>65,246</u>	<u>169,885</u>
Total Deferred Inflows of Resources	<u>57,271</u>	<u>65,246</u>	<u>169,885</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	12,776,352	13,569,801	10,853,462
Restricted for			
Debt service	524,459	346,004	1,145,536
Equipment replacement	-	1,134,247	-
Unrestricted (deficit)	<u>810,167</u>	<u>1,935,138</u>	<u>8,208,685</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 14,110,978</u>	<u>\$ 16,985,190</u>	<u>\$ 20,207,683</u>

See accompanying notes to financial statements.

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<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities - Internal Service Funds
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Service Funds</u>
\$ 23,374	\$ 1,297,467	\$ -
27,709	172,869	-
-	21,114	-
-	119,724	-
275,745	1,202,327	-
295,970	380,970	-
-	-	41,375
-	1,353,118	-
-	60,419	-
<u>622,798</u>	<u>4,608,008</u>	<u>41,375</u>
-	28,641	-
-	11,652,596	-
-	137,879	-
1,489,381	2,109,381	-
32,946	433,297	-
5,420	102,514	-
-	-	296,088
<u>1,527,747</u>	<u>14,464,308</u>	<u>296,088</u>
<u>2,150,545</u>	<u>19,072,316</u>	<u>337,463</u>
<u>17,654</u>	<u>310,056</u>	<u>-</u>
<u>17,654</u>	<u>310,056</u>	<u>-</u>
2,143,572	39,343,187	-
-	2,015,999	-
-	1,134,247	-
<u>375,984</u>	<u>11,329,974</u>	<u>(337,463)</u>
<u>\$ 2,519,556</u>	<u>\$ 53,823,407</u>	<u>\$ (337,463)</u>

See accompanying notes to financial statements.

## CITY OF STOUGHTON

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

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
<b>OPERATING REVENUES</b>	<u>\$ 2,071,229</u>	<u>\$ 2,051,313</u>	<u>\$ 15,249,623</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	1,049,770	1,012,657	13,257,421
Depreciation	444,601	811,239	1,019,024
Total Operating Expenses	<u>1,494,371</u>	<u>1,823,896</u>	<u>14,276,445</u>
Operating Income	<u>576,858</u>	<u>227,417</u>	<u>973,178</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	22,208	33,367	92,681
Interest and fiscal charges	(55,856)	(134,977)	(128,148)
Miscellaneous expenses	(4,280)	-	(10,342)
Interest subsidy	-	-	-
Amortization of premium	6,592	-	22,739
Miscellaneous revenue	-	-	4,011
Intergovernmental grants	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(31,336)</u>	<u>(101,610)</u>	<u>(19,059)</u>
Income Before Contributions and Transfers	<u>545,522</u>	<u>125,807</u>	<u>954,119</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions in aid of construction	236,136	224,299	120,147
Capital contributions - city	-	-	-
Transfers in	-	-	-
Transfers out	(424,048)	-	(407,324)
Total Contributions and Transfers	<u>(187,912)</u>	<u>224,299</u>	<u>(287,177)</u>
Change in Net Position	357,610	350,106	666,942
NET POSITION (DEFICIT) - Beginning of Year	<u>13,753,368</u>	<u>16,635,084</u>	<u>19,540,741</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u><u>\$ 14,110,978</u></u>	<u><u>\$ 16,985,190</u></u>	<u><u>\$ 20,207,683</u></u>

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities - Internal Service Fund
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 1,326,242	\$ 20,698,407	\$ 50,490
933,971	16,253,819	-
178,182	2,453,046	-
<u>1,112,153</u>	<u>18,706,865</u>	<u>-</u>
<u>214,089</u>	<u>1,991,542</u>	<u>50,490</u>
7,271	155,527	-
(46,183)	(365,164)	(11,300)
-	(14,622)	-
10,670	10,670	-
-	29,331	-
-	4,011	-
28,857	28,857	-
<u>615</u>	<u>(151,390)</u>	<u>(11,300)</u>
<u>214,704</u>	<u>1,840,152</u>	<u>39,190</u>
246,126	826,708	-
503,535	503,535	-
80,000	80,000	-
-	(831,372)	-
<u>829,661</u>	<u>578,871</u>	<u>-</u>
1,044,365	2,419,023	39,190
<u>1,475,191</u>	<u>51,404,384</u>	<u>(376,653)</u>
<u>\$ 2,519,556</u>	<u>\$ 53,823,407</u>	<u>\$ (337,463)</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 2,077,982	\$ 2,041,099	\$ 15,132,657
Received from municipality for services	-	-	-
Received for street lighting	-	-	133,097
Paid to suppliers for goods and services	(643,222)	(622,707)	(12,503,353)
Paid to employees for services	(388,217)	(396,063)	(784,281)
Net Cash Flows From Operating Activities	<u>1,046,543</u>	<u>1,022,329</u>	<u>1,978,120</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments sold and matured	212,292	242,360	704,983
Investment income	21,080	50,644	79,824
Investments purchased	(194,506)	(240,466)	(466,567)
Dividends from ATC	-	-	21,520
Net Cash Flows From Investing Activities	<u>38,866</u>	<u>52,538</u>	<u>339,760</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(387,855)	-	(376,785)
Received from municipality principal on Wisconsin Retirement UAAL advance	-	-	39,190
Received from municipality interest on Wisconsin Retirement UAAL advance	-	-	11,300
Transfers to/from other funds	(3,743)	-	(12,698)
Paid to utilities principal on Wisconsin Retirement UAAL advance	-	-	-
Paid to utilities interest on Wisconsin Retirement UAAL advance	-	-	-
Advances from other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(391,598)</u>	<u>-</u>	<u>(338,993)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	-	-	-
Debt retired	(373,677)	(447,396)	(610,000)
Interest paid	(56,726)	(137,032)	(166,122)
Special assessments received	65,134	44,666	-
Acquisition and construction of capital assets	(833,246)	(693,470)	(3,081,826)
Capital contributions received	58,921	230,040	156,998
Net Cash Flows From Capital and Related Financing Activities	<u>(1,139,594)</u>	<u>(1,003,192)</u>	<u>(3,700,950)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(445,783)	71,675	(1,722,063)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,079,216</u>	<u>2,033,724</u>	<u>6,668,674</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 633,433</u>	<u>\$ 2,105,399</u>	<u>\$ 4,946,611</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
\$ 1,357,386	\$ 20,609,124	\$ -
-	-	50,490
-	133,097	-
(618,080)	(14,387,362)	-
(509,718)	(2,078,279)	-
<u>229,588</u>	<u>4,276,580</u>	<u>50,490</u>
-	1,159,635	-
7,271	158,819	-
-	(901,539)	-
-	21,520	-
<u>7,271</u>	<u>438,435</u>	<u>-</u>
-	(764,640)	-
-	39,190	-
-	11,300	-
80,000	63,559	-
-	-	(39,190)
-	-	(11,300)
<u>32,103</u>	<u>32,103</u>	<u>-</u>
<u>112,103</u>	<u>(618,488)</u>	<u>(50,490)</u>
575,000	575,000	-
(239,676)	(1,670,749)	-
(41,302)	(401,182)	-
-	109,800	-
(175,125)	(4,783,667)	-
<u>8,706</u>	<u>454,665</u>	<u>-</u>
<u>127,603</u>	<u>(5,716,133)</u>	<u>-</u>
476,565	(1,619,606)	-
<u>409,307</u>	<u>10,190,921</u>	<u>-</u>
<u>\$ 885,872</u>	<u>\$ 8,571,315</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 576,858	\$ 227,417	\$ 973,178
Nonoperating revenue (expense)	-	-	990
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	444,601	811,239	1,019,024
Depreciation charged to other funds	28,133	-	46,140
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(17,660)	(4,749)	6,245
Other accounts receivable	(507)	(7,888)	(9,871)
Due from other funds	3,087	13,497	5,107
Due to other funds	10,824	-	(20,498)
Inventories	(6,589)	-	9,795
Prepaid items	(1,864)	(2,328)	(5,126)
Accounts payable	(39,891)	(52,094)	(138,180)
Accrued wages	1,988	-	-
Compensated absences	12,650	3,723	4,670
Customer deposits	-	-	13,660
Other current liabilities	-	(2,153)	9,519
Public benefits	-	-	(5,537)
Pension related deferrals and liabilities	34,913	35,665	69,004
	<b>\$ 1,046,543</b>	<b>\$ 1,022,329</b>	<b>\$ 1,978,120</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 292,435	\$ 1,361,952	\$ 6,786,544
Restricted cash and investments			
Redemption account	262,397	333,597	503,126
Reserve account	244,677	-	649,338
Depreciation account	25,000	33,283	25,000
Plant and maintenance reserve account	186,538	-	510,846
Sick leave reserve account	99,237	124,633	176,481
Replacement account	-	1,134,247	-
Total Cash and Investments	1,110,284	2,987,712	8,651,335
Less: Noncash equivalents	(476,851)	(882,313)	(3,704,724)
	<b>\$ 633,433</b>	<b>\$ 2,105,399</b>	<b>\$ 4,946,611</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized loss on investments	\$ (14,322)	\$ (31,954)	\$ (21,302)
Contributed capital assets	\$ 210,787	\$ -	\$ 6,384
ATC earnings allocated	\$ -	\$ -	\$ 6,831

