

CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2010

CITY OF STOUGHTON

TABLE OF CONTENTS December 31, 2010

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Management's Discussion and Analysis	iii - xiv
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Assets - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Fiduciary Net Assets - Fiduciary Funds	15
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18 - 67
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	68 - 70
Notes to Required Supplementary Information	71
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	72 - 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	78 - 83

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Stoughton
Stoughton, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Stoughton's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2011 on our consideration of the City of Stoughton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

To the City Council
City of Stoughton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stoughton's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baker Tilly Vuchow Krause, LLP

Madison, Wisconsin
May 18, 2011



**CITY OF STOUGHTON
MANAGEMENT'S DISCUSSION AND
ANALYSIS
(Unaudited)
For the Year Ended December 31, 2010**

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, 2010. We encourage readers to consider the information presented here in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

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

- The assets of the City of Stoughton exceeded its liabilities by \$60,895,889 (net assets). Of this amount, \$10,786,525 is considered unrestricted net assets, \$5,383,601 is restricted for specific purposes (restricted net assets), and \$44,725,763 is invested in capital assets, net of related debt.
- The city's total net assets increased by \$2,768,475. Governmental activities net assets increased by \$159,187 while business-type net assets increased by \$2,609,288.
- On December 31, 2010, the city's governmental funds reported combined fund balances of \$7,823,366, an increase of \$1,111,422 from 2009. Undesignated fund balance was \$1,150,088 at year-end, a decrease of \$526,197 from the prior year.
- The City of Stoughton's total debt increased by \$1,256,360 (4%) during 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

City of Stoughton
Management's Discussion and Analysis
(Unaudited)
December 31, 2010

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

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

	Governmental Activities		Business Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other Assets	\$17,758,430	\$15,741,711	\$14,650,880	\$13,337,759	\$32,409,310	\$29,079,470
Capital Assets	33,423,812	33,709,620	43,376,117	41,028,522	76,799,929	74,738,142
Total Assets	51,182,242	49,451,331	58,026,997	54,366,281	109,209,239	103,817,612
Long Term liabilities	21,575,882	20,720,741	15,393,131	15,013,614	36,969,013	35,734,355
Other liabilities	9,204,555	8,487,972	2,139,782	1,467,871	11,344,337	9,955,843
Total liabilities	30,780,437	29,208,713	17,532,913	16,481,485	48,313,350	45,690,198
Invested in capital assets net of related debt	16,752,659	17,105,770	27,973,104	26,335,367	44,725,763	43,441,137
Restricted	2,102,686	3,167,733	3,280,915	2,824,295	5,383,601	5,992,028
Unrestricted (deficit)	1,546,460	(30,885)	9,240,065	8,725,134	10,786,525	8,694,249
Total Net Assets	\$20,401,805	\$20,242,618	\$40,494,084	\$37,884,796	\$60,895,889	\$58,127,414

The largest portion of the city's net assets (73%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (18%) may be used to meet the government's ongoing obligation to citizens and creditors.

City of Stoughton
Management's Discussion and Analysis
(Unaudited)
December 31, 2010

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

	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
REVENUES						
Program Revenues						
Charges for services	\$ 1,769,303	\$ 2,276,622	\$ 18,267,182	\$ 16,066,660	\$ 20,036,485	\$ 18,343,282
Operating grants and contributions	1,630,814	1,568,570	-	-	1,630,814	1,568,570
General Revenues						
Property Taxes	7,232,954	7,023,058	-	-	7,232,954	7,023,058
Other Taxes	80,895	87,846	-	-	80,895	87,846
Intergovernmental	866,106	978,613	-	-	866,106	978,613
Other	369,856	637,449	337,858	528,611	707,714	1,166,060
Total Revenues	<u>11,949,928</u>	<u>12,572,158</u>	<u>18,605,040</u>	<u>16,595,271</u>	<u>30,554,968</u>	<u>29,167,429</u>
EXPENSES						
General government	1,379,340	1,556,268	-	-	1,379,340	1,556,268
Public Safety	3,485,708	4,326,042	-	-	3,485,708	4,326,042
Public Works	2,937,905	3,306,372	-	-	2,937,905	3,306,372
Culture, education and Recreation	2,762,758	2,812,250	-	-	2,762,758	2,812,250
Conservation & Develop	403,927	223,780	-	-	403,927	223,780
Water	-	-	1,155,814	1,148,865	1,155,814	1,148,865
Sewer	-	-	1,694,554	1,658,764	1,694,554	1,658,764
Electric	-	-	13,651,620	12,054,516	13,651,620	12,054,516
EMS	-	-	518,324	-	518,324	-
Interest and Fiscal charges	727,765	836,088	-	-	727,765	836,088
Total Expenses	<u>11,697,403</u>	<u>13,060,800</u>	<u>17,020,312</u>	<u>14,862,145</u>	<u>28,717,715</u>	<u>27,922,945</u>
Income(loss) before Capital Grants and Contributions and Transfers	252,525	(488,642)	1,584,728	1,733,126	1,837,253	1,244,484
Capital Grants & Contrib.	51,379	48,783	879,843	41,423	931,222	90,206
Transfers	(144,717)	525,009	144,717	(525,009)	-	-
Change in Net Assets	159,187	85,150	2,609,288	1,249,540	2,768,475	1,334,690
Beginning Net Assets	<u>20,242,618</u>	<u>20,157,468</u>	<u>37,884,796</u>	<u>36,635,256</u>	<u>58,127,414</u>	<u>56,792,724</u>
CHANGES IN NET ASSETS	<u>\$ 20,401,805</u>	<u>\$ 20,242,618</u>	<u>\$ 40,494,084</u>	<u>\$ 37,884,796</u>	<u>\$ 60,895,889</u>	<u>\$ 58,127,414</u>

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

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

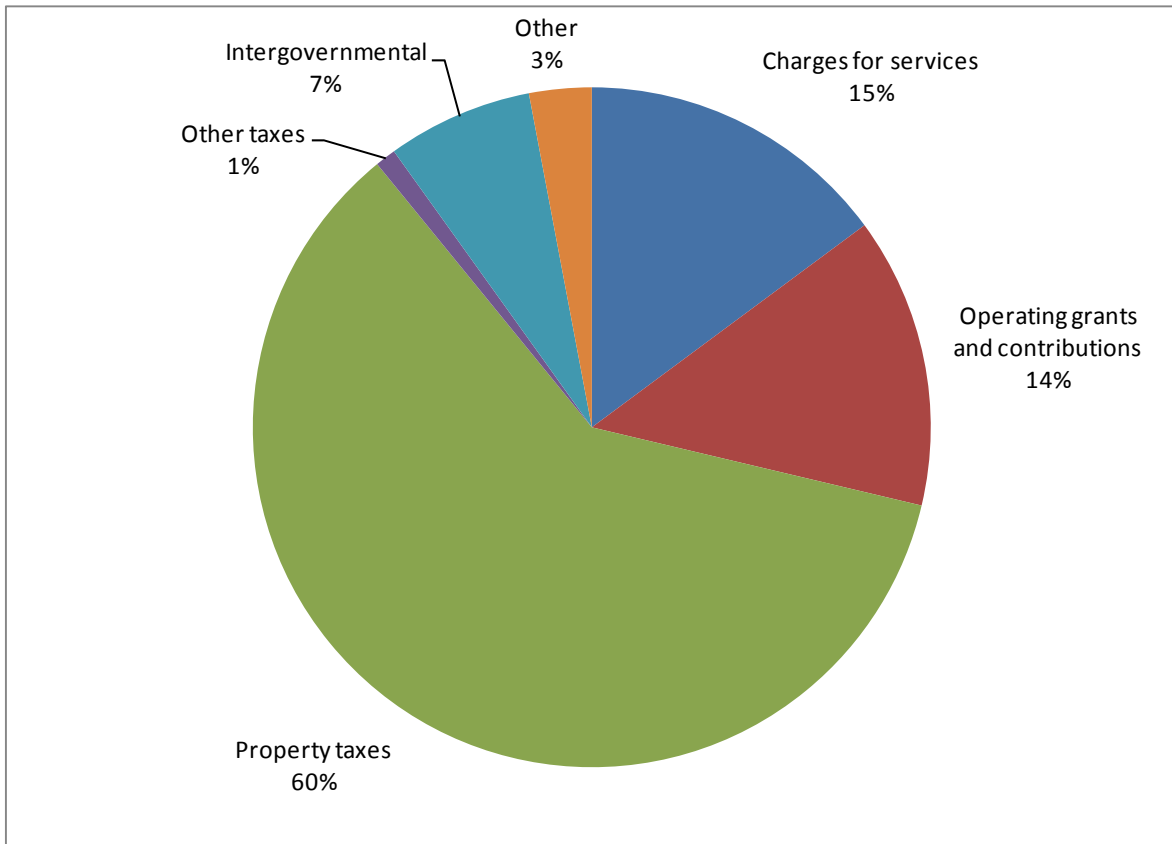
Governmental Activities – Revenues

Governmental activities increased the city's net assets by \$159,187. This increase is primarily a result operational efficiencies instituted throughout the year.

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

Property taxes are the largest revenue source for the governmental activities accounting for 60% of total revenues.

Governmental Activities by Revenue Source

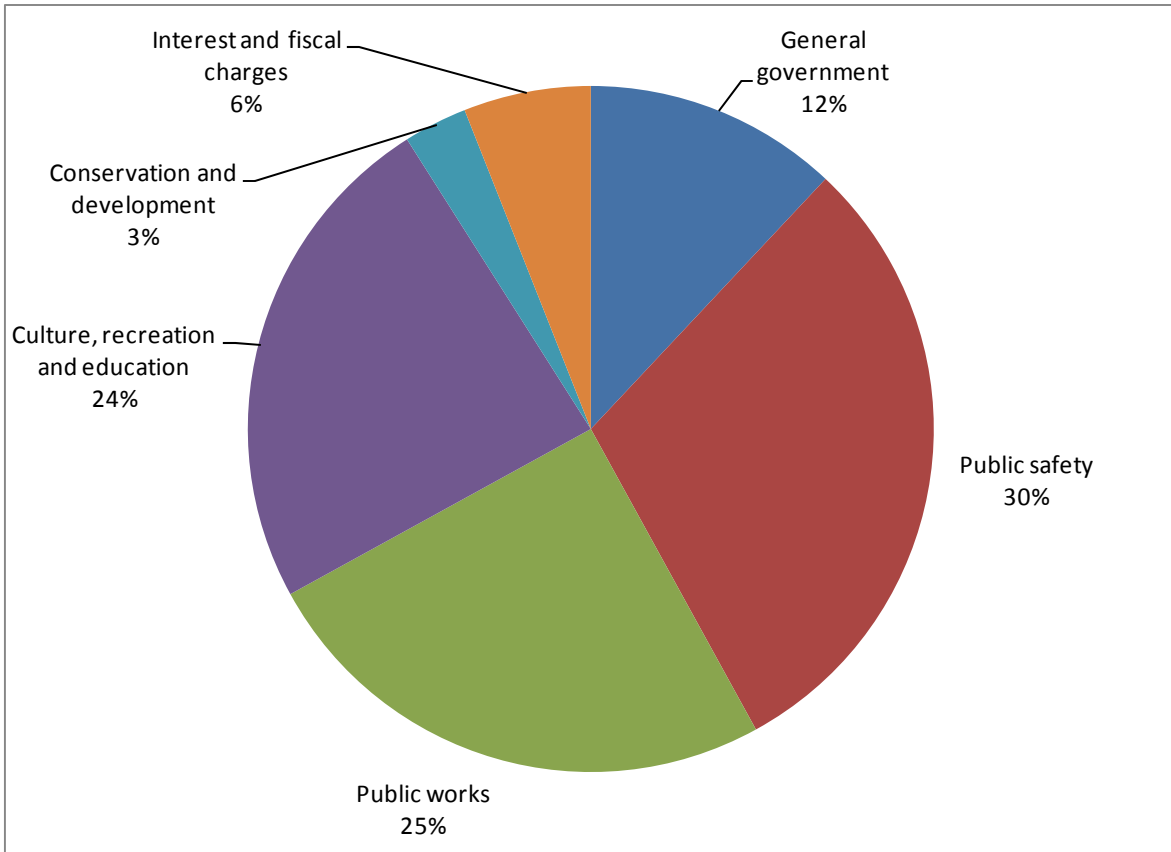


FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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



