

CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF STOUGHTON

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Stoughton
Stoughton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Stoughton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Stoughton

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 21, 2017



CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2016

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, 2016. 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 position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the city's operating results and the net position, as measured in the Statement of Net Position, as one way to measure the city's financial health, or financial position. Over time, increases and decreases in the city's net position, as measured by the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the city's goal is to provide services that improve the quality of life of our residents, not to generate profits as companies do. For this reason, you will need to consider many other 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 and deferred outflows of the City of Stoughton exceeded its liabilities and deferred inflows by \$79,451,662 (net position). Of this amount, \$19,381,379 is considered unrestricted net position, \$5,060,895 is restricted for specific purposes (restricted net position), and \$55,009,388 is net investment in capital assets.
- The city's total net position increased by \$2,472,135 Governmental activities net position decreased by \$448,039 while business-type net position increased by \$2,920,174.
- On December 31, 2016, the city's governmental funds reported combined fund balances of \$14,248,722, an increase of \$419,904 from 2015. Unassigned fund balance was \$2,565,550 at year-end.
- The City of Stoughton's total debt increased by \$6,377,823 (18%) during 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2016

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

The two government-wide statements report the city's net position and how they have changed. Net position – the city's assets plus deferred outflows of resources less liabilities and deferred inflows of resources – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city you need to consider additional 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

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

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

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
As of and For the Year Ended December 31, 2016

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

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

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 27,148,573	\$ 25,180,866	\$ 18,735,100	\$ 16,078,338	\$ 45,883,673	\$ 41,259,204
Capital assets	38,471,938	36,005,803	51,017,100	48,704,011	89,489,038	84,709,814
Total Assets	<u>65,620,511</u>	<u>61,186,669</u>	<u>69,752,200</u>	<u>64,782,349</u>	<u>135,372,711</u>	<u>125,969,018</u>
Pension related amounts	3,103,229	865,833	1,066,540	293,480	4,169,769	1,159,313
Total Deferred Outflows of Resources	<u>3,103,229</u>	<u>865,833</u>	<u>1,066,540</u>	<u>293,480</u>	<u>4,169,769</u>	<u>1,159,313</u>
Long-term liabilities	27,238,629	22,888,649	17,387,561	14,992,807	44,626,190	37,881,456
Other liabilities	2,493,603	1,254,652	1,617,810	1,596,851	4,111,413	2,851,503
Total Liabilities	<u>29,732,232</u>	<u>24,143,301</u>	<u>19,005,371</u>	<u>16,589,658</u>	<u>48,737,603</u>	<u>40,732,959</u>
Unearned revenue	10,944,230	9,413,884	408,985	1,961	11,353,215	9,415,845
Total Deferred Inflows of Resources	<u>10,944,230</u>	<u>9,413,884</u>	<u>408,985</u>	<u>1,961</u>	<u>11,353,215</u>	<u>9,415,845</u>
Net investment in capital assets	19,190,712	20,218,136	36,484,386	34,727,832	55,009,388	54,200,088
Restricted	1,969,261	2,484,622	3,091,634	3,149,076	5,060,895	5,633,698
Unrestricted	6,887,305	5,792,559	11,828,364	10,607,302	19,381,379	17,145,741
Total Net Position	<u>\$ 28,047,278</u>	<u>\$ 28,495,317</u>	<u>\$ 51,404,384</u>	<u>\$ 48,484,210</u>	<u>\$ 79,451,662</u>	<u>\$ 76,979,527</u>

The largest portion of the city's net position (71%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (21%) may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2016