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
\$ 214,089	\$ 1,991,542	\$ 50,490
30,821	31,811	-
178,182	2,453,046	-
-	74,273	-
41,286	25,122	-
(41,702)	(59,968)	-
739	22,430	-
-	(9,674)	-
-	3,206	-
(211,351)	(220,669)	-
8,391	(221,774)	-
-	1,988	-
1,907	22,950	-
-	13,660	-
935	8,301	-
-	(5,537)	-
<u>6,291</u>	<u>145,873</u>	<u>-</u>
<u>\$ 229,588</u>	<u>\$ 4,276,580</u>	<u>\$ 50,490</u>
\$ 885,872	\$ 9,326,803	\$ -
-	1,099,120	-
-	894,015	-
-	83,283	-
-	697,384	-
-	400,351	-
-	1,134,247	-
<u>885,872</u>	<u>13,635,203</u>	<u>-</u>
<u>-</u>	<u>(5,063,888)</u>	<u>-</u>
<u>\$ 885,872</u>	<u>\$ 8,571,315</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 749,661</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
As of December 31, 2017

---

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 12,169,925
Tax roll receivable	<u>3,666,816</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,836,741</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 15,836,741</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 15,836,741</u>

# CITY OF STOUGHTON

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

#### ***A. REPORTING ENTITY***

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

In June 2015, the GASB issued statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This standard was implemented January 1, 2017.

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

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

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

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

The city reports the following major governmental funds:

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

The city reports the following major enterprise funds:

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

The city reports the following nonmajor governmental and enterprise funds:

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
CDBG	K9 Unit
Cemetery	Tree Commission
Revolving loan fund	Firemen's Pension Fund

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

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

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

EMS	Storm Sewer
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In addition, the city reports the following fund types:

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

Retirement fund

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

Tax Collections Fund

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

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

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

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV.A. 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, 2017, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

---

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

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

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in WISC are valued at WISC's share price, the price for which the investments could be sold. At December 31, 2017 the city's share of the WISC's assets was substantially equal to the amount reported in these statements.

See Note IV. A. for further information.

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

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

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

##### ***Government-Wide Statements (cont.)***

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

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

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

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

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

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

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvement. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at historical cost.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

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

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

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

##### *Non-Utility Property*

Electric utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,458 at December 31, 2017. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2017. The costs are being amortized on a straight-line basis over their useful life.

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

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

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

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

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

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

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, 2017 are determined on the basis of current salary rates and include salary related payments.

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the general fund. Total expenditures for premiums during the year were \$0. No participants were eligible during 2017 to receive benefits. There is no amount outstanding at year end to be paid in the future. The city does not incur an implicit rate subsidy on these benefits.

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

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

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

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

The city has a debt policy to maintain total outstanding general obligation debt of 4% or less of the equalized value of taxable property within the city's jurisdiction. The city's total outstanding general obligation debt was at 2.3%.

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

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

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

#### **12. Equity Classifications**

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

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 18,683,527	\$ 39,343,187	\$ (583,950)	\$ 57,442,764
Unrestricted	6,854,555	11,329,974	583,950	18,768,479

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

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

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the finance director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The city has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year end was \$3,743,097 or 28.9% of 2017 general fund budgeted expenditures.

See Note IV. H. for further information.

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

#### **13. Pension**

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

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

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

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

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

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

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

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

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

Capital assets not being depreciated	\$	12,413,292
Capital assets, net of depreciation		<u>27,584,304</u>
Combined Adjustment for Capital Assets	\$	<u><u>39,997,596</u></u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

Bonds and notes payable	\$	26,767,572
Compensated absences		1,287,965
Accrued interest		236,034
Unamortized debt premium		<u>165,166</u>
 Combined Adjustment for Long-Term Liabilities	 \$	 <u><u>28,456,737</u></u>

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

**A. BUDGETARY INFORMATION**

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

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

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Opera House	\$ 971,443	\$ 985,801	\$ 14,358
Library	852,580	876,882	24,302

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### ***C. DEFICIT BALANCES***

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

As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special revenue - Opera House	\$ 229,621	Expenditures in excess of revenues
Special revenue - Economic Development	15,741	Expenditures in excess of revenues
Special revenue - Redevelopment Authority	35,692	Expenditures in excess of revenues
Capital projects - River Trail	809	Expenditures in excess of revenues
Capital projects - TIF District No. 5	402,618	Expenditures in excess of revenues
Capital projects - TIF District No. 6	61,383	Expenditures in excess of revenues

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### 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	\$ 13,229,889	\$ 12,496,127	Custodial credit
US agencies - explicitly guaranteed	1,011,045	1,011,045	Custodial credit, interest rate
US agencies - implicitly guaranteed	392,193	392,193	Credit, custodial credit, concentration of credit, interest rate
LGIP	1,390,558	1,390,558	Credit
Certificates of deposit	2,638,245	2,638,245	Custodial credit
State and local bonds	1,021,945	1,021,945	Credit, custodial credit, concentration of credit, interest rate
Wisconsin Investment Series Cooperative	18,885,578	18,887,877	Credit
Mutual funds - bond funds	50,178	50,178	Credit, interest rate
Cash on hand	2,727,859	-	N/A
 Total Deposits and Investments	 \$ 41,347,490	 \$ 37,888,168	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 25,966,900		
Restricted cash and investments	3,210,665		
Per statement of assets and liabilities - agency fund			
Agency Fund	12,169,925		
 Total Deposits and Investments	 \$ 41,347,490		

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

The city maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities in the amount of \$5,062,722 to secure the city's deposits.

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

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

- > Market approach

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
US agencies	\$ -	\$ 1,403,238	\$ -	\$ 1,403,238
State and local bonds	-	1,021,945	-	1,021,945
Total	\$ -	\$ 2,425,183	\$ -	\$ 2,425,183

#### ***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, 2017, \$5,664,350 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,664,350
Total	\$ 5,664,350

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Custodial Credit Risk (cont.)**

**Investments**

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

U.S. Agencies

Neither insured nor registered and held by counterparty	<u>\$ 1,403,238</u>
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State and local bonds

Neither insured nor registered and held by counterparty	<u>\$ 1,021,945</u>
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**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2017, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services	Morning-Star
U.S. Agencies implicitly guaranteed	AAA	Aaa	
Mutual Fund - Fidelity Puritan			5 star
State and local bonds	AA	Aa1 - Aaa	
Wisconsin Investment Series Cooperative	AAAm		

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

Local Government Investment Pool

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Interest Rate Risk***

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

As of December 31, 2017, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	3 or more
Mutual funds	\$ 50,178	\$ 50,178	\$ -	\$ -
US agencies explicitly guaranteed	1,011,045	-	-	1,011,045
US agencies implicitly guaranteed	392,193	-	-	392,193
State and local bonds	<u>1,021,945</u>	<u>-</u>	<u>-</u>	<u>1,021,945</u>
Totals	<u>\$ 2,475,361</u>	<u>\$ 50,178</u>	<u>\$ -</u>	<u>\$ 2,425,183</u>

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

**B. RECEIVABLES**

All receivables, except \$46,133 in general fund, \$19,128 in debt service fund, \$203,181 in water utility, \$139,336 in wastewater utility and \$175,211 in nonmajor funds are expected to be collected within one year.