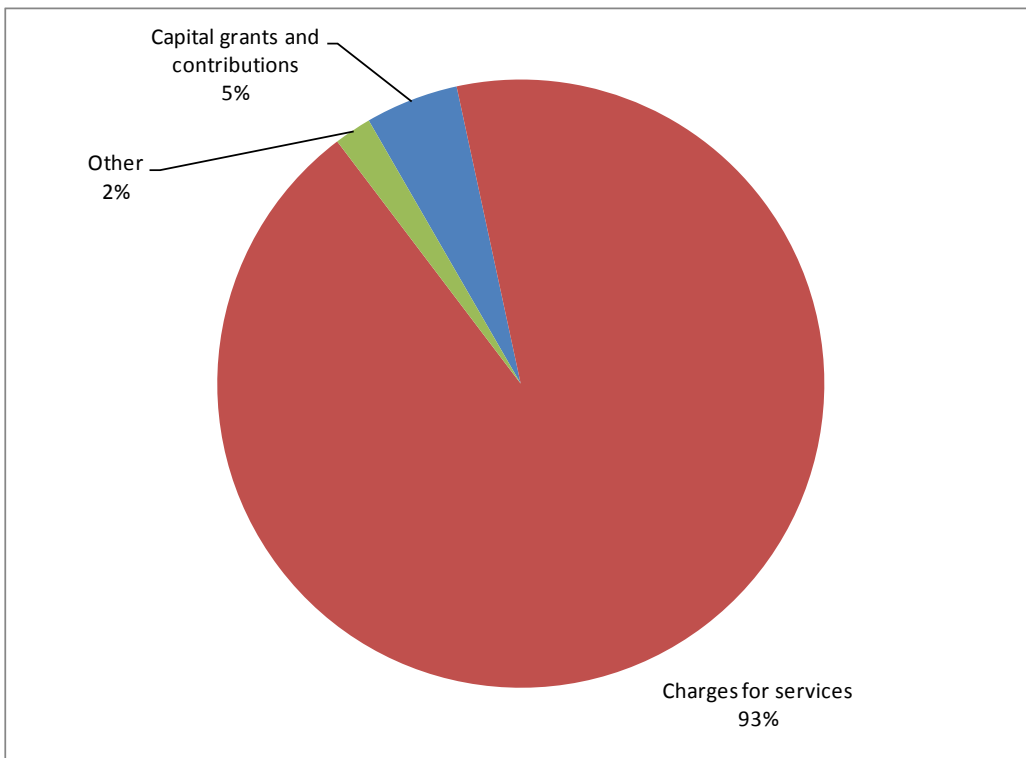
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Business Type Activities

Business-type activities increased the City of Stoughton's net assets by \$2,609,288. The investment in capital assets net of related debt increased by approximately 6.22% or \$1,637,737. This is due primarily to the fact the each of the utilities had more capital asset additions than debt issued to acquire capital assets.

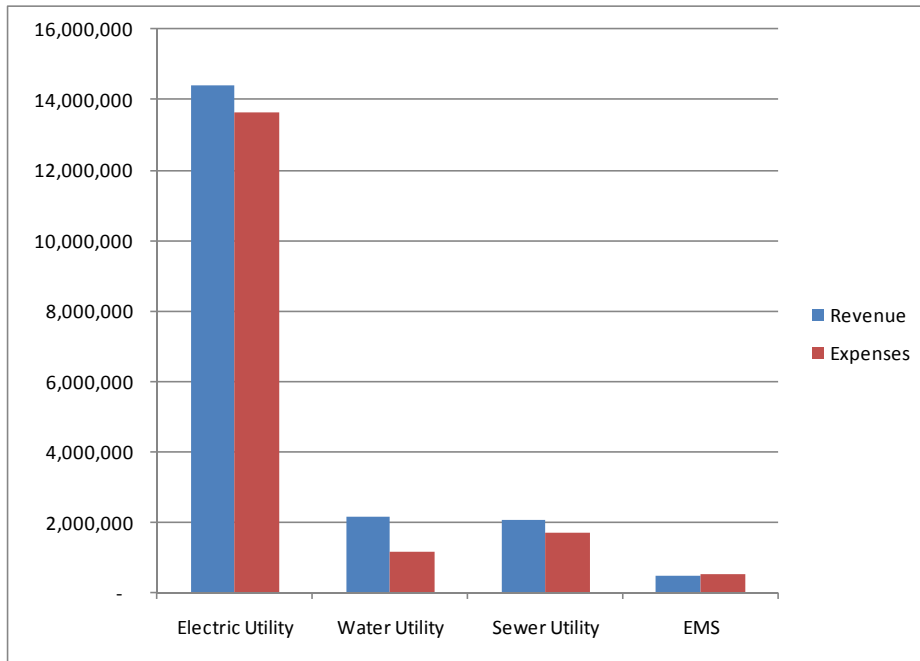
As shown on the following chart, the major source of revenues for the business-type activities is charges for services; other revenues include grants, contributions and investment income.

Revenues by Source - Business Type Activities



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

Operating Expenses and Revenues - Business-type Activities



Governmental Funds

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

At December 31, 2010, the city's governmental funds reported combined fund balances of \$7,823,366. Approximately 15% of this amount, \$1,150,088, constitutes unreserved and undesignated fund balance, which is available to meet the city's current and future needs. An additional \$4,644,376 is unreserved, but has been designated for specific projects or expenditures. The remaining \$2,028,902 is reserved for noncurrent asset balances, the city's investment in the mutual insurance company, and debt service.

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

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

General Fund

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund increased \$211,739 or 6%. Undesignated fund balance increased \$164,825. These changes are primarily due to an overall savings in the 2010 operating budget. See the following General Fund Budgetary Highlights section for further details.

The city evaluates general fund balance by measuring the undesignated general fund balance as a percentage of the subsequent year's general fund budget. For 2010, undesignated fund balance is \$1,841,110 and the 2011 general fund expenditure budget is \$10,994,224, resulting in an undesignated fund balance of 17%.

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 \$103,206, which is a decrease of \$127,566 from the prior year, is reserved for future debt service.

Capital Projects Fund

The city's 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, 2010 is \$1,593,856, all of which is earmarked for the completion of projects that were begun but were not fully complete by year end.

Non-Major Governmental Funds

Fund balance of all other governmental funds is \$2,265,185, which is designated for future projects and expenditures.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final amended General Fund budget had total appropriations, including those for transfers out, of \$10,873,945. Actual expenditures and transfers out were \$10,842,832, resulting in a \$31,113 favorable variance. Transfers of reserved funds to Special Revenue Funds were not budgeted items. General Fund departments overall came in under budget by \$150,961. Total revenues and other sources were \$11,054,571, \$322,308 more than the budget. Further details can be found in the budget to actual section of this report and the city's year-end budget to actual report.

City of Stoughton
Management's Discussion and Analysis
(Unaudited)
December 31, 2010

CAPITAL ASSETS

At the end of 2010, the city had invested a total of \$121,620,568 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	Governmental Activities		Business Type Activities		Totals	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land and other assets not being depreciated	\$ 8,488,118	\$ 8,488,118	\$ 688,215	\$ -	\$ 9,176,333	\$ 8,488,118
Buildings & improvements	14,460,020	14,816,111	477,000	-	14,937,020	14,816,111
Machinery & equipment	8,361,901	8,376,114	562,378	-	8,924,279	8,376,114
Infrastructure	25,559,148	24,417,623	-	-	25,559,148	24,417,623
Utility plant	-	-	63,023,788	60,400,740	63,023,788	60,400,740
Total Capital Assets	56,869,187	56,097,966	64,751,381	60,400,740	121,620,568	116,498,706
Less: Accumulated depreciation	(23,445,375)	(22,388,346)	(21,375,264)	(19,372,218)	(44,820,639)	(41,760,564)
NET CAPITAL ASSETS	\$ 33,423,812	\$ 33,709,620	\$ 43,376,117	\$ 41,028,522	\$ 76,799,929	\$ 74,738,142

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

Governmental Activities

- Infrastructure reconstruction projects totaled \$1,209,570
- Various equipment and vehicle purchases totaled \$600,132
- Parking lot improvements totaled \$96,909

Business-type Activities

- Business-type activities capital assets increased \$4,350,641 mainly due to the transfer of assets from governmental-activities to business-type activities for the EMS fund which is new in 2010 and routine additions and replacements to utility plant.

City of Stoughton
Management's Discussion and Analysis
(Unaudited)
December 31, 2010

LONG-TERM DEBT

At December 31, 2010, the city had \$34,535,472 of long-term bonds and notes outstanding. \$14,035,472 of this is revenue debt and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2010 increased by \$1,256,360. 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, 2010, was \$49,130,975. Total general obligation debt outstanding at year end was \$20,500,000. Therefore, the city was at 42% of the legal debt limit.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2011 city budget. None of these conditions are anticipated to change the overall financial position of the city.

REQUESTS FOR INFORMATION

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

CITY OF STOUGHTON

STATEMENT OF NET ASSETS December 31, 2010

	Governmental Activities	Business-type Activities	Totals	Component Unit Housing Authority
ASSETS				
Cash and investments	\$ 7,452,147	\$ 8,900,318	\$ 16,352,465	\$ 159,179
Receivables	9,011,410	2,335,508	11,346,918	2,085
Internal balances	518,166	(518,166)	-	-
Inventories and prepaid items	70,521	200,049	270,570	3,934
Investment in mutual insurance company	257,805	-	257,805	-
Restricted cash and investments	-	3,395,946	3,395,946	294,603
Other assets	223,808	337,225	561,033	-
Land held for resale	224,573	-	224,573	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	8,488,118	1,422,391	9,910,509	117,191
Capital assets, net of depreciation	<u>24,935,694</u>	<u>41,953,726</u>	<u>66,889,420</u>	<u>1,137,436</u>
Total Assets	<u>51,182,242</u>	<u>58,026,997</u>	<u>109,209,239</u>	<u>1,714,428</u>
LIABILITIES				
Accounts payable and accrued expenses	1,105,374	2,137,355	3,242,729	43,169
Unearned revenue	8,099,181	-	8,099,181	-
Other noncurrent liabilities	-	2,427	2,427	-
Noncurrent liabilities				
Due within one year	2,163,656	1,180,420	3,344,076	34,828
Due in more than one year	<u>19,412,226</u>	<u>14,212,711</u>	<u>33,624,937</u>	<u>1,731,622</u>
Total Liabilities	<u>30,780,437</u>	<u>17,532,913</u>	<u>48,313,350</u>	<u>1,809,619</u>
NET ASSETS				
Invested in capital assets, net of related debt (deficit)	16,752,659	27,973,104	44,725,763	(511,823)
Restricted for				
Debt service	1,228,179	2,243,079	3,471,258	294,603
Equipment replacement	-	1,037,836	1,037,836	-
Special activities	874,507	-	874,507	-
Unrestricted	<u>1,546,460</u>	<u>9,240,065</u>	<u>10,786,525</u>	<u>122,029</u>
TOTAL NET ASSETS (DEFICIT)	<u><u>\$ 20,401,805</u></u>	<u><u>\$ 40,494,084</u></u>	<u><u>\$ 60,895,889</u></u>	<u><u>\$ (95,191)</u></u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,379,340	\$ 101,338	\$ 198,337	\$ -
Public safety	3,485,708	339,458	184,710	51,379
Public works	2,937,905	719,540	626,496	-
Culture, recreation and education	2,762,758	527,836	607,690	-
Conservation and development	403,927	81,131	13,581	-
Interest and fiscal charges	<u>727,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>11,697,403</u>	<u>1,769,303</u>	<u>1,630,814</u>	<u>51,379</u>
Business-type Activities				
Water	1,155,814	1,558,841	-	612,176
Wastewater	1,694,554	2,070,720	-	-
Electric	13,651,620	14,150,996	-	267,667
EMS	<u>518,324</u>	<u>486,625</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>17,020,312</u>	<u>18,267,182</u>	<u>-</u>	<u>879,843</u>
Total Primary Government	<u>\$ 28,717,715</u>	<u>\$ 20,036,485</u>	<u>\$ 1,630,814</u>	<u>\$ 931,222</u>
Component Unit				
Housing Authority	<u>\$ 583,112</u>	<u>\$ 282,468</u>	<u>\$ 305,727</u>	<u>\$ -</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 assets