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

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

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

	Governmental Activities		Business Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues						
Charges for services	\$ 2,883,638	\$ 2,473,272	\$ 20,328,506	\$ 19,892,731	\$ 23,212,144	\$ 22,366,003
Operating grants and contributions	1,728,580	1,900,671	36,747	29,812	1,765,327	1,930,483
Capital grants and contributions	55,913	1,008,676	1,741,957	1,050,684	1,797,870	2,059,360
General Revenues						
Property taxes	8,662,381	8,215,063	-	-	8,662,381	8,215,063
Other taxes	134,647	122,478	-	-	134,647	122,478
Intergovernmental	856,350	817,074	-	-	856,350	817,074
Other	590,062	471,257	122,793	172,333	712,855	643,590
Total Revenues	14,911,571	15,008,491	22,230,003	21,145,560	37,141,574	36,154,051
EXPENSES						
General government	2,092,522	1,458,670	-	-	2,092,522	1,458,670
Public safety	4,101,812	4,387,246	-	-	4,101,812	4,387,246
Public works	3,227,449	2,845,848	-	-	3,227,449	2,845,848
Culture, education and recreation	3,793,485	2,963,438	-	-	3,793,485	2,963,438
Conservation and development	1,725,503	540,734	-	-	1,725,503	540,734
Water	-	-	1,559,150	1,381,539	1,559,150	1,381,539
Sewer	-	-	1,964,246	1,975,595	1,964,246	1,975,595
Electric	-	-	14,577,775	14,364,258	14,577,775	14,364,258
EMS	-	-	665,127	630,083	665,127	630,083
Storm sewer	-	-	469,033	397,907	469,033	397,907
Interest and fiscal charges	493,337	533,342	-	-	493,337	533,342
Total Expenses	15,434,108	12,729,278	19,235,331	18,749,382	34,669,439	31,478,660
Income Before Transfers	(522,537)	2,279,213	2,994,672	2,396,178	2,472,135	4,675,391
Transfers	74,498	(331,385)	(74,498)	331,385	-	-
Change in Net Position	(448,039)	1,947,828	2,920,174	2,727,563	2,472,135	4,675,391
Beginning Net Position	28,495,317	26,547,489	48,484,210	45,756,647	76,979,527	72,304,136
ENDING NET POSITION	\$ 28,047,278	\$ 28,495,317	\$ 51,404,384	\$ 48,484,210	\$ 79,451,662	\$ 76,979,527

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
As of and For the Year Ended December 31, 2016

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

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

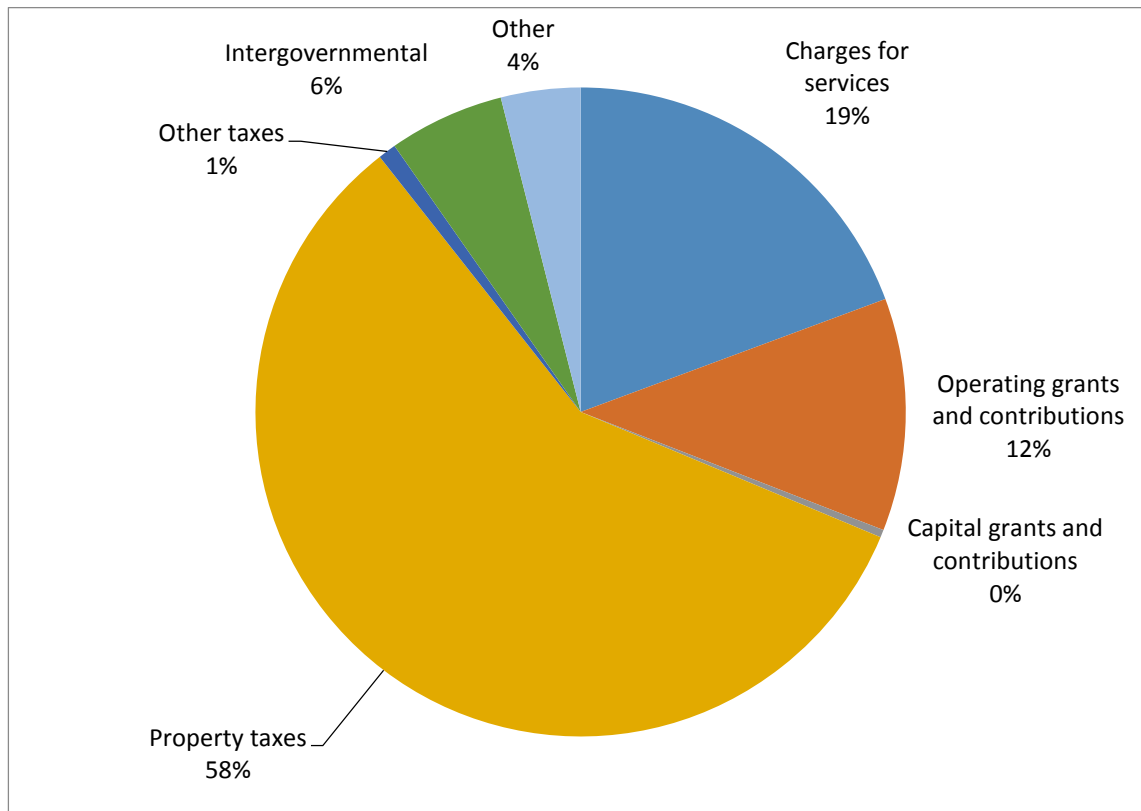
Governmental Activities – Revenues

Governmental activities decreased the city's net position by \$448,039. This decrease is primarily a result of reduction in grants and contributions and increase in expenditures.