Allowance on receivables as of year end for the city's major funds and nonmajor funds, in aggregate, are as follows:

Uncollectibles related to ambulance receivables (non-major enterprise fund - EMS)	<u>\$ 184,047</u>
Total Uncollectibles of the Current Fiscal Year	<u><u>\$ 184,047</u></u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

**B. RECEIVABLES (cont.)**

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 10,338,371	\$ -
Special assessments not yet due	-	159,520
Lease receivable	-	19,128
Loans receivable	-	50,000
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 10,338,371	 \$ 228,648

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

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

***Equipment Replacement Account***

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
	<u>          </u>	<u>          </u>	<u>          </u>
Bond redemption account	\$ 1,099,120	\$ 60,419	\$ 1,038,701
Bond reserve account	894,015	-	894,015
Bond depreciation account	83,283	-	83,283
Equipment replacement account	<u>1,134,247</u>	<u>-</u>	<u>1,134,247</u>
 Total	 <u>\$ 3,210,665</u>	 <u>\$ 60,419</u>	 <u>\$ 3,150,246</u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 9,439,210	\$ 383,527	\$ 393,750	\$ 9,428,987
Construction in progress	1,462,211	699,955	554,280	1,607,886
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>12,277,840</u>	<u>1,083,482</u>	<u>948,030</u>	<u>12,413,292</u>
Capital assets being depreciated				
Buildings and improvements	15,609,683	255,683	-	15,865,366
Machinery and equipment	10,141,858	1,049,081	459,180	10,731,759
Streets	16,785,165	1,619,037	472,231	17,931,971
Storm sewers	5,493,174	-	81,162	5,412,012
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	4,811,891	374,456	22,158	5,164,189
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>54,920,282</u>	<u>3,298,257</u>	<u>1,034,731</u>	<u>57,183,808</u>
Total Capital Assets	<u>67,198,122</u>	<u>4,381,739</u>	<u>1,982,761</u>	<u>69,597,100</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation for				
Buildings and improvements	\$ (6,621,302)	\$ (414,181)	\$ -	\$ (7,035,483)
Machinery and equipment	(7,040,698)	(465,440)	341,932	(7,164,206)
Streets	(9,279,746)	(597,135)	472,231	(9,404,650)
Storm sewers	(2,780,698)	(180,220)	81,162	(2,879,756)
Street lighting	(44,193)	(3,034)	-	(47,227)
Bridges	(199,326)	(11,280)	-	(210,606)
Sidewalks	(2,543,903)	(103,284)	22,158	(2,625,029)
Traffic signals	(168,878)	(10,299)	-	(179,177)
Dams	(47,440)	(5,930)	-	(53,370)
Total Accumulated Depreciation	<u>(28,726,184)</u>	<u>(1,790,803)</u>	<u>917,483</u>	<u>(29,599,504)</u>
Net Capital Assets Being Depreciated	<u>26,194,098</u>	<u>1,507,454</u>	<u>117,248</u>	<u>27,584,304</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 38,471,938</u>	<u>\$ 2,590,936</u>	<u>\$ 1,065,278</u>	<u>\$ 39,997,596</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 105,817
Public safety	349,273
Public works, which includes the depreciation of infrastructure	1,114,689
Culture, recreation and education	221,024
Total Governmental Activities Depreciation Expense	<u>\$ 1,790,803</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 430,131	\$ -	\$ -	\$ 430,131
Construction in progress	80,638	5,693	80,638	5,693
Total Capital Assets Not Being Depreciated	510,769	5,693	80,638	435,824
Capital assets being depreciated				
Source of supply	595,730	-	-	595,730
Pumping	1,489,440	42,723	18,897	1,513,266
Treatment	90,763	-	-	90,763
Transmission and distribution	18,527,741	1,030,499	80,789	19,477,451
General	845,703	571	-	846,274
Total Capital Assets Being Depreciated	21,549,377	1,073,793	99,686	22,523,484
Total Capital Assets	22,060,146	1,079,486	180,324	22,959,308
Less: Accumulated depreciation for				
Source of supply	(369,713)	(17,276)	-	(386,989)
Pumping	(1,258,488)	(58,437)	44,632	(1,272,293)
Treatment	(88,640)	(437)	-	(89,077)
Transmission and distribution	(4,229,057)	(349,150)	133,893	(4,444,314)
General	(832,661)	(92,139)	7,310	(917,490)
Total Accumulated Depreciation	(6,778,559)	(517,439)	185,835	(7,110,163)
Net Capital Assets Being Depreciated	14,770,818	556,354	(86,149)	15,413,321
Net Water Capital Assets	\$ 15,281,587	\$ 562,047	\$ (5,511)	\$ 15,849,145

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 94,791	\$ 59,092	\$ 94,791	\$ 59,092
Total Capital Assets Not Being Depreciated	94,791	59,092	94,791	59,092
Capital assets being depreciated				
Collection system	11,214,653	603,049	10,023	11,807,679
Collection system pumping	733,519	-	-	733,519
Treatment and disposal	15,554,351	83,696	24,025	15,614,022
Administrative and general assets	1,376,617	714	-	1,377,331
Total Capital Assets Being Depreciated	28,879,140	687,459	34,048	29,532,551
Total Capital Assets	28,973,931	746,551	128,839	29,591,643
Less: Accumulated depreciation for				
Wastewater	(10,250,053)	(811,612)	66,790	(10,994,875)
Total Accumulated Depreciation	(10,250,053)	(811,612)	66,790	(10,994,875)
Net Capital Assets Being Depreciated	18,629,087	(124,153)	(32,742)	18,537,676
Net Wastewater Capital Assets	\$ 18,723,878	\$ (65,061)	\$ 62,049	\$ 18,596,768

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 220,797	\$ -	\$ -	\$ 220,797
Construction in progress	189,399	2,358,222	189,399	2,358,222
Property held for future use	<u>352,664</u>	<u>-</u>	<u>-</u>	<u>352,664</u>
Total Capital Assets Not Being Depreciated	<u>762,860</u>	<u>2,358,222</u>	<u>189,399</u>	<u>2,931,683</u>
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	23,937,651	1,059,041	159,147	24,837,545
Administrative and general assets	<u>4,116,527</u>	<u>35,215</u>	<u>44,222</u>	<u>4,107,520</u>
Total Capital Assets Being Depreciated	<u>28,069,197</u>	<u>1,094,256</u>	<u>203,369</u>	<u>28,960,084</u>
Total Capital Assets	<u>28,832,057</u>	<u>3,452,478</u>	<u>392,768</u>	<u>31,891,767</u>
Less: Accumulated depreciation for				
Transmission	(19,366)	(456)	456	(19,366)
Distribution	(11,485,726)	(882,648)	163,920	(12,204,454)
Administrative and general assets	<u>(2,924,789)</u>	<u>(154,306)</u>	<u>13,443</u>	<u>(3,065,652)</u>
Total Accumulated Depreciation	<u>(14,429,881)</u>	<u>1,037,410</u>	<u>177,819</u>	<u>(15,289,472)</u>
Net Capital Assets Being Depreciated	<u>13,639,316</u>	<u>56,846</u>	<u>25,550</u>	<u>13,670,612</u>
Net Electric Capital Assets	<u>\$ 14,402,176</u>	<u>\$ 2,415,068</u>	<u>\$ 214,949</u>	<u>\$ 16,602,295</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**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>Stormwater</u>				
Capital assets not being depreciated/amortized				
Land	\$ 9,986	\$ -	\$ -	\$ 9,986
Total Capital Assets Not Being Depreciated/Amortized	<u>9,986</u>	<u>-</u>	<u>-</u>	<u>9,986</u>
Capital assets being depreciated				
Storm Sewer	<u>1,411,265</u>	<u>924,786</u>	<u>-</u>	<u>2,336,051</u>
Total Capital Assets Being depreciated	<u>1,411,265</u>	<u>924,786</u>	<u>-</u>	<u>2,336,051</u>
Total Capital Assets	<u>1,421,251</u>	<u>924,786</u>	<u>-</u>	<u>2,346,037</u>
Less: Accumulated depreciation for				
Storm Sewer	<u>(117,025)</u>	<u>(77,868)</u>	<u>-</u>	<u>(194,893)</u>
Total Accumulated Depreciation	<u>(117,025)</u>	<u>(77,868)</u>	<u>-</u>	<u>(194,893)</u>
Net Capital Assets Being depreciated	<u>1,294,240</u>	<u>846,918</u>	<u>-</u>	<u>2,141,158</u>
Net Stormwater Capital Assets	<u>\$ 1,304,226</u>	<u>\$ 846,918</u>	<u>\$ -</u>	<u>\$ 2,151,144</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>EMS</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 1,240,308	\$ -	\$ -	\$ 1,240,308
Equipment	<u>842,543</u>	<u>-</u>	<u>-</u>	<u>842,543</u>
Total Capital Assets Being Depreciated	<u>2,082,851</u>	<u>-</u>	<u>-</u>	<u>2,082,851</u>
Less: Accumulated depreciation for				
Buildings and improvements	<u>(279,786)</u>	<u>(25,226)</u>	<u>-</u>	<u>(305,012)</u>
Equipment	<u>(497,832)</u>	<u>(75,088)</u>	<u>-</u>	<u>(572,920)</u>
Total Accumulated Depreciation	<u>(777,618)</u>	<u>(100,314)</u>	<u>-</u>	<u>(877,932)</u>
Net Capital Assets Being Depreciated	<u>1,305,233</u>	<u>(100,314)</u>	<u>-</u>	<u>1,204,919</u>
Net Other Enterprise Capital Assets	<u>\$ 1,305,233</u>	<u>\$ (100,314)</u>	<u>\$ -</u>	<u>\$ 1,204,919</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 51,017,100</u>	<u>\$ 3,658,658</u>	<u>\$ 271,487</u>	<u>\$ 54,404,271</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$	444,601
Wastewater		811,239
Electric		1,019,024
Storm sewer		77,868
EMS		<u>100,314</u>