NET ASSETS (Deficit) - Beginning of Year

NET ASSETS (DEFICIT) - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Housing Authority
\$ (1,079,665)	\$ -	\$ (1,079,665)	\$ -
(2,910,161)	-	(2,910,161)	-
(1,591,869)	-	(1,591,869)	-
(1,627,232)	-	(1,627,232)	-
(309,215)	-	(309,215)	-
(727,765)	-	(727,765)	-
<u>(8,245,907)</u>	<u>-</u>	<u>(8,245,907)</u>	<u>-</u>
-	1,015,203	1,015,203	-
-	376,166	376,166	-
-	767,043	767,043	-
-	(31,699)	(31,699)	-
-	<u>2,126,713</u>	<u>2,126,713</u>	<u>-</u>
<u>(8,245,907)</u>	<u>2,126,713</u>	<u>(6,119,194)</u>	<u>-</u>
-	-	-	5,083
6,870,189	-	6,870,189	-
362,765	-	362,765	-
80,895	-	80,895	-
866,106	-	866,106	-
22,395	337,858	360,253	1,059
347,461	-	347,461	-
<u>8,549,811</u>	<u>337,858</u>	<u>8,887,669</u>	<u>1,059</u>
<u>(144,717)</u>	<u>144,717</u>	<u>-</u>	<u>-</u>
159,187	2,609,288	2,768,475	6,142
<u>20,242,618</u>	<u>37,884,796</u>	<u>58,127,414</u>	<u>(101,333)</u>
<u>\$ 20,401,805</u>	<u>\$ 40,494,084</u>	<u>\$ 60,895,889</u>	<u>\$ (95,191)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2010

	General	Debt Service	Construction
ASSETS			
Cash and investments	\$ 2,172,989	\$ 95,702	\$ 1,789,336
Receivables			
Taxes	7,715,403	-	-
Delinquent personal property tax	6,561	-	-
Accounts	117,530	7,595	9,394
Special assessments	-	-	-
Delinquent special assessments	19,751	-	-
Leases	-	374,710	-
Due from other governments	12,868	-	-
Due from other funds	1,009,400	-	-
Advances to other funds	532,000	-	-
Other investments	257,805	-	-
Prepaid items	55,671	-	-
	<u>\$ 11,899,978</u>	<u>\$ 478,007</u>	<u>\$ 1,798,730</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 256,917	\$ 91	\$ 204,874
Accrued liabilities	111,888	-	-
Other liabilities	-	-	-
Due to other funds	32,918	-	-
Deferred revenues	7,637,136	374,710	-
Advances from other funds	-	-	-
Total Liabilities	<u>8,038,859</u>	<u>374,801</u>	<u>204,874</u>
Fund Balances			
Reserved			
Debt service	-	103,206	-
Encumbrances	-	-	30,364
Investment in CVMIC	257,805	-	-
Noncurrent assets	26,312	-	-
Noncurrent interfunds	989,610	-	-
Utility PILOT	551,084	-	-
Prepaid items	55,671	-	-
Unreserved, reported in:			
General fund designated	139,527	-	-
General fund undesignated	1,841,110	-	-
Special revenue funds designated	-	-	-
Special revenue funds undesignated (deficit)	-	-	-
Capital projects funds designated	-	-	1,563,492
Capital projects funds undesignated (deficit)	-	-	-
Total Fund Balances	<u>3,861,119</u>	<u>103,206</u>	<u>1,593,856</u>
	<u>\$ 11,899,978</u>	<u>\$ 478,007</u>	<u>\$ 1,798,730</u>
TOTAL LIABILITIES AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 3,394,120	\$ 7,452,147
462,045	8,177,448
-	6,561
181,896	316,415
103,657	103,657
-	19,751
-	374,710
-	12,868
-	1,009,400
-	532,000
-	257,805
<u>14,850</u>	<u>70,521</u>
<u>\$ 4,156,568</u>	<u>\$ 18,333,283</u>

\$ 246,784	\$ 708,666
17,125	129,013
71,336	71,336
458,316	491,234
565,822	8,577,668
<u>532,000</u>	<u>532,000</u>
<u>1,891,383</u>	<u>10,509,917</u>

-	103,206
-	30,364
-	257,805
-	26,312
-	989,610
-	551,084
14,850	70,521
-	139,527
-	1,841,110
1,223,645	1,223,645
(130,395)	(130,395)
1,717,712	3,281,204
<u>(560,627)</u>	<u>(560,627)</u>
<u>2,265,185</u>	<u>7,823,366</u>
<u>\$ 4,156,568</u>	<u>\$ 18,333,283</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2010

Total Fund Balances - Governmental Funds	\$ 7,823,366
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	33,648,385
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Special assessments receivable	103,777
MCCI lease receivable	374,710

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(21,548,433)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 20,401,805</u>
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CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	General	Debt Service	Construction
REVENUES			
Taxes	\$ 6,913,451	\$ -	\$ -
Intergovernmental	1,691,669	-	-
Licenses and permits	101,117	-	-
Fines, forfeitures and penalties	102,243	-	-
Public charges for services	1,334,468	-	-
Intergovernmental charges for services	-	48,783	-
Special assessments	5,589	-	-
Investment income	12,084	386	1,685
Miscellaneous	304,778	198,125	-
Total Revenues	10,465,399	247,294	1,685
EXPENDITURES			
Current			
General government	1,335,841	-	-
Public safety	3,165,541	-	-
Public works	1,895,576	-	-
Culture, recreation and education	1,134,183	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	1,825,473
Debt Service			
Principal	-	5,190,000	-
Interest and fiscal charges	-	632,332	52,681
Total Expenditures	7,531,141	5,822,332	1,878,154
Excess (deficiency) of revenues over expenditures	2,934,258	(5,575,038)	(1,876,469)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	3,095,000	3,000,000
Property sales	-	-	21,500
Transfers in	589,172	2,352,472	206,800
Transfers out	(3,311,691)	-	-
Contribution from other districts	-	-	-
Contribution to other districts	-	-	-
Total Other Financing Sources (Uses)	(2,722,519)	5,447,472	3,228,300
Net Change in Fund Balances	211,739	(127,566)	1,351,831
FUND BALANCES - Beginning of Year	3,649,380	230,772	242,025
FUND BALANCES - END OF YEAR	\$ 3,861,119	\$ 103,206	\$ 1,593,856

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 400,398	\$ 7,313,849
362,677	2,054,346
-	101,117
-	102,243
375,855	1,710,323
-	48,783
70,183	75,772
8,240	22,395
<u>272,340</u>	<u>775,243</u>
<u>1,489,693</u>	<u>12,204,071</u>
61,164	1,397,005
115,816	3,281,357
8,128	1,903,704
1,445,831	2,580,014
81,215	81,215
967,866	2,793,339
-	5,190,000
-	<u>685,013</u>
<u>2,680,020</u>	<u>17,911,647</u>
<u>(1,190,327)</u>	<u>(5,707,576)</u>
-	6,095,000
114,870	136,370
1,365,397	4,513,841
(614,522)	(3,926,213)
237,402	237,402
<u>(237,402)</u>	<u>(237,402)</u>
<u>865,745</u>	<u>6,818,998</u>
(324,582)	1,111,422
<u>2,589,767</u>	<u>6,711,944</u>
<u>\$ 2,265,185</u>	<u>\$ 7,823,366</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, 2010

Net change in fund balances - total governmental funds \$ 1,111,422

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,793,339
Some items reported as capital outlay were not capitalized	(313,215)
Depreciation is reported in the government-wide financial statements	(1,614,959)
Miscellaneous capital asset adjustments	(194,055)
Assets transferred to business-type activities	(732,345)

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

Loan activity	(40,000)
New special assessments	57,855
Special assessment payments	(70,225)

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

Debt issued	(6,095,000)
Principal repaid	5,190,000

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

Debt issuance costs	77,730
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	54,843
Compensated absences - retirees	5,637
Self insurance auto and general liability	(32,966)
Self insurance health liability	21,958
Unfunded prior service cost	387
Accrued interest on debt	(61,219)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 159,187