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

Property taxes are the largest revenue source for the governmental activities accounting for 58% of total revenues.

Governmental Activities by Revenue Source



CITY OF STOUGHTON

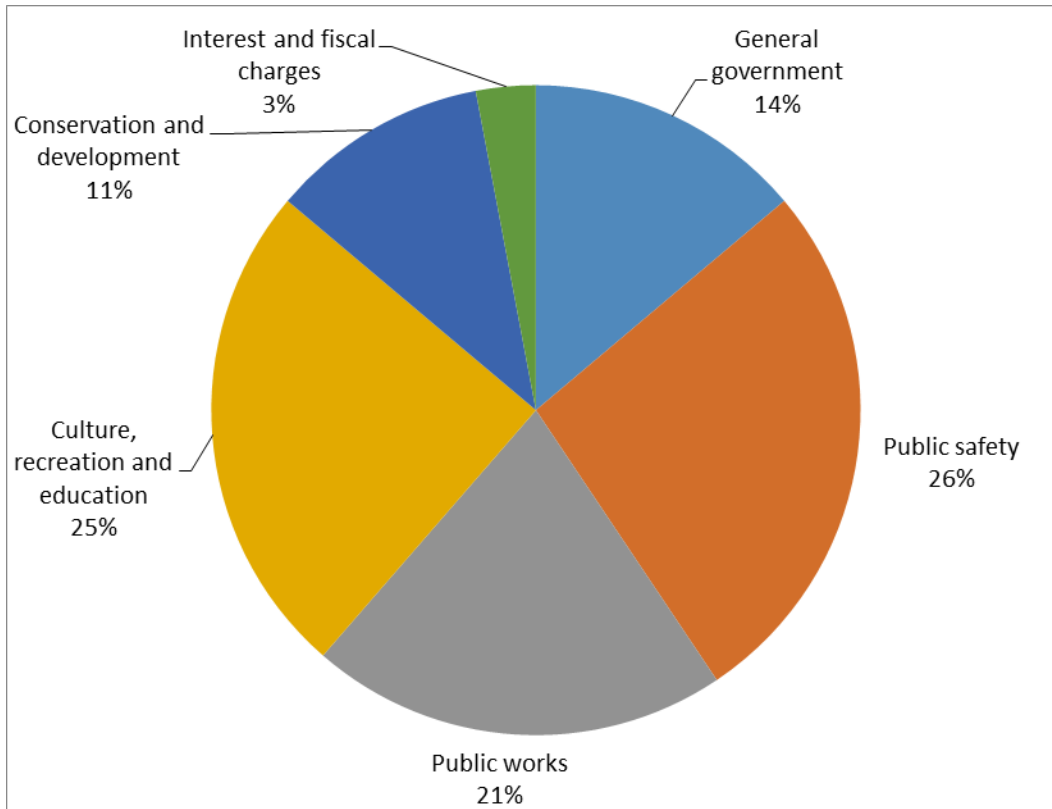
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
As of and For the Year Ended December 31, 2016

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



CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
As of and For the Year Ended December 31, 2016