Total Business-type Activities Depreciation Expense \$ 2,453,046

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Interfund Receivables/Payables***

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	River Trail	\$ 809	\$ 809
General	Tourism	4,069	-
General	Water Utility	430,257	-
General	Electric Utility	412,917	-
General	Wastewater Utility	7,461	-
General	Redevelopment Authority	64,071	64,071
General	Opera house	3,174	-
Construction	Water Utility	8,764	-
Construction	Wastewater Utility	5,842	-
Debt Service	Water Utility	6,035	-
Debt Service	Wastewater Utility	4,990	-
Debt Service	EMS	275,745	-
Building Maintenance	Water Utility	1,482	-
Building Maintenance	Wastewater Utility	1,854	-
Building Maintenance	Electric Utility	4,077	-
Water Utility	General	2,173	-
Wastewater Utility	General	2,271	-
Electric Utility	General	10,182	-
Storm Sewer	Electric Utility	42,903	-
Water Utility	Special Assessments	236,757	-
Wastewater Utility	Special Assessments	162,362	-
Total - Fund Financial Statements		1,688,195	
Less: Fund eliminations		(115,026)	
Less: Government-wide eliminations		(827,490)	
Less: Interfund advances		(337,463)	
Total Internal Balances - Government-Wide Statement of Net Position		\$ 408,216	

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 1,159,424
Business-type Activities	Governmental Activities	<u>(751,208)</u>
Total Government-Wide Financial Statements		<u>\$ 408,216</u>

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

***Advances***

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

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

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	TIF District No. 5	\$ 598,427	\$ 598,427
General fund	TIF District No. 6	44,817	44,817
Electric Utility	Internal service fund	<u>337,463</u>	296,088
Total - Fund Financial Statements		980,707	
Less: Fund eliminations		<u>(643,244)</u>	
Total - Interfund Advances		<u>\$ 337,463</u>	

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

#### **Advances (cont.)**

<u>Years</u>	<u>Internal Service Fund Advance</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 41,375	\$ 10,124
2019	43,646	8,883
2020	46,007	7,573
2021	48,459	6,193
2022	51,006	4,739
2023-2025	<u>106,970</u>	<u>4,987</u>
Totals	<u>\$ 337,463</u>	<u>\$ 42,499</u>

For the statement of net position, 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, 2017

**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	\$ 8,298	Room tax revenue
General	Water utility	424,048	Payment in lieu of taxes and dividend
General	Electric utility	407,324	Payment in lieu of taxes and dividend
Debt service	General	2,366,686	Payments on non-TID debt
Debt service	TIF District No. 3	440,479	Payments on TIF District debt
Debt service	TIF District No. 4	105,483	Payments on TIF District debt
Debt Service	TIF District No. 7	116,059	Payments on TIF District debt
Redevelopment authority	General	10,000	Fund operations
Redevelopment authority	Economic development	5,776	Fund operations
Construction	Park Acquisition	242,711	Fund capital projects
EMS	General	80,000	Fund operations
Library	General	567,747	Fund annual operations
Landmarks	General	4,000	Fund operations
Opera house	General	170,491	Fund operations
Outlay	General	200,000	Fund capital projects
Equipment Replacement	General	<u>219,500</u>	Fund capital projects
Total - Fund Financial Statements		5,368,602	
Less: Fund eliminations		(4,457,230)	
Less: Government-wide eliminations		(160,000)	
Capital assets contributions from governmental activities to business-type activities		<u>(503,535)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 247,837</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 831,372	
Business-type Activities	Governmental Activities	<u>(583,535)</u>	
Total Government-wide Financial Statements		<u>\$ 247,837</u>	

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### 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.

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, 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	\$ 20,681,106	\$ 7,085,000	\$ 5,773,534	\$ 21,992,572	\$ 2,869,119
Note anticipation notes	4,775,000	-	-	4,775,000	4,775,000
Premiums	-	175,582	10,416	165,166	-
Sub-totals	<u>25,456,106</u>	<u>7,260,582</u>	<u>5,783,950</u>	<u>26,932,738</u>	<u>7,644,119</u>
Other Liabilities					
Compensated absences (Note I.D.9)	1,226,460	89,511	28,006	1,287,965	-
Net pension liability (Note V.A)	556,063	-	270,770	285,293	-
Fire pension liability (Note V. F.)	-	1,268,731	-	1,268,731	-
Total Other Liabilities	<u>1,782,523</u>	<u>1,358,242</u>	<u>298,776</u>	<u>2,841,989</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 27,238,629</u>	<u>\$ 8,618,824</u>	<u>\$ 6,082,726</u>	<u>\$ 29,774,727</u>	<u>\$ 7,644,119</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,240,027	\$ 575,000	\$ 324,676	\$ 2,490,351	\$ 380,970
Revenue bonds	14,351,787	-	1,346,073	13,005,714	1,353,118
Unamortized premium on bonds	167,209	-	29,330	137,879	-
Sub-totals	<u>16,759,023</u>	<u>575,000</u>	<u>1,700,079</u>	<u>15,633,944</u>	<u>1,734,088</u>
Other Liabilities					
Vested compensated absences	410,347	72,914	49,964	433,297	-
Net pension liability	191,050	30,760	119,296	102,514	-
Customer advances for construction	27,141	93,410	91,910	28,641	-
Total Other Liabilities	<u>628,538</u>	<u>197,084</u>	<u>261,170</u>	<u>564,452</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 17,387,561</u>	<u>\$ 772,084</u>	<u>\$ 1,961,249</u>	<u>\$ 16,198,396</u>	<u>\$ 1,734,088</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### 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, 2017, was \$53,277,055. Total general obligation debt outstanding at year end was \$24,482,923.

#### **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, 2017</u>
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50%	\$ 485,000	\$ 60,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	120,000
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	5,060,000	495,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	1,220,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	1,050,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	2,759,000	1,409,649
2013 State Trust Fund Loan	6/23/13	3/15/20	2.75	1,400,000	627,923
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	2,755,000	2,025,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,545,000	1,220,000
2016 General Obligation Notes	5/26/16	4/1/26	3.25 - 3.75	5,830,000	5,830,000
2016 State Trust Fund Loan	12/28/16	3/15/36	3.5	850,000	850,000
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	7,085,000	<u>7,085,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 21,992,572</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**General Obligation Debt (cont.)**

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	\$ 1,015,000	\$ 390,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	661,000	365,351
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	280,000	205,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,180,000	955,000
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	575,000	<u>575,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,490,351</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,869,119	\$ 523,896	\$ 380,970	\$ 60,717
2019	2,925,602	395,986	397,289	46,143
2020	2,906,095	326,377	403,635	35,096
2021	2,116,014	271,690	270,007	26,754
2022	2,053,832	232,460	260,906	21,166
2023-2027	8,646,853	543,641	777,544	32,908
2028-2032	245,664	66,604	-	-
2033-2036	229,393	20,421	-	-
Totals	<u>\$ 21,992,572</u>	<u>\$ 2,381,075</u>	<u>\$ 2,490,351</u>	<u>\$ 222,784</u>

**Revenue Debt**

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Revenue Debt (cont.)**

The utilities has pledged future revenues to repay revenue bonds issued in between 1999-2016. Proceeds from the bonds provided financing for the utility construction, improvements, and additions. The bonds are payable solely from utility revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 2%, 11%, and 16% respectively of electric, water and wastewater gross revenues. The total principal and interest remaining to be paid on the bonds is \$14,990,541. Principal and interest paid for the current year and total customer gross revenues were \$1,690,472 and \$19,520,421, respectively.