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2010

ASSETS	Business-type Activities - Enterprise Funds				
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS	Totals
Current Assets					
Cash and investments	\$ 675,467	\$ 1,726,300	\$ 5,318,499	\$ 471,055	\$ 8,191,321
Receivables					
Other receivables	202,696	238,370	1,748,426	146,016	2,335,508
Due from other funds	-	-	32,918	-	32,918
Inventories	27,101	-	124,597	-	151,698
Prepaid items	9,470	11,838	27,043	-	48,351
Restricted Assets					
Redemption account	<u>111,922</u>	<u>427,323</u>	<u>339,705</u>	-	<u>878,950</u>
Total Current Assets	<u>1,026,656</u>	<u>2,403,831</u>	<u>7,591,188</u>	<u>617,071</u>	<u>11,638,746</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	349,660	-	1,046,094	-	1,395,754
Depreciation account	25,000	33,283	25,000	-	83,283
Replacement account	-	1,037,836	-	-	1,037,836
Construction account	-	123	-	-	123
Capital Assets					
Land and land rights	24,841	-	220,797	-	245,638
Construction in progress	45,331	63,761	26,682	688,215	823,989
Plant in service	16,507,407	21,822,945	23,959,360	1,039,378	63,329,090
Property held for future use	-	-	352,664	-	352,664
Less: Accumulated depreciation	(4,501,174)	(7,246,797)	(9,255,784)	(371,509)	(21,375,264)
Other Assets					
Plant and maintenance reserve account	367,089	-	103,717	-	470,806
Sick leave reserve account	79,861	61,330	97,000	-	238,191
Investment in ATC	-	-	244,654	-	244,654
Non-utility property (net of amortization)	<u>56,318</u>	<u>-</u>	<u>36,253</u>	<u>-</u>	<u>92,571</u>
Total Noncurrent Assets	<u>12,954,333</u>	<u>15,772,481</u>	<u>16,856,437</u>	<u>1,356,084</u>	<u>46,939,335</u>
Total Assets	<u>13,980,989</u>	<u>18,176,312</u>	<u>24,447,625</u>	<u>1,973,155</u>	<u>58,578,081</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS	Totals
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 9,832	\$ 56,722	\$ 1,298,931	\$ 234,587	\$ 1,600,072
Accrued liabilities	13,218	15,488	123,596	22,262	174,564
Public benefits	-	-	129,683	-	129,683
Deposits	-	-	118,128	-	118,128
Due to other funds	259,162	-	291,922	-	551,084
Current portion of GO notes	-	-	-	50,000	50,000
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	168,632	611,788	350,000	-	1,130,420
Accrued interest	17,520	22,747	74,641	-	114,908
Total Current Liabilities	<u>468,364</u>	<u>706,745</u>	<u>2,386,901</u>	<u>306,849</u>	<u>3,868,859</u>
Noncurrent Liabilities					
Long-Term Debt					
Customer advances for construction	-	-	2,427	-	2,427
Revenue bonds payable	2,441,386	4,183,666	6,280,000	-	12,905,052
GO notes payable	-	-	-	965,000	965,000
Compensated absences	85,691	93,331	163,637	-	342,659
Total Noncurrent Liabilities	<u>2,527,077</u>	<u>4,276,997</u>	<u>6,446,064</u>	<u>965,000</u>	<u>14,215,138</u>
Total Liabilities	<u>2,995,441</u>	<u>4,983,742</u>	<u>8,832,965</u>	<u>1,271,849</u>	<u>18,083,997</u>
NET ASSETS					
Invested in capital assets net of related debt	9,466,387	9,844,578	8,321,055	341,084	27,973,104
Restricted for					
Restricted for equipment replacement	-	1,037,836	-	-	1,037,836
Restricted for debt service	469,062	437,859	1,336,158	-	2,243,079
Unrestricted net assets	1,050,099	1,872,297	5,957,447	360,222	9,240,065
TOTAL NET ASSETS	<u>\$ 10,985,548</u>	<u>\$ 13,192,570</u>	<u>\$ 15,614,660</u>	<u>\$ 701,306</u>	<u>\$ 40,494,084</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds				Totals
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS	
OPERATING REVENUES	<u>\$ 1,558,841</u>	<u>\$ 2,070,720</u>	<u>\$ 14,140,673</u>	<u>\$ 486,025</u>	<u>\$ 18,256,259</u>
OPERATING EXPENSES					
Operation and maintenance	725,930	902,642	12,476,782	411,704	14,517,058
Depreciation	<u>327,160</u>	<u>649,400</u>	<u>865,950</u>	<u>64,476</u>	<u>1,906,986</u>
Total Operating Expenses	<u>1,053,090</u>	<u>1,552,042</u>	<u>13,342,732</u>	<u>476,180</u>	<u>16,424,044</u>
Operating Income	<u>505,751</u>	<u>518,678</u>	<u>797,941</u>	<u>9,845</u>	<u>1,832,215</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	68,129	60,772	208,297	660	337,858
Interest and fiscal charges	(98,444)	(142,512)	(303,054)	(42,144)	(586,154)
Amortization of issuance costs and discount	-	-	(5,834)	-	(5,834)
Miscellaneous revenues (expenses)	<u>(4,280)</u>	<u>-</u>	<u>10,323</u>	<u>600</u>	<u>6,643</u>
Total Nonoperating Revenues (Expenses)	<u>(34,595)</u>	<u>(81,740)</u>	<u>(90,268)</u>	<u>(40,884)</u>	<u>(247,487)</u>
Income Before Contributions and Transfers	<u>471,156</u>	<u>436,938</u>	<u>707,673</u>	<u>(31,039)</u>	<u>1,584,728</u>
CONTRIBUTIONS AND TRANSFERS					
Contributions in aid of construction	612,176	-	267,667	-	879,843
Contributions from city	-	-	-	732,345	732,345
Transfers out	<u>(265,210)</u>	<u>-</u>	<u>(322,418)</u>	<u>-</u>	<u>(587,628)</u>
Total Contributions and Transfers	<u>346,966</u>	<u>-</u>	<u>(54,751)</u>	<u>732,345</u>	<u>1,024,560</u>
Change in Net Assets	818,122	436,938	652,922	701,306	2,609,288
NET ASSETS - Beginning of Year	<u>10,167,426</u>	<u>12,755,632</u>	<u>14,961,738</u>	<u>-</u>	<u>37,884,796</u>
NET ASSETS - END OF YEAR	<u>\$ 10,985,548</u>	<u>\$ 13,192,570</u>	<u>\$ 15,614,660</u>	<u>\$ 701,306</u>	<u>\$ 40,494,084</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds				Totals
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,531,506	\$ 2,100,839	\$ 13,914,342	\$ 340,609	\$ 17,887,296
Received from municipality for services	-	-	131,157	-	131,157
Paid to suppliers for goods and services	(425,528)	(541,818)	(11,506,180)	(170,165)	(12,643,691)
Paid to employees for services	(252,779)	(323,422)	(846,254)	(206,992)	(1,629,447)
Customer deposit	-	-	89,097	-	89,097
Net Cash Flows From Operating Activities	<u>853,199</u>	<u>1,235,599</u>	<u>1,782,162</u>	<u>(36,548)</u>	<u>3,834,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments sold and matured	136,126	500,000	1,821,212	-	2,457,338
Investment income	61,542	40,327	183,088	660	285,617
Investments purchased	-	(247,000)	(642,000)	-	(889,000)
Investment in ATC	-	-	15,087	-	15,087
Net Cash Flows From Investing Activities	<u>197,668</u>	<u>293,327</u>	<u>1,377,387</u>	<u>660</u>	<u>1,869,042</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(228,514)	-	(258,797)	-	(487,311)
Transfers to other funds	(6,048)	-	(30,496)	-	(36,544)
Net Cash Flows From Noncapital Financing Activities	<u>(234,562)</u>	<u>-</u>	<u>(289,293)</u>	<u>-</u>	<u>(523,855)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issued	575,018	-	-	1,015,000	1,590,018
Debt retired	(115,000)	(593,658)	(530,000)	-	(1,238,658)
Interest paid	(96,718)	(145,531)	(307,567)	(30,620)	(580,436)
Acquisition and construction of capital assets	(1,453,311)	(214,544)	(1,039,935)	(477,437)	(3,185,227)
Capital contributions received	612,176	-	164,635	-	776,811
Received from the sale of capital assets	1,706	-	23,753	-	25,459
Net Cash Flows From Capital and Related Financing Activities	<u>(476,129)</u>	<u>(953,733)</u>	<u>(1,689,114)</u>	<u>506,943</u>	<u>(2,612,033)</u>
Net Change in Cash and Cash Equivalents	340,176	575,193	1,181,142	471,055	2,567,566
CASH AND CASH EQUIVALENTS - Beginning of Year	17,382	1,808,045	2,218,907	-	4,044,334
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 357,558</u>	<u>\$ 2,383,238</u>	<u>\$ 3,400,049</u>	<u>\$ 471,055</u>	<u>\$ 6,611,900</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	\$ 505,751	\$ 518,678	\$ 797,941	\$ 9,845	\$ 1,832,215
Nonoperating revenue (expense)	-	-	10,323	600	10,923
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities					
Depreciation	327,160	649,400	865,950	64,476	1,906,986
Depreciation charged to other funds	27,357	-	39,600	-	66,957
Changes in assets and liabilities					
Customer accounts receivable	(27,377)	30,071	(122,224)	(146,016)	(265,546)
Other accounts receivable	42	48	23,062	-	23,152
Due from other funds	-	-	(1,110)	-	(1,110)
Inventories	6,074	-	6,791	-	12,865
Prepaid items	153	191	422	-	766
Accounts payable	268	29,190	16,939	23,809	70,206
Accrued wages	1,752	11,040	-	-	12,792
Compensated absences	12,019	-	5,098	10,738	27,855
Customer deposits	-	-	89,097	-	89,097
Other current liabilities	-	(3,019)	27,040	-	24,021
Public benefits	-	-	23,233	-	23,233
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 853,199	\$ 1,235,599	\$ 1,782,162	\$ (36,548)	\$ 3,834,412
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS					
Cash and investments - statement of net assets	\$ 675,467	\$ 1,726,300	\$ 5,318,499	\$ 471,055	\$ 8,191,321
Redemption account	111,922	427,323	339,705	-	878,950
Reserve account	349,660	-	1,046,094	-	1,395,754
Depreciation account	25,000	33,283	25,000	-	83,283
Replacement account	-	1,037,836	-	-	1,037,836
Construction account	-	123	-	-	123
Plant and maintenance reserve account	367,089	-	103,717	-	470,806
Sick leave reserve account	79,861	61,330	97,000	-	238,191
Total Cash and Investments	1,608,999	3,286,195	6,930,015	471,055	12,296,264
Less: Noncash equivalents	(1,251,441)	(902,957)	(3,529,966)	-	(5,684,364)
CASH AND CASH EQUIVALENTS	\$ 357,558	\$ 2,383,238	\$ 3,400,049	\$ 471,055	\$ 6,611,900
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Unrealized gain (loss) on investments	\$ 13,133	\$ 8,545	\$ 25,209	\$ -	\$ -
Contributed capital assets	\$ -	\$ -	\$ -	\$ 732,345	\$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2010

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Investments		
Deposits	\$ 537,915	\$ 7,867,889
Mutual fund	38,686	-
Taxes receivable	-	5,475,053
Total Assets	<u>576,601</u>	<u>13,342,942</u>
LIABILITIES		
Due to other taxing units	-	13,342,942
Total Liabilities	-	<u>13,342,942</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 576,601</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2010**

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Fiduciary / pension trust	\$ 25,000
Total Contributions	<u>25,000</u>
Investment income	<u>19,552</u>
Total Additions	<u>44,552</u>
DEDUCTIONS	
Benefits and refunds	<u>26,079</u>
Total Deductions	<u>26,079</u>
Change in Net Assets	18,473
NET ASSETS - Beginning of Year	<u>558,128</u>
NET ASSETS - END OF YEAR	<u>\$ 576,601</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE	Page
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
D. Assets, Liabilities, and Net Assets or Equity	24
1. Deposits and Investments	24
2. Receivables	25
3. Inventories and Prepaid Items	26
4. Restricted Assets	26
5. Capital Assets	26
6. Other Assets	28
7. Compensated Absences	28
8. Long-Term Obligations/Conduit Debt	29
9. Claims and Judgments	29
10. Equity Classifications	30
11. Basis for Existing Rates	31
II Reconciliation of Government-Wide and Fund Financial Statements	31
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	31
III Stewardship, Compliance, and Accountability	32
A. Budgetary Information	32
B. Excess Expenditures Over Appropriations	32
C. Deficit Balances	33
D. Limitations on the City's Tax Levy	33
IV Detailed Notes on All Funds	34
A. Deposits and Investments	34
B. Receivables	38
C. Restricted Assets	39
D. Capital Assets	40
E. Interfund Receivables/Payables, Advances and Transfers	45
F. Long-Term Obligations	48
G. Lease Disclosures	54
H. Net Assets/Fund Balances	55
I. Component Unit	59
V Other Information	63
A. Employees' Retirement System	63
B. Risk Management	64
C. Commitments and Contingencies	66
D. Effect of New Accounting Standards on Current-Period Financial Statements	67

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Blended Component Units

Stoughton Redevelopment Authority

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

City of Stoughton Housing Authority

The government-wide financial statements include the City of Stoughton Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the city. See Note IV.I. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. Separately issued financial statements of the City of Stoughton Housing Authority may be obtained from the Housing Authority's office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- Construction capital project fund - accounts for resources to be used for the acquisition or construction of equipment and/or capital facilities.

The city reports the following major enterprise funds:

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

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

Library	Food Pantry
Sick Leave	Landmarks
Ambulance	Preserve America Grant
Safety Building	Arts Council
Opera House	Fire Department Special
Opera House Repair	Senior Center Wood Shop
Township Outreach	Senior Center Special
Tourism	Economic Development
Seniors in Need	Redevelopment Authority
Holiday	Special Assessments

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

Fire Equipment	TIF District No. 3
Park Acquisition	TIF District No. 4
Storm Sewer	TIF District No. 5
Ambulance	Outlay
River Trail	

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

EMS

In addition, the city reports the following fund types:

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

Firemen's Pension Trust

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

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

Fund Financial Statements (cont.)

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

Tax Collections Fund

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

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

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

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

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and electric utility funds and EMS fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

1. Deposits and Investments (cont.)

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2010, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale - 2010 delinquent real estate taxes	October 2013

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

2. Receivables (cont.)

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

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

Fund Financial Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

6. Other Assets

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

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

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

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

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

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, 2010. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2010. The costs are being amortized on a straight-line basis over their useful life.

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave balances at December 31, 2010 are determined on the basis of current salary rates and include salary related payments.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

7. Compensated Absences (cont.)

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of a separate fund set up for that purpose. The contributions are financed out of the existing resources of the sick leave fund. The general fund contributes to the sick leave fund on an as-needed basis. Total expenditures for premiums during the year were \$40,907. Four participants are currently eligible to receive benefits. The total amount outstanding at year end to be paid in the future is \$89,960. The city does not incur an implicit rate subsidy on these benefits.

8. Long-Term Obligations/Conduit Debt

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

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

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

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

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

10. Equity Classifications

Government-Wide Statements

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

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

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column.

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

Fund Statements

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

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the city believes it is in compliance with all significant restrictions. Net appreciation of \$18,473 was available for the year ended December 31, 2010.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

11. Basis for Existing Rates

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

Current electric rates were approved by the PSCW on January 2, 2007.