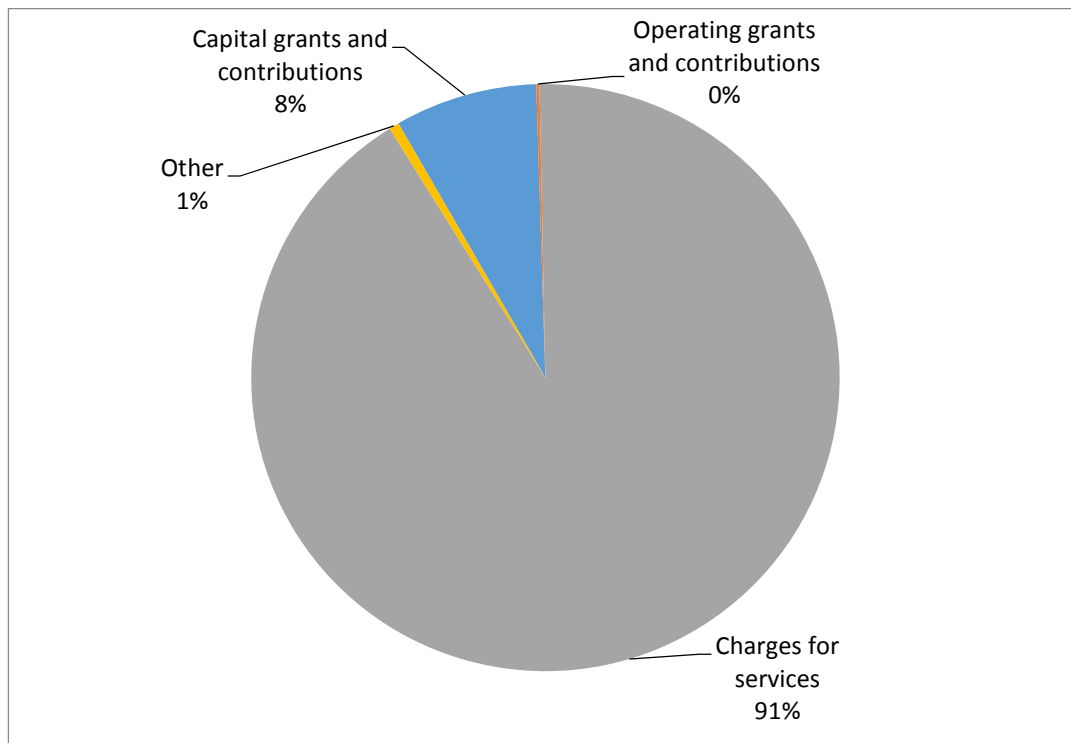
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Business Type Activities

Business-type activities increased the City of Stoughton's net position by \$2,920,174. The net investment in capital assets increased by approximately 5% or \$1,756,554. This is due primarily to the fact that each of the utilities had more capital asset additions than debt issued to acquire capital assets.