Revenue debt payable at December 31, 2017, 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, 2017</u>
<u>Water Utility</u>					
2010 Water Utility Revenue Bonds	1/27/10	5/1/29	2.67%	\$ 575,018	\$ 395,747
2016 Water Utility Revenue Bonds	5/26/16	5/1/26	1.00 - 2.75	2,520,000	<u>2,225,000</u>
				Total Water Utility	<u>2,620,747</u>
<u>Wastewater Utility</u>					
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/19	3.049%	623,465	81,426
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/20	3.049	1,116,259	213,851
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/23	2.766	1,670,624	603,752
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/27	2.475	1,539,762	933,743
2014 Wastewater Utility Clean Water Fund Loan	11/1/14	5/1/34	2.625	3,305,713	<u>2,912,195</u>
				Total Wastewater Utility	<u>4,744,967</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Revenue Debt (cont.)**

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

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
<u>Electric Utility</u>					
2013 Electric Utility Revenue Bonds	4/1/13	4/1/23	2.00 - 2.25%	\$ 3,170,000	\$ 1,945,000
2016 Electric Utility Revenue Bonds	5/26/16	4/1/36	2.00 - 3.00	4,005,000	<u>3,695,000</u>
				Total Electric Utility	<u>5,640,000</u>
					<u>\$ 13,005,714</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2018	\$ 1,353,118	\$ 284,929
2019	1,370,495	256,850
2020	1,405,628	228,089
2021	1,346,722	199,390
2022	1,361,501	170,607
2023-2027	3,492,421	539,716
2028-2032	1,673,024	258,190
2033-2036	<u>1,002,805</u>	<u>47,056</u>
Totals	<u>\$ 13,005,714</u>	<u>\$ 1,984,827</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Note Anticipation Notes**

Bond anticipation notes at December 31, 2017, consist of the following:

<b>Governmental Activities</b>	Date of	Final	Interest	Original	Balance
<u>Note Anticipation Notes</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>December 31, 2017</u>
2015 Note Anticipation Notes	10/21/15	10/1/18	1.250%	\$ 4,775,000	\$ <u>4,775,000</u>
Total Governmental Activities Bond Anticipation Notes					\$ <u><u>4,775,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Bond Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ <u>4,775,000</u>	\$ <u>59,688</u>
Totals	\$ <u><u>4,775,000</u></u>	\$ <u><u>59,688</u></u>

**Capital Leases**

Refer to Note IV. G.

**Other Debt Information**

Estimated payments of compensated absences, net pension liability and fire pension liability are not included in the debt service requirement schedules. The compensated absences liability, net pension liability and fire pension 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 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The city's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Crossover Refunding***

On May 26, 2016, the city issued \$5,830,000 in general obligation bonds with an average coupon rate of 1.7% to advance refund \$3,180,000 of outstanding bonds with an average coupon rate of 3.25-3.75%. The net proceeds along with existing funds of the city were used to purchase U.S. government securities. Those securities were deposited in an account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account were recorded in the financial statements as of December 31, 2016. This type of advance refunding is commonly called a crossover refunding. During 2017, the city made a payment of \$3,207,367 to the refunding escrow.

The cash flow requirements on the refunded debt prior to the advance refunding was \$4,199,213 from 2017 through 2026. The cash flow requirements on the refunding bonds are \$3,911,368 from 2017 through 2026. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$271,770.

**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>
2018	\$ 19,128	\$ 352	\$ 19,480
Totals	<u>\$ 19,128</u>	<u>\$ 352</u>	<u>\$ 19,480</u>

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

#### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 9,428,987
Construction in progress	1,607,886
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	27,584,304
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,314,069)</u>
Total Net Investment in Capital Assets	<u><u>\$ 18,683,527</u></u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Outlay</u>	<u>TIF District 7</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Fund Balances</b>							
<b>Nonspendable:</b>							
Delinquent items	\$ 46,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,133
Prepaid items	4,440	-	-	-	-	132,472	136,912
Noncurrent interfunds	708,124	-	-	-	-	-	708,124
CVMIC equity	<u>257,805</u>	-	-	-	-	-	<u>257,805</u>
Sub-total	<u>1,016,502</u>	-	-	-	-	<u>132,472</u>	<u>1,148,974</u>
<b>Restricted for:</b>							
Debt service	-	480,476	-	-	-	-	480,476
Library	-	-	-	-	-	211,865	211,865
Parks	-	-	-	-	-	402,914	402,914
TID activities	-	-	-	-	1,089,649	1,417,597	2,507,246
Capital projects	-	-	2,417,284	-	-	6,374	2,423,658
Firemen pension	-	-	-	-	-	794,510	794,510
Sub-total	-	<u>480,476</u>	<u>2,417,284</u>	-	<u>1,089,649</u>	<u>2,833,260</u>	<u>6,820,669</u>
<b>Committed to:</b>							
Food pantry	-	-	-	-	-	172,205	172,205
Landmarks	-	-	-	-	-	4,259	4,259
Fire department special	-	-	-	-	-	35,645	35,645
Ambulance	-	-	-	-	-	14,732	14,732
Opera house repair	-	-	-	-	-	6,500	6,500
Township outreach	-	-	-	-	-	5,799	5,799
Tourism	-	-	-	-	-	23,823	23,823
Seniors in need	-	-	-	-	-	45,750	45,750
Senior center wood shop	-	-	-	-	-	3,702	3,702
Senior center special	-	-	-	-	-	444,587	444,587
Capital projects	-	-	-	-	-	161,010	161,010
K9 unit	-	-	-	-	-	17,229	17,229
Tree commission	-	-	-	-	-	2,346	2,346
Cemetery	-	-	-	-	-	33,051	33,051
Sub-total	-	-	-	-	-	<u>970,638</u>	<u>970,638</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Governmental Funds (cont.)**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Outlay</u>	<u>TIF District 7</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Assigned to:</b>							
Utility payment							
in lieu of taxes	\$ 814,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,931
Safety camp	23,720	-	-	-	-	-	23,720
Youth gift	18,871	-	-	-	-	-	18,871
Bryant grant	78,221	-	-	-	-	-	78,221
Pool sinking							
fund	18,093	-	-	-	-	-	18,093
Shop with a cop	4,140	-	-	-	-	-	4,140
Police federal							
grants	7,800	-	-	-	-	-	7,800
Budget							
appropriation	80,000	-	-	-	-	-	80,000
Liability							
insurance loss	70,000	-	-	-	-	-	70,000
Arts council	1,799	-	-	-	-	-	1,799
Paul Kraby							
memorial	1,500	-	-	-	-	-	1,500
Buddy benches	625	-	-	-	-	-	625
Capital projects	-	-	2,131,368	-	-	-	2,131,368
Fire equipment	-	-	-	-	-	20,301	20,301
Equipment							
replacement	-	-	-	-	-	305,629	305,629
Building							
replacement	-	-	-	-	-	428,930	428,930
Outlay	-	-	-	604,927	-	-	604,927
Sub-total	<u>1,119,700</u>	<u>-</u>	<u>2,131,368</u>	<u>604,927</u>	<u>-</u>	<u>754,860</u>	<u>4,610,855</u>
<b>Unassigned</b>							
<b>(deficit):</b>	<u>3,743,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(847,739)</u>	<u>2,895,358</u>
<b>Total Fund</b>							
<b>Balances</b>							
<b>(Deficit)</b>	<u>\$ 5,879,299</u>	<u>\$ 480,476</u>	<u>\$ 4,548,652</u>	<u>\$ 604,927</u>	<u>\$ 1,089,649</u>	<u>\$ 3,843,491</u>	<u>\$ 16,446,494</u>

**Business-type Activities**

Net Investment in Capital Assets	
Land	\$ 660,914
Construction in progress	2,423,007
Other capital assets, net of depreciation	51,320,350
Less: Long-term debt outstanding	(15,496,065)
Plus: Unspent capital related debt proceeds	572,860
Less: Unamortized debt premium	<u>(137,879)</u>
 Total Net Investment in Capital Assets	 <u>\$ 39,343,187</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### *I. RESTATEMENT OF FUND BALANCES/NET POSITION*

Fund balance has been restated to reclassify firemen's pension fund as a nonmajor special revenue fund as a result of implementation of GASB Statement No. 73.

#### **Nonmajor Fund**

Nonmajor Fund balance - December 31, 2016 (as reported)	\$ 2,506,103
Add: Reclassification of Firemen's pension trust fund to nonmajor special revenue fund	<u>770,579</u>
Fund Balance - December 31, 2016 (as restated)	<u><u>\$ 3,276,682</u></u>

Net position has been restated to reclassify firemen's pension fund as a nonmajor special revenue fund as a result of implementation of GASB Statement No. 73.

Governmental Activities Net Position - December 31, 2016 (as reported)	\$ 28,047,278
Add: Reclassification of Firemen's pension trust fund to nonmajor special revenue fund	<u>770,579</u>
Net Position - December 31, 2016 (as restated)	<u><u>\$ 28,817,857</u></u>

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### NOTE V - OTHER INFORMATION

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

During the reporting period, the WRS recognized \$456,310 in contributions from the city.

Contribution rates as of December 31, 2017 are:

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

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

At December 31, 2017, the city reported a liability of \$387,807 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the city's proportion was 0.04705035%, which was an increase of 0.00107361% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$987,271.

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 147,870	\$ 1,219,621
Changes in assumptions	405,468	-
Net differences between projected and actual earnings on pension plan investments	1,930,382	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	40,365
Employer contributions subsequent to the measurement date	511,909	-
Totals	\$ 2,995,629	\$ 1,259,986

\$511,909 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 903,643	\$ 401,240
2019	903,643	401,240
2020	740,224	400,151
2021	(64,464)	57,117
2022	674	238

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

**Actuarial assumptions.** The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability:	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability(asset)	\$5,101,853	\$387,807	\$(3,242,221)

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

At December 31, 2017, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

**B. RISK MANAGEMENT**

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city participates in a public entity risk pool 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, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

The city has active construction projects as of December 31, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

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

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$388 million as of December 31, 2017.