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

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

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

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

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

Capital assets not being depreciated	\$	8,488,118
Capital assets, net of depreciation		24,935,694
Land held for resale		<u>224,573</u>
Combined Adjustment for Capital Assets	\$	<u>33,648,385</u>

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

Bonds and notes payable	\$	19,485,000
Compensated absences		1,087,422
Compensated absences - retirees		89,960
Self-insurance auto and general liability		43,577
Self-insurance health liability		50,879
Unfunded prior service cost		819,044
Accrued interest		196,359
Unamortized debt issuance costs		<u>(223,808)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>21,548,433</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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 \$134,527. Budgets are adopted at the object level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service	\$ 2,425,504	\$ 5,822,332	\$ 3,396,828
Safety Building	52,325	57,680	5,355
Opera House	371,658	404,622	32,964
Construction	1,671,500	1,878,154	206,654
Library	785,825	829,622	43,797
Outlay	211,488	279,157	67,669

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 December 31, 2010

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

C. DEFICIT BALANCES

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

As of December 31, 2010, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special revenue - opera house	\$ 112,531	Expenditures in excess of revenues
Special revenue - redevelopment authority	3,014	Expenditures in excess of revenues
Capital projects - TIF District No. 4	312,103	Expenditures in excess of revenues
Capital projects - TIF District No. 5	248,524	Expenditures in excess of revenues

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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	\$ 20,697,006	\$ 18,948,867	Custodial credit
US agencies	1,965,500	1,965,500	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	1,048,345	1,048,345	Credit, custodial credit, concentration of credit, interest rate
Mutual funds	38,686	38,686	Credit, interest rate
LGIP	1,771,892	1,771,892	Credit, interest rate
Negotiable certificates of deposit	2,670,519	2,670,519	Credit, custodial credit, concentration of credit, interest rate
Petty cash	953	-	N/A
Total Deposits and Investments	\$ 28,192,901	\$ 26,443,809	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 16,352,465		
Restricted cash and investments	3,395,946		
Per statement of net assets- fiduciary funds			
Pension Trust	576,601		
Agency Fund	7,867,889		
Total Deposits and Investments	\$ 28,192,901		

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$500,000 of the city's investments are covered by SIPC.

The city maintains collateral agreements with its banks. At December 31, 2010, the banks had pledged various government securities in the amount of \$7,129,870 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2010, \$6,662,946 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>6,662,946</u>
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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>1,965,500</u>
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Corporate Bonds

Neither insured nor registered and held by counterparty	\$ <u>1,048,345</u>
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Negotiable Certificates of Deposit

Neither insured nor registered and held by counterparty	\$ <u>2,670,519</u>
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CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

As of December 31, 2010, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>	<u>Morning-Star</u>
U.S. Agencies	AAA	Aaa	
Corporate Bonds	AA+	Aa2	
Negotiable Certificates of Deposit	not rated		
Mutual Fund - Fidelity Puritan			4 star

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

Local Government Investment Pool

Concentration of Credit Risk

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

At December 31, 2010, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
GNMA	U.S. Agencies	7.40%

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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, 2010, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	3 or more
US agencies	\$ 1,965,500	\$ -	\$ -	\$ 1,965,500
Corporate bonds	1,048,345	-	1,048,345	-
Negotiable certificates of deposit	<u>2,670,519</u>	<u>1,386,000</u>	<u>1,284,519</u>	-
Totals	<u>\$ 5,684,364</u>	<u>\$ 1,386,000</u>	<u>\$ 2,332,864</u>	<u>\$ 1,965,500</u>

The city had \$1,771,892 invested in the local government investment pool, which had a weighted average maturity of 73 days.

The mutual fund does not have a maturity date.

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

B. RECEIVABLES

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

	General Fund	Debt Service	Construction	Water Utility	Wastewater Utility	Electric Utility	Nonmajor and Other Funds	Totals
Receivables								
Taxes	\$ 7,715,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,045	\$ 8,177,448
Delinquent personal property tax	6,561	-	-	-	-	-	-	6,561
Accounts	117,530	7,595	9,394	202,696	238,370	1,748,426	438,044	2,762,055
Special assessments	-	-	-	-	-	-	103,657	103,657
Delinquent special assessments	19,751	-	-	-	-	-	-	19,751
Leases	-	374,710	-	-	-	-	-	374,710
Gross receivables	7,859,245	382,305	9,394	202,696	238,370	1,748,426	1,003,746	11,444,182
Less: Allowance for uncollectibles	-	-	-	-	-	-	(110,132)	(110,132)
Net Total Receivables	<u>\$ 7,859,245</u>	<u>\$ 382,305</u>	<u>\$ 9,394</u>	<u>\$ 202,696</u>	<u>\$ 238,370</u>	<u>\$ 1,748,426</u>	<u>\$ 893,614</u>	<u>\$ 11,334,050</u>
Amounts not expected to be collected within one year	<u>\$ -</u>	<u>\$ 334,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,657</u>	<u>\$ 438,367</u>

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

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 8,099,181	\$ 8,099,181
Special assessments not yet due	103,777	-	103,777
Lease receivable	374,710	-	374,710
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 478,487</u>	<u>\$ 8,099,181</u>	<u>\$ 8,577,668</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2010:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
	<u>Assets</u>	<u>Assets</u>	<u>Assets</u>
Bond redemption account	\$ 878,950	\$ 114,908	\$ 764,042
Bond reserve account	1,395,754		1,395,754
Bond depreciation account	83,283	-	83,283
Construction account	123	-	n/a
Equipment replacement account	<u>1,037,836</u>	<u>-</u>	<u>1,037,836</u>
 Total Restricted Assets	 <u>\$ 3,395,946</u>	 <u>\$ 114,908</u>	 <u>\$ 3,280,915</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions*	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,111,699	\$ -	\$ -	\$ 7,111,699
Inexhaustible portion of streets	1,376,419	-	-	1,376,419
Total Capital Assets Not Being Depreciated	8,488,118	-	-	8,488,118
Capital assets being depreciated				
Buildings and improvements	14,816,111	120,909	477,000	14,460,020
Machinery and equipment	8,376,114	600,132	614,345	8,361,901
Streets	13,447,638	260,239	29,885	13,677,992
Storm sewers	4,746,190	838,941	25,487	5,559,644
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	4,145,284	110,390	12,673	4,243,001
Traffic signals	411,974	-	-	411,974
Dams	592,997	-	-	592,997
Total Capital Assets Being Depreciated	47,609,848	1,930,611	1,159,390	48,381,069
Total Capital Assets	56,097,966	1,930,611	1,159,390	56,869,187
Less: Accumulated depreciation for				
Buildings and improvements	(4,553,908)	-	118,470	(4,435,438)
Machinery and equipment	(5,360,848)	(858,943)	371,417	(5,848,374)
Streets	(8,125,299)	(455,477)	29,885	(8,550,891)
Storm sewers	(2,092,529)	(185,136)	25,487	(2,252,178)
Street lighting	(22,955)	(3,034)	-	(25,989)
Bridges	(120,366)	(11,280)	-	(131,646)
Sidewalks	(2,009,728)	(84,860)	12,673	(2,081,915)
Traffic signals	(96,785)	(10,299)	-	(107,084)
Dams	(5,930)	(5,930)	-	(11,860)
Total Accumulated Depreciation	(22,388,348)	(1,614,959)	557,932	(23,445,375)
Net Capital Assets Being Depreciated	25,221,500	315,652	601,458	24,935,694
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 33,709,618	\$ 315,652	\$ 601,458	\$ 33,423,812

* Includes transfers to new EMS enterprise fund.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 118,199
Public safety	380,623
Public works, which includes the depreciation of infrastructure	982,051
Culture, recreation and education	<u>134,086</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,614,959</u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 24,841	\$ -	\$ -	\$ 24,841
Construction in progress	<u>240,812</u>	<u>1,468,382</u>	<u>1,663,863</u>	<u>45,331</u>
Total Capital Assets Not Being Depreciated	<u>265,653</u>	<u>1,468,382</u>	<u>1,663,863</u>	<u>70,172</u>
Capital assets being depreciated				
Source of supply	563,994	-	-	563,994
Pumping	1,506,363	19,701	-	1,526,064
Treatment	90,763	-	-	90,763
Transmission and distribution	11,815,154	1,607,620	9,270	13,413,504
Administrative and general assets	<u>907,307</u>	<u>21,471</u>	<u>15,696</u>	<u>913,082</u>
Total Capital Assets Being Depreciated	<u>14,883,581</u>	<u>1,648,792</u>	<u>24,966</u>	<u>16,507,407</u>
Total Capital Assets	<u>15,149,234</u>	<u>3,117,174</u>	<u>1,688,829</u>	<u>16,577,579</u>
Less: Accumulated depreciation for				
Source of supply	(253,729)	(16,356)	-	(270,085)
Pumping	(919,032)	(59,798)	-	(978,830)
Treatment	(79,614)	(2,981)	-	(82,595)
Transmission and distribution	(2,469,153)	(233,979)	9,270	(2,693,862)
Administrative and general assets	<u>(448,389)</u>	<u>(43,109)</u>	<u>15,696</u>	<u>(475,802)</u>
Total Accumulated Depreciation	<u>(4,169,917)</u>	<u>(356,223)</u>	<u>24,966</u>	<u>(4,501,174)</u>
Net Capital Assets Being Depreciated	<u>10,713,664</u>	<u>1,292,569</u>	<u>-</u>	<u>12,006,233</u>
Net Water Plant	<u>\$ 10,979,317</u>	<u>\$ 2,760,951</u>	<u>\$ 1,663,863</u>	<u>\$ 12,076,405</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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	\$ 2,408	\$ 233,536	\$ 172,183	\$ 63,761
Total Capital Assets Not Being Depreciated	2,408	233,536	172,183	63,761
Capital assets being depreciated				
Collection system	7,684,151	137,958	-	7,822,109
Collection system pumping	389,554	9,993	2,135	397,412
Treatment and disposal	12,735,749	27,339	5,700	12,757,388
Administrative and general assets	836,829	9,207	-	846,036
Total Capital Assets Being Depreciated	21,646,283	184,497	7,835	21,822,945
Total Capital Assets	21,648,691	418,033	180,018	21,886,706
Less: Accumulated depreciation for				
Wastewater	(6,605,232)	(649,400)	7,835	(7,246,797)
Total Accumulated Depreciation	(6,605,232)	(649,400)	7,835	(7,246,797)
Net Capital Assets Being Depreciated	15,041,051	(464,903)	-	14,576,148
Net Wastewater Plant	\$ 15,043,459	\$ (231,367)	\$ 172,183	\$ 14,639,909

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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	50,405	851,018	874,741	26,682
Total Capital Assets Not Being Depreciated	271,202	851,018	874,741	247,479
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	19,499,743	614,512	75,734	20,038,521
Administrative and general assets	3,464,187	622,152	180,519	3,905,820
Total Capital Assets Being Depreciated	22,978,949	1,236,664	256,253	23,959,360
Total Capital Assets	23,250,151	2,087,682	1,130,994	24,206,839
Less: Accumulated depreciation for				
Transmission	(19,366)	-	-	(19,366)
Distribution	(6,758,531)	(726,744)	90,069	(7,395,206)
Administrative and general assets	(1,819,172)	(202,559)	180,519	(1,841,212)
Total Accumulated Depreciation	(8,597,069)	(929,303)	270,588	(9,255,784)
Net Capital Assets Being Depreciated	14,381,880	307,361	(14,335)	14,703,576
Net Electric Plant	\$ 14,653,082	\$ 1,158,379	\$ 860,406	\$ 14,951,055

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
<u>EMS</u>					
Capital assets not being depreciated					
Construction in progress	\$ -	\$ -	\$ 688,215	\$ -	\$ 688,215
Total Capital Assets Not Being Depreciated	-	-	688,215	-	688,215
Capital assets being depreciated					
Buildings and improvements	-	477,000	-	-	477,000
Equipment	-	562,378	-	-	562,378
Total Capital Assets Being Depreciated	-	1,039,378	-	-	1,039,378
Total Capital Assets	-	1,039,378	688,215	-	1,727,593
Less: Accumulated depreciation for					
Buildings and improvements	-	(118,470)	(9,960)	-	(128,430)
Equipment	-	(188,563)	(54,516)	-	(243,079)
Total Accumulated Depreciation	-	(307,033)	(64,476)	-	(371,509)
Net Capital Assets Being Depreciated	-	732,345	(64,476)	-	667,869
Net EMS Capital Assets	\$ -	\$ 732,345	\$ 623,739	\$ -	\$ 1,356,084
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$40,675,858</u>	<u>\$ 732,345</u>	<u>\$4,311,702</u>	<u>\$2,696,452</u>	<u>\$43,023,453</u>

* Includes transfer of assets from governmental activities.