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

On April 26, 2018 the city issued general obligation corporate purpose bonds in the amount of \$12,585,000 with an interest rate of 2-4%. This amount will be used for a new public works facility and repayment of 2015 note obligation notes.

On April 26, 2018 the city issued general obligation promissory notes in the amount of \$775,000 with an interest rate of 3.2-4%. This amount will be used for TID 5 capital projects.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### **D. SUBSEQUENT EVENTS** (cont.)

On February 13, 2018 the city entered into an agreement with a contractor to build the new public works facility in the amount of \$7,544,300.

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

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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

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

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

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

**Plan membership.** At December 31, 2017, the plan's membership consisted of:

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

The city paid \$38,355 for pension benefits as they came due during the reporting period. The city has accumulated assets to pay for these benefits; however, the arrangement does not meet the definition of a trust under GASB Statement No. 73. The specific criteria that are not met include:

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

**Changes in total pension liability.** The city's change in total pension liability for the year ended December 31, 2017 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 1,259,717
Service cost	42,477
Interest on total pension liability	45,829
Changes of assumptions	(42,041)
Benefit payments	(37,251)
End of Year Balance	\$ 1,268,731

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

Measurement Date:	December 31, 2016
Actuarial Valuation Date:	December 31, 2017
Inflation:	2.3%
Salary Changes:	10% in 2018, 2.3 thereafter
Discount Rate:	3.78%
Source of Discount Rate:	Bond Buyer GO 20-Year Municipal Bond Index
Source of Mortality Assumptions:	Wisconsin 2012 Mortality table
Dates of Experience Studies:	Experience study conducted using WRS experience from 2012-2014

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Sensitivity of the total pension liability to changes in the discount rate.** The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 3.78% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (2.78%) or 1 percentage point higher (4.78%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 1,489,748	\$ 1,268,731	\$ 1,094,751

**Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2017, the city recognized pension expense of \$82,499.

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 36,234
Employer contributions subsequent to the measurement date	38,355	-
Totals	\$ 38,355	\$ 36,234

\$38,355 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Inflows of Resources
2018	\$ 5,807
2019	5,807
2020	5,807
2021	5,807
2022	5,807
Thereafter	7,199

**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, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>TAXES</b>			
Taxes	\$ 8,153,257	\$ 8,154,172	\$ 915
<b>INTERGOVERNMENTAL REVENUES</b>			
Intergovernmental	1,627,727	1,730,666	102,939
<b>LICENSES AND PERMITS</b>			
Business and occupational licenses	36,700	39,150	2,450
Dog and cat licenses	4,000	2,446	(1,554)
Building permits	157,000	164,561	7,561
Total Licenses and Permits	197,700	206,157	8,457
<b>FINES, FORFEITURES AND PENALTIES</b>			
Fines, forfeitures and penalties	115,000	134,649	19,649
<b>PUBLIC CHARGES FOR SERVICES</b>			
Public charges for services	1,374,911	1,431,359	56,448
<b>INTERGOVERNMENTAL CHARGES</b>			
Intergovernmental charges for services	54,000	60,391	6,391
<b>SPECIAL ASSESSMENTS</b>			
Special assessments	10,000	13,600	3,600
<b>INVESTMENT INCOME</b>			
Investment income	20,000	85,048	65,048
<b>MISCELLANEOUS</b>			
Miscellaneous	345,651	511,434	165,783
Total Revenues	11,898,246	12,327,476	429,230

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

## CITY OF STOUGHTON

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Council/Board	\$ 47,005	\$ 46,521	\$ 484
Legislative and executive	102,162	101,685	477
Judicial	63,329	55,630	7,699
General administration	200,979	193,835	7,144
Financial administration	865,704	781,148	84,556
Legal	100,500	129,457	(28,957)
Personnel	152,707	161,065	(8,358)
City buildings	62,225	58,218	4,007
Assessor	47,500	50,880	(3,380)
Contingency	80,000	26,438	53,562
Other general government	49,500	55,845	(6,345)
Total General Government	<u>1,771,611</u>	<u>1,660,722</u>	<u>110,889</u>
<b>PUBLIC SAFETY</b>			
Police department	2,851,594	3,061,234	(209,640)
Fire department	511,690	482,689	29,001
Planning/Inspection	328,588	340,884	(12,296)
Total Public Safety	<u>3,691,872</u>	<u>3,884,807</u>	<u>(192,935)</u>
<b>PUBLIC WORKS</b>			
Highway and street maintenance and construction	100,371	117,056	(16,685)
Highway and street maintenance for local	1,113,707	1,038,626	75,081
Snow and ice control	80,000	50,139	29,861
Other sanitation	715,000	709,856	5,144
Buildings and grounds operations	152,425	118,945	33,480
Total Public Works	<u>2,161,503</u>	<u>2,034,622</u>	<u>126,881</u>
<b>CULTURE, RECREATION AND EDUCATION</b>			
Park maintenance	210,375	225,770	(15,395)
Senior Center	522,780	515,946	6,834
Culture	466,517	405,322	61,195
Recreation	341,164	328,413	12,751
Cemetery	36,000	36,984	(984)
Cable television	6,000	2,446	3,554
Total Culture, Recreation and Education	<u>1,582,836</u>	<u>1,514,881</u>	<u>67,955</u>
Total Expenditures	<u>9,207,822</u>	<u>9,095,032</u>	<u>112,790</u>

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

## CITY OF STOUGHTON

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Excess of revenues over expenditures	\$ 2,690,424	3,232,444	\$ 542,020
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	947,241	839,670	(107,571)
Transfers out	<u>(3,726,224)</u>	<u>(3,618,424)</u>	<u>107,800</u>
Total Other Financing Sources (Uses)	<u>(2,778,983)</u>	<u>(2,778,754)</u>	<u>229</u>
<b>Net Change in Fund Balance</b>	(88,559)	453,690	542,249
FUND BALANCE - Beginning of Year	<u>5,425,609</u>	<u>5,425,609</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,337,050</u>	<u>\$ 5,879,299</u>	<u>\$ 542,249</u>

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

**CITY OF STOUGHTON**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2017

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2017

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

**CITY OF STOUGHTON**

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY  
FIREMEN'S PENSION PLAN  
For the Year Ended December 31, 2017

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

SCHEDULE OF COVERED PAYROLL  
FIREMEN'S PENSION PLAN  
For the Year Ended December 31, 2017

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<u>Fiscal Year Ending</u>	<u>Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Total Pension Liability as a Percentage of Covered Payroll</u>
12/31/17	\$ 1,268,731	\$ 6,548,868	19%

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

# CITY OF STOUGHTON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

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### ***BUDGETARY INFORMATION***

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

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$24,000. Budgets are adopted at the department level of expenditure.

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

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

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

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

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

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

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

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

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

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

**SUPPLEMENTARY INFORMATION**

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
<b>ASSETS</b>				
Cash and investments	\$ 235,850	\$ 14,740	\$ -	\$ 6,500
Due from other funds	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	605	-	101,875	-
<b>TOTAL ASSETS</b>	<b>\$ 236,455</b>	<b>\$ 14,740</b>	<b>\$ 101,875</b>	<b>\$ 6,500</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 12,334	\$ 8	\$ 41,207	\$ -
Accrued liabilities	11,651	-	3,768	-
Deposits	-	-	-	-
Other liabilities	-	-	283,347	-
Due to other funds	-	-	3,174	-
Advances from other funds	-	-	-	-
Total Liabilities	23,985	8	331,496	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	605	-	101,875	-
Restricted	211,865	-	-	-
Committed	-	14,732	-	6,500
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(331,496)	-
Total Fund Balances (deficit)	212,470	14,732	(229,621)	6,500
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 236,455</b>	<b>\$ 14,740</b>	<b>\$ 101,875</b>	<b>\$ 6,500</b>

Special Revenue Funds

Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special
\$ 5,799	\$ 26,140	\$ 45,761	\$ -	\$ 172,399	\$ 4,259	\$ 36,045
-	-	-	-	-	-	-
-	17,524	-	-	2,035	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,799</u>	<u>43,664</u>	<u>45,761</u>	<u>-</u>	<u>174,434</u>	<u>4,259</u>	<u>36,045</u>
\$ -	\$ 15,772	\$ 11	\$ -	\$ 2,229	\$ -	\$ 400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,069	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>19,841</u>	<u>11</u>	<u>-</u>	<u>2,229</u>	<u>-</u>	<u>400</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,799	23,823	45,750	-	172,205	4,259	35,645
-	-	-	-	-	-	-
<u>5,799</u>	<u>23,823</u>	<u>45,750</u>	<u>-</u>	<u>172,205</u>	<u>4,259</u>	<u>35,645</u>
<u>\$ 5,799</u>	<u>\$ 43,664</u>	<u>\$ 45,761</u>	<u>\$ -</u>	<u>\$ 174,434</u>	<u>\$ 4,259</u>	<u>\$ 36,045</u>

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special	Economic Development	Redevelop- ment Authority
<b>ASSETS</b>				
Cash and investments	\$ 3,737	\$ 444,587	\$ 17,390	\$ 27,409
Due from other funds	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	1,382
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,737</u>	<u>\$ 444,587</u>	<u>\$ 17,390</u>	<u>\$ 28,791</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 35	\$ -	\$ 131	\$ 412
Accrued liabilities	-	-	-	-
Deposits	-	-	33,000	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	64,071
Advances from other funds	-	-	-	-
Total Liabilities	<u>35</u>	<u>-</u>	<u>33,131</u>	<u>64,483</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	3,702	444,587	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(15,741)	(35,692)
Total Fund Balances (deficit)	<u>3,702</u>	<u>444,587</u>	<u>(15,741)</u>	<u>(35,692)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,737</u>	<u>\$ 444,587</u>	<u>\$ 17,390</u>	<u>\$ 28,791</u>

Special Revenue Funds

Special Assessments	CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund
\$ 488,441	\$ 6,374	\$ 17,229	\$ 2,346	\$ 33,051	\$ -	\$ 794,510
-	-	-	-	-	-	-
100,946	-	-	-	-	-	-
5,051	-	-	-	-	-	-
125,211	-	-	-	-	-	-
-	-	-	-	-	50,000	-
-	-	-	-	-	-	-
<u>\$ 719,649</u>	<u>\$ 6,374</u>	<u>\$ 17,229</u>	<u>\$ 2,346</u>	<u>\$ 33,051</u>	<u>\$ 50,000</u>	<u>\$ 794,510</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
399,119	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>399,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
159,520	-	-	-	-	50,000	-
<u>159,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
-	-	-	-	-	-	-
-	6,374	-	-	-	-	794,510
161,010	-	17,229	2,346	33,051	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>161,010</u>	<u>6,374</u>	<u>17,229</u>	<u>2,346</u>	<u>33,051</u>	<u>-</u>	<u>794,510</u>
<u>\$ 719,649</u>	<u>\$ 6,374</u>	<u>\$ 17,229</u>	<u>\$ 2,346</u>	<u>\$ 33,051</u>	<u>\$ 50,000</u>	<u>\$ 794,510</u>

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Capital Projects Funds			
	Fire Equipment	Park Acquisition	River Trail	TIF District No. 3
<b>ASSETS</b>				
Cash and investments	\$ 20,301	\$ 359,235	\$ -	\$ 380,069
Due from other funds	-	-	-	-
Receivables (net)				
Taxes	-	-	-	491,691
Accounts	-	46,818	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 20,301</u>	<u>\$ 406,053</u>	<u>\$ -</u>	<u>\$ 871,760</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ 3,139	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	809	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,139</u>	<u>809</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	491,691
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,691</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	402,914	-	380,069
Committed	-	-	-	-
Assigned	20,301	-	-	-
Unassigned (deficit)	-	-	(809)	-
Total Fund Balances (deficit)	<u>20,301</u>	<u>402,914</u>	<u>(809)</u>	<u>380,069</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 20,301</u>	<u>\$ 406,053</u>	<u>\$ -</u>	<u>\$ 871,760</u>

Capital Projects Funds

TIF District No. 4	TIF District No. 5	TIF District No. 6	Equipment Replacement	Building Maintenance	Total Nonmajor Governmental Funds
\$ 1,042,022	\$ 197,996	\$ -	\$ 311,629	\$ 421,517	\$ 5,115,336
-	-	-	-	7,413	7,413
182,466	-	-	-	-	775,103
-	-	-	-	-	72,810
-	-	-	-	-	125,211
-	-	-	-	-	50,000
-	-	-	29,992	-	132,472
<u>\$ 1,224,488</u>	<u>\$ 197,996</u>	<u>\$ -</u>	<u>\$ 341,621</u>	<u>\$ 428,930</u>	<u>\$ 6,278,345</u>
\$ 4,494	\$ 2,187	\$ 16,566	\$ 6,000	\$ -	\$ 104,925
-	-	-	-	-	15,419
-	-	-	-	-	33,000
-	-	-	-	-	283,347
-	-	-	-	-	471,242
-	598,427	44,817	-	-	643,244
<u>4,494</u>	<u>600,614</u>	<u>61,383</u>	<u>6,000</u>	<u>-</u>	<u>1,551,177</u>
182,466	-	-	-	-	674,157
-	-	-	-	-	209,520
<u>182,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>883,677</u>
-	-	-	29,992	-	132,472
1,037,528	-	-	-	-	2,833,260
-	-	-	-	-	970,638
-	-	-	305,629	428,930	754,860
-	(402,618)	(61,383)	-	-	(847,739)
<u>1,037,528</u>	<u>(402,618)</u>	<u>(61,383)</u>	<u>335,621</u>	<u>428,930</u>	<u>3,843,491</u>
<u>\$ 1,224,488</u>	<u>\$ 197,996</u>	<u>\$ -</u>	<u>\$ 341,621</u>	<u>\$ 428,930</u>	<u>\$ 6,278,345</u>

## CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	227,830	-	-	-
Public charges for services	27,912	-	758,590	-
Special assessments	-	-	-	-
Investment income	1,753	-	49	53
Miscellaneous	61,666	7,384	5,017	-
Total Revenues	319,161	7,384	763,656	53
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	9,336	-	-
Culture, recreation and education	876,882	-	985,801	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	876,882	9,336	985,801	-
Excess (deficiency) of revenues over expenditures	(557,721)	(1,952)	(222,145)	53
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	-
Transfers in	567,747	-	170,491	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	567,747	-	170,491	-
<b>Net Change in Fund Balances</b>	10,026	(1,952)	(51,654)	53
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	202,444	16,684	(177,967)	6,447
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 212,470	\$ 14,732	\$ (229,621)	\$ 6,500

Special Revenue Funds

Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special	Senior Center Wood Shop
\$ -	\$ 82,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,417	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	200	50	427	13	185	-
<u>2,000</u>	<u>-</u>	<u>21,275</u>	<u>15</u>	<u>106,009</u>	<u>-</u>	<u>33,025</u>	<u>3,482</u>
<u>7,417</u>	<u>82,983</u>	<u>21,475</u>	<u>65</u>	<u>106,436</u>	<u>13</u>	<u>33,210</u>	<u>3,482</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	19,205	-
7,116	74,685	14,341	4,851	75,656	936	-	3,001
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,243	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,116</u>	<u>74,685</u>	<u>14,341</u>	<u>4,851</u>	<u>75,656</u>	<u>936</u>	<u>28,448</u>	<u>3,001</u>
<u>301</u>	<u>8,298</u>	<u>7,134</u>	<u>(4,786)</u>	<u>30,780</u>	<u>(923)</u>	<u>4,762</u>	<u>481</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	4,000	-	-
<u>-</u>	<u>(8,298)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(8,298)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
301	-	7,134	(4,786)	30,780	3,077	4,762	481
<u>5,498</u>	<u>23,823</u>	<u>38,616</u>	<u>4,786</u>	<u>141,425</u>	<u>1,182</u>	<u>30,883</u>	<u>3,221</u>
<u>\$ 5,799</u>	<u>\$ 23,823</u>	<u>\$ 45,750</u>	<u>\$ -</u>	<u>\$ 172,205</u>	<u>\$ 4,259</u>	<u>\$ 35,645</u>	<u>\$ 3,702</u>

## CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Special Revenue Funds			
	Senior Center Special	Economic Development	Redevelop- ment Authority	Special Assessments
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	14,916	-
Public charges for services	-	-	-	-
Special assessments	-	-	-	200,333
Investment income	-	190	319	579
Miscellaneous	8,007	22,759	-	-
Total Revenues	8,007	22,949	15,235	200,912
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	3,978	-	-	-
Conservation and development	-	26,168	860	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	3,978	26,168	860	-
Excess (deficiency) of revenues over expenditures	4,029	(3,219)	14,375	200,912
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	-
Transfers in	-	-	15,776	-
Transfers out	-	(5,776)	-	-
Total Other Financing Sources (Uses)	-	(5,776)	15,776	-
<b>Net Change in Fund Balances</b>	4,029	(8,995)	30,151	200,912
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	440,558	(6,746)	(65,843)	(39,902)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 444,587	\$ (15,741)	\$ (35,692)	\$ 161,010