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 327,160
Waste water	649,400
Electric	865,950
EMS	<u>64,476</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,906,986</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

D. CAPITAL ASSETS (cont.)

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Opera House	\$ 55,008	\$ 55,008
General	Tourism	706	-
General	TIF District No. 4	360,802	360,802
General	Water Utility	259,162	-
General	Electric Utility	291,922	-
Electric Utility	General	32,918	-
General	Redevelopment Authority	41,800	41,800
Total - Fund Financial Statements		1,042,318	
Less: Fund eliminations		(524,152)	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 518,166	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 551,084	
Business-type Activities	Governmental Activities	(32,918)	
Total Government-Wide Financial Statements		\$ 518,166	

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

Advances

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 5	\$ 532,000	\$ 532,000
Total - Fund Financial Statements		532,000	
Less: Fund eliminations		<u>(532,000)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Assets		<u><u>\$ -</u></u>	

The principal purpose of this advance is to fund TIF projects.

Years	Principal
2013	\$ 7,931
2014	8,803
2015	9,724
2016-2020	64,349
2021-2025	96,413
2026-2030	138,236
2031-2035	192,579
2036	<u>13,965</u>
Totals	<u><u>\$ 532,000</u></u>

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Tourism	\$ 1,544	Room tax revenue
General	Water utility	265,210	Payment in lieu of taxes and dividend
General	Electric utility	322,418	Payment in lieu of taxes and dividend
Debt service	General	1,861,294	Payments on all other city debt
Debt service	TIF District No. 3	297,337	Payments on TIF District debt
Debt service	TIF District No. 4	193,841	Payments on TIF District debt
Construction	General	85,000	Fund capital projects
Construction	Special Assessments	121,800	Fund capital projects
Outlay	General	345,232	Fund capital projects
Redevelopment Authority	General	50,000	Fund annual operations
Library	General	506,485	Fund annual operations
Sick leave	General	56,000	Sick leave contributions
Safety Building	General	57,680	Fund annual operations
Special Assessments	General	150,000	Special assessment projects
TIF District No. 5	General	100,000	Fund initial operations
Economic Development	General	100,000	Fund initial operations
TIF District No. 4	TIF District No. 3	<u>237,402</u>	Donor/donee district agreement
Total - Fund Financial Statements		4,751,243	
Business-type activities	Governmental activities	<u>732,345</u>	Capital contributions to EMS fund
Less: Fund eliminations		<u>(5,628,305)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (144,717)</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 587,628	
Business-type Activities	Governmental Activities	<u>(732,345)</u>	
Total Government-wide Financial Statements		<u>\$ (144,717)</u>	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

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

Transfers (cont.)

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

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 18,580,000	\$ 6,095,000	\$ 5,190,000	\$ 19,485,000	\$ 1,960,001
Sub-totals	<u>18,580,000</u>	<u>6,095,000</u>	<u>5,190,000</u>	<u>19,485,000</u>	<u>1,960,001</u>
Other Liabilities					
Compensated absences (Note I.D.7)	1,142,265	-	54,843	1,087,422	6,246
Compensated absences - retirees (See Note I.D.7)	95,597	35,270	40,907	89,960	43,303
Self-insurance auto and general liability (Note V.B)	10,611	40,406	7,440	43,577	43,577
Self-insurance health liability (Note V.B)	72,837	-	21,958	50,879	50,879
Unfunded prior service costs (Note V.A)	819,431	59,264	59,651	819,044	59,650
Total Other Liabilities	<u>2,140,741</u>	<u>134,940</u>	<u>184,799</u>	<u>2,090,882</u>	<u>203,655</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 20,720,741</u>	<u>\$ 6,229,940</u>	<u>\$ 5,374,799</u>	<u>\$ 21,575,882</u>	<u>\$ 2,163,656</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ -	\$ 1,015,000	\$ -	\$ 1,015,000	\$ 50,000
Revenue bonds	<u>14,699,112</u>	<u>575,018</u>	<u>1,238,658</u>	<u>14,035,472</u>	<u>1,130,420</u>
Sub-totals	<u>14,699,112</u>	<u>1,590,018</u>	<u>1,238,658</u>	<u>15,050,472</u>	<u>1,180,420</u>
Other Liabilities					
Vested compensated absences	314,502	59,112	30,955	342,659	-
Customer advances for construction	<u>5,959</u>	<u>61,552</u>	<u>65,084</u>	<u>2,427</u>	<u>-</u>
Total Other Liabilities	<u>320,461</u>	<u>120,664</u>	<u>96,039</u>	<u>345,086</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,019,573</u>	<u>\$ 1,710,682</u>	<u>\$ 1,334,697</u>	<u>\$ 15,395,558</u>	<u>\$ 1,180,420</u>

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, 2010, was \$49,130,975. Total general obligation debt outstanding at year end was \$20,500,000.

General Obligation Debt

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

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, 2010</u>
2002 General Obligation Refunding Bonds	2/15/02	8/1/18	3.13 - 4.80%	\$ 2,110,000	\$ 1,275,000
2002 General Obligation Refunding Bonds	9/16/02	10/1/13	3.00 - 3.75	2,025,000	975,000
2003 General Obligation Notes	6/15/03	6/13/13	3.00 - 3.38	1,110,000	380,000
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50	485,000	405,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	835,000
2008 General Obligation Bonds	2/13/08	4/1/26	3.25 - 3.75	5,530,000	5,065,000
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	5,060,000	4,455,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	3,000,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	<u>3,095,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 19,485,000</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2010</u>
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	\$ 1,015,000	<u>\$ 1,015,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,015,000</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2011	\$ 1,960,001	\$ 573,149	\$ 50,000	\$ 33,060
2012	1,985,000	522,034	65,000	32,228
2013	2,089,999	466,510	80,000	30,868
2014	1,875,000	411,578	95,000	28,864
2015	1,800,000	359,482	100,000	26,225
2016-2020	7,545,000	989,357	625,000	66,955
2021-2025	1,825,000	246,853	-	-
2026	405,000	7,594	-	-
Totals	<u>\$ 19,485,000</u>	<u>\$ 3,576,557</u>	<u>\$ 1,015,000</u>	<u>\$ 218,200</u>

Revenue Debt

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

The utilities have pledged future revenues to repay \$14,035,472 in revenue bonds. Proceeds from the bonds provided financing for the utility construction, improvements, and additions. The bonds are payable solely from revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 4.5%, 16.5%, and 34%, respectively, of electric, water and wastewater of gross revenues. The total principal and interest remaining to be paid on the bonds is \$17,803,748. Principal and interest paid for the current year and total customer gross revenues were \$1,788,474 and \$17,899,135, respectively.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2010, 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, 2010</u>
<u>Water Utility</u>					
2003 Water Utility Revenue Bonds	3/25/03	2013	3.50 - 4.80	\$ 520,000	\$ 235,000
2006 Water Utility Revenue Bonds	11/15/06	2023	4.00 - 4.50	1,925,000	1,800,000
2010 Water Utility Revenue Bonds	1/27/10	2029	2.67	575,018	<u>575,018</u>
				Total Water Utility	<u>2,610,018</u>
<u>Wastewater Utility</u>					
1994 Wastewater Utility Clean Water Fund Loan	3/9/94	2013	3.224	5,472,357	1,162,798
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	2019	3.049	623,465	330,810
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	2020	3.049	1,116,259	643,905
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	2023	2.766	1,670,624	1,193,897
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	2027	2.475	1,539,762	<u>1,464,044</u>
				Total Wastewater Utility	<u>4,795,454</u>
<u>Electric Utility</u>					
2003 Electric Utility Revenue Bonds	4/1/03	2023	2.25 - 5.10	4,580,000	4,180,000
2006 Electric Utility Revenue Bonds	11/15/06	2023	4.00 - 4.50	2,550,000	<u>2,450,000</u>
				Total Electric Utility	<u>6,630,000</u>
					<u>\$ 14,035,472</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2011	\$ 1,130,420	\$ 520,908
2012	1,184,738	481,133
2013	1,234,646	439,102
2014	857,311	402,329
2015	865,148	369,967
2016-2020	4,958,604	1,268,980
2021-2025	3,453,136	272,821
2026-2029	351,469	13,036
Totals	<u>\$ 14,035,472</u>	<u>\$ 3,768,276</u>

Capital Leases

Refer to Note IV. G.

Other Debt Information

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

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

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

The water and electric mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenues. The city was in compliance with funding requirements in all material respects at December 31, 2010.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On April 14, 2010, the city issued \$3,095,000 in general obligation bonds with an average interest rate of 2.65% to current refund \$3,360,000 of outstanding notes. The net proceeds of \$3,060,337 (after payment of \$34,663 in underwriting fees, insurance and other issuance costs) plus an additional \$377,581 of city funds on hand were used to prepay the outstanding debt service requirements of the old debt.

The cash flow requirements on the refunded bonds and notes prior to the current refunding were \$3,639,291 from 2011 through 2013. The cash flow requirements on the refunding bonds are \$3,564,262 from 2011 through 2020. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$62,975.

G. LEASE DISCLOSURES

Lessee - Capital Leases

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

<u>Years</u>	Governmental Activities		
	Principal	Interest	Totals
2011	\$ 45,532	\$ 11,022	\$ 56,554
2012	45,604	9,524	55,128
2013	49,795	8,063	57,858
2014	50,593	6,529	57,122
2015	54,590	5,016	59,606
2016-2018	128,596	5,590	134,186
Totals	\$ 374,710	\$ 45,744	\$ 420,454

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2010, includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 7,111,699
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	24,935,694
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(18,076,888)
Plus: Non-capital debt proceeds	<u>1,405,735</u>
Total Invested in Capital Assets, Net of Related Debt	<u>16,752,659</u>
Restricted	
Debt service	1,228,179
Senior donations	323,572
Youth special gift fund	10,890
Seniors in need	32,637
Bryant grant	14,298
Library	233,341
Ambulance	30,331
Opera house repair	71,559
Township outreach	1,187
Tourism	15,996
Fire equipment	5,832
Park acquisition	112,752
Storm sewer	19,346
River trail	<u>2,766</u>
Total Restricted	<u>2,102,686</u>
Unrestricted	<u>1,546,460</u>
Total Governmental Activities Net Assets	<u>\$ 20,401,805</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2010, include the following:

Reserved

Major Funds

General Fund

Investment in mutual insurance company	\$ 257,805
Noncurrent assets	26,312
Noncurrent interfund balances	989,610
Utility PILOT	551,084
Prepaid items	<u>55,671</u>

Total \$ 1,880,482

Debt Service Fund

Reserved for debt service \$ 103,206

Construction Capital Projects Fund

Reserved for encumbrances \$ 30,364

Nonmajor Funds

Special Revenue Funds

Opera house - prepaid items \$ 14,850

Unreserved (designated)

Major Funds

General Fund

Liability insurance losses	\$ 70,000
Cable TV operations	39,339
Youth special gift fund	10,890
Bryant grant	14,298
Safety camp	<u>5,000</u>
Sub-Total	139,527

Construction Fund

1,563,492

Total \$ 1,703,019

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (designated) (cont.)

Nonmajor Funds

Special Revenue Funds

Library	\$	233,341
Sick leave		10,820
Ambulance		30,331
Opera house repair		71,559
Township outreach		1,187
Tourism		15,996
Seniors in need		32,637
Holiday		10,232
Food pantry		67,195
Landmarks		6,114
Arts council		210
Fire department		13,859
Senior center wood shop		1,557
Senior center		323,572
Economic development		136,312
Special assessments		<u>268,723</u>
Sub-Total		<u>1,223,645</u>

Capital Project Funds

Fire equipment		5,832
Park acquisition		112,752
Storm sewer		19,346
Ambulance		81,788
River trail		2,766
TIF District No. 3		1,127,926
Outlay		<u>367,302</u>
Sub-Total		<u>1,717,712</u>

Total \$ 2,941,357

Unreserved (undesignated)

Major Funds

General fund \$ 1,841,110

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (undesignated) (cont.)