Special Revenue Funds					Capital Projects Funds		
CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund	Fire Equipment	Park Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	286,459
-	-	-	305	-	16,639	75	2,355
-	11,083	318	-	-	7,292	-	29,450
-	11,083	318	305	-	23,931	75	318,264
-	-	-	-	-	-	-	-
-	12,531	-	-	-	-	-	-
-	-	-	226	-	-	-	10,438
-	-	675	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,531	675	226	-	-	-	10,438
-	(1,448)	(357)	79	-	23,931	75	307,826
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(242,711)
-	-	-	-	-	-	-	(242,711)
-	(1,448)	(357)	79	-	23,931	75	65,115
6,374	18,677	2,703	32,972	-	770,579	20,226	337,799
<u>\$ 6,374</u>	<u>\$ 17,229</u>	<u>\$ 2,346</u>	<u>\$ 33,051</u>	<u>\$ -</u>	<u>\$ 794,510</u>	<u>\$ 20,301</u>	<u>\$ 402,914</u>

## CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Capital Projects Funds			
	River Trail	TIF District No. 3	TIF District No. 4	TIF District No. 5
<b>REVENUES</b>				
Taxes	\$ -	\$ 492,440	\$ 180,832	\$ -
Intergovernmental	-	3,254	1,708	38,097
Public charges for services	-	16,091	-	-
Special assessments	-	-	-	-
Investment income	-	1,532	10,674	1,352
Miscellaneous	-	-	-	19,442
Total Revenues	-	513,317	193,214	58,891
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	450	2,970	5,384	341,593
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	450	2,970	5,384	341,593
Excess (deficiency) of revenues over expenditures	(450)	510,347	187,830	(282,702)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	300,000
Transfers in	-	-	-	-
Transfers out	-	(440,479)	(105,483)	-
Total Other Financing Sources (Uses)	-	(440,479)	(105,483)	300,000
<b>Net Change in Fund Balances</b>	(450)	69,868	82,347	17,298
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	(359)	310,201	955,181	(419,916)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (809)	\$ 380,069	\$ 1,037,528	\$ (402,618)

<u>Capital Projects Funds</u>			
<u>TIF District No. 6</u>	<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 756,255
-	51,895	-	343,117
-	-	-	1,089,052
-	-	-	200,333
-	1,173	550	38,473
<u>21,945</u>	<u>-</u>	<u>159,339</u>	<u>519,508</u>
<u>21,945</u>	<u>53,068</u>	<u>159,889</u>	<u>2,946,738</u>
-	-	946	946
-	-	-	41,072
-	-	-	2,057,911
9,523	-	-	37,226
556,831	78,969	-	995,440
<u>3,374</u>	<u>-</u>	<u>-</u>	<u>3,374</u>
<u>569,728</u>	<u>78,969</u>	<u>946</u>	<u>3,135,969</u>
<u>(547,783)</u>	<u>(25,901)</u>	<u>158,943</u>	<u>(189,231)</u>
505,000	-	-	805,000
-	219,500	-	977,514
-	-	-	(802,747)
<u>505,000</u>	<u>219,500</u>	<u>-</u>	<u>979,767</u>
(42,783)	193,599	158,943	790,536
<u>(18,600)</u>	<u>142,022</u>	<u>269,987</u>	<u>3,052,955</u>
<u>\$ (61,383)</u>	<u>\$ 335,621</u>	<u>\$ 428,930</u>	<u>\$ 3,843,491</u>

## CITY OF STOUGHTON

### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2017

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 646,696	\$ 239,176	\$ 885,872
Receivables	1,666	149,332	150,998
Due from other funds	42,903	-	42,903
Prepaid items	-	211,351	211,351
Total Current Assets	691,265	599,859	1,291,124
Noncurrent Assets			
Capital Assets			
Land	9,986	-	9,986
Property and equipment	2,336,051	2,082,851	4,418,902
Less: Accumulated depreciation	(194,893)	(877,932)	(1,072,825)
Total Noncurrent Assets	2,151,144	1,204,919	3,356,063
Total Assets	2,842,409	1,804,778	4,647,187
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	-	40,568	40,568
Total Deferred Outflows of Resources	-	40,568	40,568
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	7,266	16,108	23,374
Accrued liabilities	12,031	15,678	27,709
Due to other funds	-	275,745	275,745
Current portion of general obligation debt	170,970	125,000	295,970
Total Current Liabilities	190,267	432,531	622,798
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt payable	1,224,381	265,000	1,489,381
Net pension liability	-	5,420	5,420
Compensated absences	-	32,946	32,946
Total Liabilities	1,414,648	735,897	2,150,545
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	-	17,654	17,654
Total Deferred Inflows of Resources	-	17,654	17,654
<b>NET POSITION</b>			
Net investment in capital assets	1,266,922	876,650	2,143,572
Unrestricted	160,839	215,145	375,984
<b>TOTAL NET POSITION</b>	\$ 1,427,761	\$ 1,091,795	\$ 2,519,556

## CITY OF STOUGHTON

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2017

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 602,208	\$ 724,034	\$ 1,326,242
Total Operating Revenues	<u>602,208</u>	<u>724,034</u>	<u>1,326,242</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	360,123	573,848	933,971
Depreciation expense	77,868	100,314	178,182
Total Operating Expenses	<u>437,991</u>	<u>674,162</u>	<u>1,112,153</u>
Operating Income	<u>164,217</u>	<u>49,872</u>	<u>214,089</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	5,411	1,860	7,271
Interest and fiscal charges	(28,310)	(17,873)	(46,183)
Interest subsidy	-	10,670	10,670
Intergovernmental grants	8,706	20,151	28,857
Total Nonoperating Revenues (Expenses)	<u>(14,193)</u>	<u>14,808</u>	<u>615</u>
Net Income Before Contributions and Transfers	<u>150,024</u>	<u>64,680</u>	<u>214,704</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions in aid of construction	246,126	-	246,126
Capital contributions - city	503,535	-	503,535
Transfers in	-	80,000	80,000
Total Contributions and Transfers	<u>749,661</u>	<u>80,000</u>	<u>829,661</u>
<b>Change in Net Position</b>	899,685	144,680	1,044,365
NET POSITION - Beginning of Year	<u>528,076</u>	<u>947,115</u>	<u>1,475,191</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,427,761</u>	<u>\$ 1,091,795</u>	<u>\$ 2,519,556</u>

## CITY OF STOUGHTON

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2017

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 644,233	\$ 713,153	\$ 1,357,386
Paid to suppliers for goods and services	(169,852)	(448,228)	(618,080)
Paid to employees for services	(193,483)	(316,235)	(509,718)
Net Cash Flows From Operating Activities	<u>280,898</u>	<u>(51,310)</u>	<u>229,588</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>5,411</u>	<u>1,860</u>	<u>7,271</u>
Net Cash Flows From Investing Activities	<u>5,411</u>	<u>1,860</u>	<u>7,271</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers	-	80,000	80,000
Advances from other funds	-	<u>32,103</u>	<u>32,103</u>
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>112,103</u>	<u>112,103</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	575,000	-	575,000
Debt retired	(119,676)	(120,000)	(239,676)
Interest paid	(22,682)	(18,620)	(41,302)
Acquisition and construction of capital assets	(175,125)	-	(175,125)
Construction grant received	<u>8,706</u>	<u>-</u>	<u>8,706</u>
Net Cash Flows From Capital and Related Financing Activities	<u>266,223</u>	<u>(138,620)</u>	<u>127,603</u>
<b>Net Change in Cash and Cash Equivalents</b>	552,532	(75,967)	476,565
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>94,164</u>	<u>315,143</u>	<u>409,307</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 646,696</u>	<u>\$ 239,176</u>	<u>\$ 885,872</u>

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 164,217	\$ 49,872	\$ 214,089
Nonoperating revenue	-	30,821	30,821
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	77,868	100,314	178,182
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	41,286	-	41,286
Other accounts receivable	-	(41,702)	(41,702)
Due from other funds	739	-	739
Compensated absences	-	1,907	1,907
Prepaid items	-	(211,351)	(211,351)
Accounts payable	(3,212)	11,603	8,391
Other current liabilities	-	935	935
Pension related deferrals and liabilities	-	6,291	6,291
	<u>-</u>	<u>6,291</u>	<u>6,291</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 280,898</u>	<u>\$ (51,310)</u>	<u>\$ 229,588</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments	<u>\$ 646,696</u>	<u>\$ 239,176</u>	<u>\$ 885,872</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 646,696</u>	<u>\$ 239,176</u>	<u>\$ 885,872</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
City contributed assets	<u>\$ 503,535</u>	<u>\$ -</u>	<u>\$ 503,535</u>
Developer contributed assets	<u>\$ 246,126</u>	<u>\$ -</u>	<u>\$ 246,126</u>