Nonmajor Funds

Special Revenue Funds

Opera house	\$ (127,381)
Redevelopment authority	<u>(3,014)</u>

Total \$ (130,395)

Capital Projects Funds

TIF District No. 4	\$ (312,103)
TIF District No. 5	<u>(248,524)</u>

Total \$ (560,627)

Business-type Activities

Invested in capital assets, net of related debt

Land	\$ 245,638
Construction in progress	823,989
Other capital assets, net of accumulated depreciation	41,953,826
Less: Long-term debt outstanding	(15,050,472)
Plus: Unspent capital related debt proceeds	<u>123</u>
Total Invested in Capital Assets, Net of Related Debt	<u>27,973,104</u>

Restricted

Equipment replacement	1,037,836
Debt service	<u>2,243,079</u>
Total Restricted	<u>3,280,915</u>

Unrestricted 9,240,065

Total Business-type Activities Net Assets \$ 40,494,084

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

I. COMPONENT UNIT

CITY OF STOUGHTON HOUSING AUTHORITY

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 453,522	\$ 455,628	Custodial
Petty cash	<u>260</u>	<u>-</u>	N/A
Total Deposits and Investments	<u>\$ 453,782</u>	<u>\$ 455,628</u>	

Custodial Credit Risk

Deposits

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

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

Investments

The Housing Authority does not have an investment policy.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

c. Restricted Assets

The following represent the balances of the restricted assets:

Replacement Reserve Accounts and Reserve Accounts

Provisions in the loan agreement require establishment of various cash accounts. All receipts must be deposited into the General Fund Account. Monthly, cash is to be transferred into an Operation and Maintenance Account to cover necessary expenses. Any balance remaining in the General Fund Account is to be transferred to the Debt Service Account until the amount in this account equals the amount of the next installment due on the mortgage. The housing authority is permitted to retain operating reserves equal to 10% of the current approved operating budget. Any balance still remaining in the General Fund Account in excess of allowable reserves is to be transferred to the Reserve Account until the Reserve Account reaches \$265,000 for Greenspire I and \$97,400 for Greenspire III. Any funds which exceed the required reserves and not approved by FmHA for other authorized uses shall be applied promptly against the loan obligations, or made as additional contributions to the reserve funds. At December 31, 2010, Greenspire I had excess funds in the general account. At December 31, 2010, Greenspire III had excess funds in the general account.

Following is a list of restricted assets at December 31, 2010:

	<u>Restricted Assets</u>
Reserve account - Greenspire I	\$ 202,708
Reserve account - Greenspire III	<u>91,895</u>
Total Restricted Assets	<u>\$ 294,603</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 117,191	\$ -	\$ -	\$ 117,191	N/A
Land improvements	149,523	8,536	3,536	154,523	10-20
Buildings	2,411,322	-	-	2,411,322	40
Building improvements	643,646	41,106	6,171	678,581	10-20
Furniture and fixtures	119,054	3,322	2,590	119,786	5-10
Equipment	47,167	-	-	47,167	5-10
Less: Accumulated depreciation	<u>(2,166,156)</u>	<u>(117,157)</u>	<u>(9,370)</u>	<u>(2,273,943)</u>	
Totals	<u>\$ 1,321,747</u>	<u>\$ (64,193)</u>	<u>\$ 2,927</u>	<u>\$ 1,254,627</u>	

e. Long-Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Mortgage notes	<u>\$ 1,806,266</u>	<u>\$ -</u>	<u>\$ (39,816)</u>	<u>\$ 1,766,450</u>	<u>\$ 34,828</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations (cont.)

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

	<u>2010</u>
\$712,600 loan for Greenspire I construction, at 8%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,510 including principal and interest. Due December 6, 2028.	\$ 479,196
\$819,000 loan for Greenspire II construction, at 9%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,735 including principal and interest. Due May 15, 2030.	398,600
\$427,802 loan for Greenspire III - Phase I construction, at 9%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$911 including principal and interest. Due October 1, 2037.	393,808
\$535,180 loan for Greenspire III - Phase II construction, at 8.75%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$1,144 including principal and interest. Due July 21, 2039.	<u>494,846</u>
Total Mortgage Notes Payable	<u>\$ 1,766,450</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 34,828	\$ 154,189	\$ 189,017
2012	35,235	151,187	186,422
2013	35,647	148,151	183,798
2014	36,064	145,079	181,143
2015	36,488	141,969	178,457
2016-2020	188,983	661,920	850,903
2021-2025	200,441	578,488	778,929
2026-2030	426,378	456,364	882,742
2031-2035	38,093	340,869	378,962
2036-2039	<u>734,293</u>	<u>202,984</u>	<u>937,277</u>
Totals	<u>\$ 1,766,450</u>	<u>\$ 2,981,200</u>	<u>\$ 4,747,650</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for city employees covered by the system for the year ended December 31, 2010 was \$5,080,241; the employer's total payroll was \$5,720,202. The total required contribution for the year ended December 31, 2010 was \$683,171 or 13.4% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009 and 2008 were \$673,473 and \$669,640, respectively, equal to the required contributions for each year.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The pension-related debt for the city as of December 31, 2010, was \$819,044. This liability was determined in accordance with provisions of GASB Statement No. 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

The city has a defined benefit pension plan for fire department employees. The amount paid to retirees each year is based on the years of service at the time of retirement and the position the retiree held while a member of the department. Historically, the investment earnings of the pension fund are sufficient to cover annual pension payments. As of December 31, 2010, the balance in the Firemen's Pension Fund is \$576,601 and is recorded as a pension trust fund of the city. The plan has not had an actuarial valuation.

B. RISK MANAGEMENT

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

Self Insurance

For health claims, the uninsured risk of loss is \$45,000 per incident and \$1,396,418 in the aggregate for a policy year. The city has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

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

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

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 70,668	\$ 72,837
Current year claims and changes in estimates	873,304	744,309
Claim payments	(871,135)	(766,267)
 Unpaid Claims - End of Year	 \$ 72,837	 \$ 50,879

Public Entity Risk Pool

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

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

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

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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

The General fund has a receivable from WMIC of \$257,805 which represents assets available to retire the city's share of the debt. The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$257,805 in the general fund.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2010. A total liability of approximately \$43,577 at December 31, 2010, was recorded as claims payable in the governmental activities column of government-wide statements of net assets. Changes in the fund's claims loss liability follow:

	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2010	\$ 10,611	\$ 40,406	\$ 7,440	\$ 43,577
2009	10,611	5,979	5,979	10,611

C. COMMITMENTS AND CONTINGENCIES

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

Long-Term Contracts - WPPI Energy

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

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

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$414 million as of December 31, 2010.

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Taxes	\$ 6,915,735	\$ 6,915,735	\$ 6,913,451	\$ (2,284)
INTERGOVERNMENTAL REVENUES				
Intergovernmental	1,677,001	1,677,001	1,691,669	14,668
LICENSES AND PERMITS				
Business and occupational licenses	29,000	29,000	36,140	7,140
Dog and cat licenses	1,300	1,300	3,439	2,139
Building permits	40,000	40,000	56,148	16,148
Plan review fees	-	-	5,390	5,390
Total Licenses and Permits	70,300	70,300	101,117	30,817
FINES, FORFEITURES AND PENALTIES				
Fines, forfeitures and penalties	120,000	120,000	102,243	(17,757)
PUBLIC CHARGES FOR SERVICES				
Public charges for services	1,124,650	1,124,650	1,334,468	209,818
SPECIAL ASSESSMENTS				
Special assessments	-	-	5,589	5,589
INVESTMENT INCOME				
Investment income	50,000	50,000	12,084	(37,916)
MISCELLANEOUS				
Miscellaneous	260,077	260,077	304,778	44,701
Total Revenues	10,217,763	10,217,763	10,465,399	247,636

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2010

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council/Board	\$ 47,505	\$ 47,505	\$ 47,407	\$ 98
Legislative and executive	74,706	74,706	82,057	(7,351)
Judicial	85,020	85,020	82,910	2,110
General administration	231,602	231,602	219,348	12,254
Financial administration	732,826	732,826	735,906	(3,080)
Legal	108,400	108,400	71,350	37,050
City buildings	65,415	65,415	55,448	9,967
Assessor	42,366	42,366	41,126	1,240
Contingency	80,000	80,000	289	79,711
Total General Government	1,467,840	1,467,840	1,335,841	131,999
PUBLIC SAFETY				
Police department	2,361,617	2,361,617	2,414,305	(52,688)
Fire department	468,929	468,929	471,186	(2,257)
Planning/Inspection	271,175	271,175	279,556	(8,381)
Ambulance	-	-	494	(494)
Total Public Safety	3,101,721	3,101,721	3,165,541	(63,820)
PUBLIC WORKS				
Highway and street maintenance and construction	120,511	120,511	114,146	6,365
Highway and street maintenance for local	991,444	991,444	1,011,378	(19,934)
Snow and ice control	70,600	70,600	51,953	18,647
Other sanitation	639,817	639,817	646,950	(7,133)
Buildings and grounds operations	83,063	83,063	71,149	11,914
Total Public Works	1,905,435	1,905,435	1,895,576	9,859
CULTURE, RECREATION AND EDUCATION				
Park maintenance	205,857	205,857	191,344	14,513
Senior Center	500,968	500,968	433,058	67,910
Culture	219,238	219,238	224,715	(5,477)
Recreation	231,043	231,043	226,768	4,275
Cemetery	34,000	34,000	39,966	(5,966)
Cable television	16,000	16,000	18,332	(2,332)
Total Culture, Recreation and Education	1,207,106	1,207,106	1,134,183	72,923
Total Expenditures	7,682,102	7,682,102	7,531,141	150,961

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	\$ 2,535,661	\$ 2,535,661	\$ 2,934,258	\$ 398,597
OTHER FINANCING SOURCES (USES)				
Transfers in	514,500	514,500	589,172	74,672
Transfers out	<u>(3,191,843)</u>	<u>(3,376,843)</u>	<u>(3,311,691)</u>	<u>65,152</u>
Total Other Financing Sources (Uses)	<u>(2,677,343)</u>	<u>(2,862,343)</u>	<u>(2,722,519)</u>	<u>139,824</u>
Net Change in Fund Balance	(141,682)	(326,682)	211,739	538,421
FUND BALANCE - Beginning of Year	<u>3,649,380</u>	<u>3,649,380</u>	<u>3,649,380</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,507,698</u>	<u>\$ 3,322,698</u>	<u>\$ 3,861,119</u>	<u>\$ 538,421</u>

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

CITY OF STOUGHTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2010

BUDGETARY INFORMATION

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

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Public safety	\$ 3,101,721	\$ 3,165,541	\$ 63,820

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Revenue Funds				
	Library	Sick Leave	Ambulance	Safety Building	Opera House
ASSETS					
Cash and investments	\$ 256,125	\$ 10,820	\$ 30,296	\$ 2,682	\$ -
Taxes receivable	-	-	-	-	-
Receivables					
Accounts	525	-	55	-	925
Special assessments	-	-	-	-	-
Prepaid items	-	-	-	-	14,850
TOTAL ASSETS	<u>\$ 256,650</u>	<u>\$ 10,820</u>	<u>\$ 30,351</u>	<u>\$ 2,682</u>	<u>\$ 15,775</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 8,110	\$ -	\$ 20	\$ 2,682	\$ 36
Accrued liabilities	15,199	-	-	-	1,926
Other liabilities	-	-	-	-	71,336
Due to other funds	-	-	-	-	55,008
Deferred revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>23,309</u>	<u>-</u>	<u>20</u>	<u>2,682</u>	<u>128,306</u>
Fund Balances (Deficit)					
Reserved for					
Prepaid items	-	-	-	-	14,850
Unreserved fund balance	<u>233,341</u>	<u>10,820</u>	<u>30,331</u>	<u>-</u>	<u>(127,381)</u>
Total Fund Balances (deficit)	<u>233,341</u>	<u>10,820</u>	<u>30,331</u>	<u>-</u>	<u>(112,531)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 256,650</u>	<u>\$ 10,820</u>	<u>\$ 30,351</u>	<u>\$ 2,682</u>	<u>\$ 15,775</u>

Special Revenue Funds

Opera House Repair	Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks
\$ 71,559	\$ 1,194	\$ 18,676	\$ 32,714	\$ 14,503	\$ 82,524	\$ 6,114
-	-	-	-	-	-	-
-	-	7,055	-	-	325	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 71,559</u>	<u>\$ 1,194</u>	<u>\$ 25,731</u>	<u>\$ 32,714</u>	<u>\$ 14,503</u>	<u>\$ 82,849</u>	<u>\$ 6,114</u>
\$ -	\$ 7	\$ 9,029	\$ 77	\$ 4,271	\$ 15,654	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	706	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7	9,735	77	4,271	15,654	-
-	-	-	-	-	-	-
71,559	1,187	15,996	32,637	10,232	67,195	6,114
71,559	1,187	15,996	32,637	10,232	67,195	6,114
<u>\$ 71,559</u>	<u>\$ 1,194</u>	<u>\$ 25,731</u>	<u>\$ 32,714</u>	<u>\$ 14,503</u>	<u>\$ 82,849</u>	<u>\$ 6,114</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Special Revenue Funds				
	Preserve America Grant	Arts Council	Fire Department Special	Senior Center Wood Shop	Senior Center Special
ASSETS					
Cash and investments	\$ -	\$ 210	\$ 14,344	\$ 1,597	\$ 324,212
Taxes receivable	-	-	-	-	-
Receivables					
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 14,344</u>	<u>\$ 1,597</u>	<u>\$ 324,212</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 485	\$ 40	\$ 640
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>485</u>	<u>40</u>	<u>640</u>
Fund Balances (Deficit)					
Reserved for					
Prepaid items	-	-	-	-	-
Unreserved fund balance	<u>-</u>	<u>210</u>	<u>13,859</u>	<u>1,557</u>	<u>323,572</u>
Total Fund Balances (deficit)	<u>-</u>	<u>210</u>	<u>13,859</u>	<u>1,557</u>	<u>323,572</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 14,344</u>	<u>\$ 1,597</u>	<u>\$ 324,212</u>

Special Revenue Funds			Capital Projects Funds			
Economic Development	Redevelopment Authority	Special Assessments	Fire Equipment	Park Acquisition	Storm Sewer	Ambulance CPF
\$ 138,046	\$ 54,249	\$ 268,843	\$ 5,832	\$ 56,611	\$ 19,444	\$ 81,788
-	-	-	-	-	-	-
-	-	-	-	56,141	-	-
-	-	103,657	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 138,046</u>	<u>\$ 54,249</u>	<u>\$ 372,500</u>	<u>\$ 5,832</u>	<u>\$ 112,752</u>	<u>\$ 19,444</u>	<u>\$ 81,788</u>
\$ 1,734	\$ 15,463	\$ -	\$ -	\$ -	\$ 98	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	41,800	-	-	-	-	-
-	-	103,777	-	-	-	-
-	-	-	-	-	-	-
<u>1,734</u>	<u>57,263</u>	<u>103,777</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>
-	-	-	-	-	-	-
<u>136,312</u>	<u>(3,014)</u>	<u>268,723</u>	<u>5,832</u>	<u>112,752</u>	<u>19,346</u>	<u>81,788</u>
<u>136,312</u>	<u>(3,014)</u>	<u>268,723</u>	<u>5,832</u>	<u>112,752</u>	<u>19,346</u>	<u>81,788</u>
<u>\$ 138,046</u>	<u>\$ 54,249</u>	<u>\$ 372,500</u>	<u>\$ 5,832</u>	<u>\$ 112,752</u>	<u>\$ 19,444</u>	<u>\$ 81,788</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Capital Projects Funds				
	River Trail	TIF District No. 3	TIF District No. 4	TIF District No. 5	Outlay
ASSETS					
Cash and investments	\$ 2,766	\$ 1,127,926	\$ 48,883	\$ 327,527	\$ 394,635
Taxes receivable	-	243,080	218,965	-	-
Receivables					
Accounts	-	-	-	114,870	2,000
Special assessments	-	-	-	-	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,766</u>	<u>\$ 1,371,006</u>	<u>\$ 267,848</u>	<u>\$ 442,397</u>	<u>\$ 396,635</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 184	\$ 158,921	\$ 29,333
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	360,802	-	-
Deferred revenues	-	243,080	218,965	-	-
Advances from other funds	-	-	-	532,000	-
Total Liabilities	-	243,080	579,951	690,921	29,333
Fund Balances (Deficit)					
Reserved for					
Prepaid items	-	-	-	-	-
Unreserved fund balance	2,766	1,127,926	(312,103)	(248,524)	367,302
Total Fund Balances (deficit)	2,766	1,127,926	(312,103)	(248,524)	367,302
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,766</u>	<u>\$ 1,371,006</u>	<u>\$ 267,848</u>	<u>\$ 442,397</u>	<u>\$ 396,635</u>

Total
Nonmajor
Governmental
Funds

\$ 3,394,120
462,045

181,896
103,657
14,850

\$ 4,156,568

\$ 246,784
17,125
71,336
458,316
565,822

532,000
1,891,383

14,850

2,250,335

2,265,185

\$ 4,156,568

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	Special Revenue Funds			
	Library	Sick Leave	Ambulance	Safety Building
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	236,341	-	-	-
Public charges for services	36,620	-	-	-
Special assessments	-	-	-	-
Investment income	411	7	48	-
Miscellaneous	34,428	-	27,790	-
Total Revenues	307,800	7	27,838	-
EXPENDITURES				
Current				
General government	-	35,060	-	-
Public safety	-	-	45,017	57,680
Public works	-	-	-	-
Culture, recreation and education	829,622	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	829,622	35,060	45,017	57,680
Excess (deficiency) of revenues over expenditures	(521,822)	(35,053)	(17,179)	(57,680)
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	-
Transfers in	506,485	56,000	-	57,680
Transfers out	-	-	-	-
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	506,485	56,000	-	57,680
Net Change in Fund Balances	(15,337)	20,947	(17,179)	-
FUND BALANCES (DEFICIT) -				
Beginning of Year	248,678	(10,127)	47,510	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 233,341	\$ 10,820	\$ 30,331	\$ -

Special Revenue Funds

Opera House	Opera House Repair	Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry
\$ -	\$ -	\$ -	\$ 37,633	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
280,425	-	-	-	-	-	-
-	-	-	-	-	-	-
5	99	13	29	42	12	91
26,944	-	-	-	26,350	15,675	79,499
<u>307,374</u>	<u>99</u>	<u>13</u>	<u>37,662</u>	<u>26,392</u>	<u>15,687</u>	<u>79,590</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
404,622	-	17,462	39,377	34,088	12,408	85,905
-	-	-	-	-	-	-
<u>404,622</u>	<u>-</u>	<u>17,462</u>	<u>39,377</u>	<u>34,088</u>	<u>12,408</u>	<u>85,905</u>
(97,248)	99	(17,449)	(1,715)	(7,696)	3,279	(6,315)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,544)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,544)	-	-	-
(97,248)	99	(17,449)	(3,259)	(7,696)	3,279	(6,315)
(15,283)	71,460	18,636	19,255	40,333	6,953	73,510
<u>\$ (112,531)</u>	<u>\$ 71,559</u>	<u>\$ 1,187</u>	<u>\$ 15,996</u>	<u>\$ 32,637</u>	<u>\$ 10,232</u>	<u>\$ 67,195</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	Special Revenue Funds			
	Landmarks	Preserve America Grant	Arts Council	Fire Department Special
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	8	-	-	739
Miscellaneous	-	-	210	17,454
Total Revenues	8	-	210	18,193
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	13,119
Public works	-	-	-	-
Culture, recreation and education	2,187	-	-	-
Conservation and development	-	3,223	-	-
Capital Outlay	-	-	-	6
Total Expenditures	2,187	3,223	-	13,125
Excess (deficiency) of revenues over expenditures	(2,179)	(3,223)	210	5,068
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,179)	(3,223)	210	5,068
FUND BALANCES (DEFICIT) - Beginning of Year	8,293	3,223	-	8,791
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 6,114	\$ -	\$ 210	\$ 13,859

Special Revenue Funds					Capital Projects Funds	
Senior Center Wood Shop	Senior Center Special	Economic Development	Redevelopment Authority	Special Assessments	Fire Equipment	Park Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	9,358	-	-	-	-
-	-	-	-	-	-	57,022
-	-	-	-	70,183	-	-
-	273	-	-	5,214	-	100
<u>4,759</u>	<u>12,887</u>	<u>4,223</u>	<u>-</u>	<u>-</u>	<u>15,900</u>	<u>4,221</u>
<u>4,759</u>	<u>13,160</u>	<u>13,581</u>	<u>-</u>	<u>75,397</u>	<u>15,900</u>	<u>61,343</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,331	16,829	-	-	-	-	-
-	-	40,239	37,753	-	-	-
<u>3,331</u>	<u>16,829</u>	<u>40,239</u>	<u>37,753</u>	<u>-</u>	<u>17,031</u>	<u>8,317</u>
<u>3,331</u>	<u>16,829</u>	<u>40,239</u>	<u>37,753</u>	<u>-</u>	<u>17,031</u>	<u>8,317</u>
<u>1,428</u>	<u>(3,669)</u>	<u>(26,658)</u>	<u>(37,753)</u>	<u>75,397</u>	<u>(1,131)</u>	<u>53,026</u>
-	-	-	-	-	-	-
-	-	100,000	50,000	150,000	-	-
-	-	-	-	(121,800)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	100,000	50,000	28,200	-	-
1,428	(3,669)	73,342	12,247	103,597	(1,131)	53,026
<u>129</u>	<u>327,241</u>	<u>62,970</u>	<u>(15,261)</u>	<u>165,126</u>	<u>6,963</u>	<u>59,726</u>
<u>\$ 1,557</u>	<u>\$ 323,572</u>	<u>\$ 136,312</u>	<u>\$ (3,014)</u>	<u>\$ 268,723</u>	<u>\$ 5,832</u>	<u>\$ 112,752</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	Capital Projects Funds			
	Storm Sewer	Ambulance CPF	River Trail	TIF District No. 3
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 237,690
Intergovernmental	-	-	2,171	345
Public charges for services	1,788	-	-	-
Special assessments	-	-	-	-
Investment income	24	95	-	920
Miscellaneous	-	-	-	-
Total Revenues	<u>1,812</u>	<u>95</u>	<u>2,171</u>	<u>238,955</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	8,128	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	1,492
Total Expenditures	<u>8,128</u>	<u>-</u>	<u>-</u>	<u>1,492</u>
Excess (deficiency) of revenues over expenditures	<u>(6,316)</u>	<u>95</u>	<u>2,171</u>	<u>237,463</u>
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(297,337)
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	(237,402)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(534,739)</u>
Net Change in Fund Balances	<u>(6,316)</u>	<u>95</u>	<u>2,171</u>	<u>(297,276)</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>25,662</u>	<u>81,693</u>	<u>595</u>	<u>1,425,202</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 19,346</u>	<u>\$ 81,788</u>	<u>\$ 2,766</u>	<u>\$ 1,127,926</u>

<u>Capital Projects Funds</u>			
<u>TIF District No. 4</u>	<u>TIF District No. 5</u>	<u>Outlay</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 125,075	\$ -	\$ -	\$ 400,398
3,225	-	111,237	362,677
-	-	-	375,855
-	-	-	70,183
88	-	22	8,240
-	-	2,000	272,340
<u>128,388</u>	<u>-</u>	<u>113,259</u>	<u>1,489,693</u>
26,104	-	-	61,164
-	-	-	115,816
-	-	-	8,128
-	-	-	1,445,831
-	-	-	81,215
<u>198,469</u>	<u>463,394</u>	<u>279,157</u>	<u>967,866</u>
<u>224,573</u>	<u>463,394</u>	<u>279,157</u>	<u>2,680,020</u>
<u>(96,185)</u>	<u>(463,394)</u>	<u>(165,898)</u>	<u>(1,190,327)</u>
-	114,870	-	114,870
-	100,000	345,232	1,365,397
(193,841)	-	-	(614,522)
237,402	-	-	237,402
-	-	-	(237,402)
<u>43,561</u>	<u>214,870</u>	<u>345,232</u>	<u>865,745</u>
(52,624)	(248,524)	179,334	(324,582)
<u>(259,479)</u>	<u>-</u>	<u>187,968</u>	<u>2,589,767</u>
<u>\$ (312,103)</u>	<u>\$ (248,524)</u>	<u>\$ 367,302</u>	<u>\$ 2,265,185</u>