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

Revenues by Source - Business Type Activities

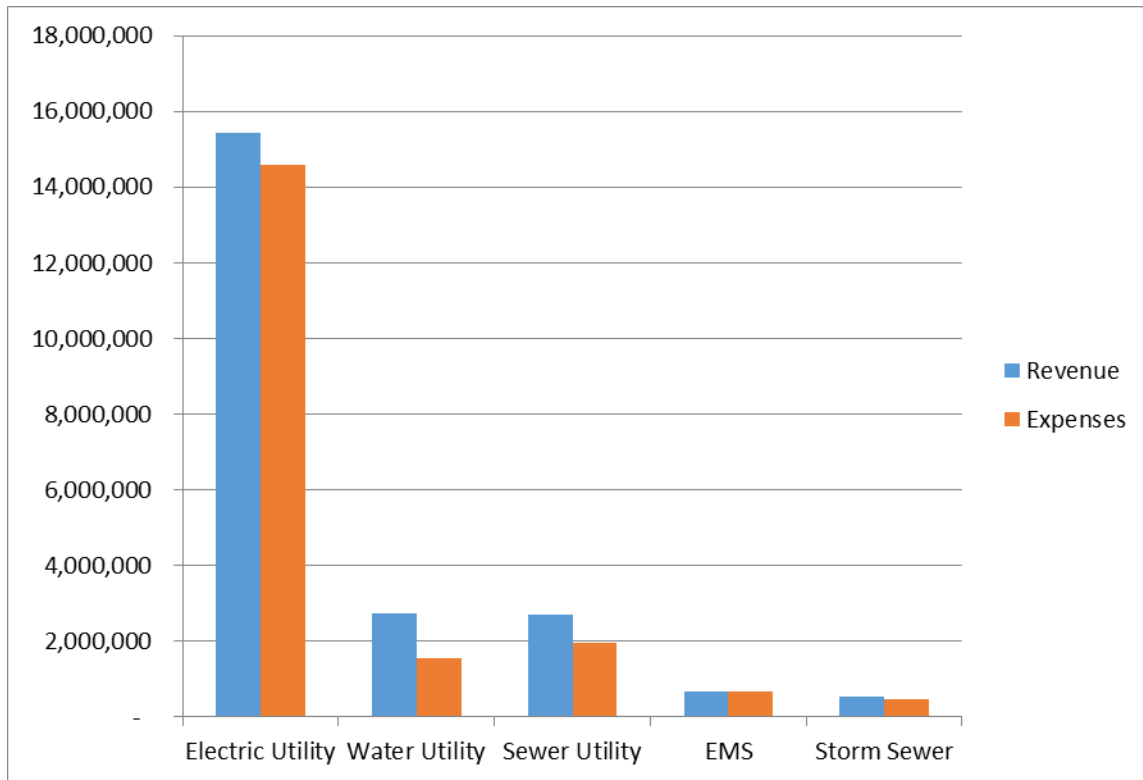


CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
As of and For the Year Ended December 31, 2016

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

At December 31, 2016, the city's governmental funds reported combined fund balances of \$14,248,722. Approximately 18% of this amount, \$2,565,550, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional \$10,622,202 is included in the restricted, committed, or assigned category which has been designated for specific projects or expenditures. The remaining \$1,060,970 is non-spendable for prepaid expenditures, long-term receivables, non-current assets, or CVMIC equity.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2016

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 \$103,141 or 2%. These changes are primarily due to an overall savings in the 2016 operating budget. See the following General Fund Budgetary Highlights section for further details.

The city has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year end was \$3,364,758 or 26.6% of 2016 general fund budgeted expenditures.

Debt Service Fund

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$3,427,418, which is an increase of \$3,258,190 from the prior year mainly because of crossover refunding proceeds, is restricted for future debt service.

Construction Capital Projects Fund

The city's construction capital projects fund accounts for the funds accumulated for the purpose of obtaining capital assets or for capital projects and other expenditures that are unique and are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds. The total fund balance as of December 31, 2016 is \$1,833,745, all of which is assigned for the completion of projects that were begun but were not fully complete by year end.

Tax Incremental District No. 7

TID No. 7 was created in 2015. The entire fund balance of \$1,055,847, which is a decrease of \$3,298,969 mainly because of proceeds that were spent on TID projects, is restricted for future TID projects.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$2,506,103, an increase of \$96,666 from the prior year.

Proprietary Funds

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

Internal Service Fund

In December 2011, the city paid off its Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The city borrowed money from the Electric Utility to pay off its portion of liability. This advance has been recorded in the Retirement Fund, which is an Internal Service Fund that the city created for this purpose. The internal service fund had a deficit of \$376,653 as of December 31, 2016, which represents the amount to be paid to the Electric Utility and funded through future years' charges to governmental funds.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget had total appropriations, including those for transfers out, of \$12,636,498. Actual expenditures and transfers out were \$12,612,546, resulting in a \$23,952 favorable variance. Total revenues and other sources were \$12,715,687, \$152,710 more than the budget. Further details can be found in the budget to actual section of this report and the city's year-end budget to actual report.

CAPITAL ASSETS

At the end of 2016, the city had invested a total of \$89,489,038 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land and other assets						
not being depreciated	\$ 12,277,840	\$ 11,257,259	\$ 1,378,406	\$ 1,433,009	\$ 13,656,246	\$ 12,690,268
Buildings & improvements	15,609,683	15,482,520	1,240,308	1,240,308	16,849,991	16,722,828
Machinery & equipment	10,141,858	9,798,098	842,543	841,123	10,984,401	10,639,221
Infrastructure	29,168,741	28,096,459	-	-	29,168,741	28,096,459
Utility plant	-	-	79,908,979	75,317,683	79,908,979	75,317,683
Total Capital Assets	67,198,122	64,634,336	83,370,236	78,832,123	150,568,358	143,466,459
Less: Accumulated depreciation	(28,726,184)	(28,628,533)	(32,353,136)	(30,128,112)	(61,079,320)	(58,756,645)
NET CAPITAL ASSETS	\$ 38,471,938	\$ 36,005,803	\$ 51,017,100	\$ 48,704,011	\$ 89,489,038	\$ 84,709,814

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

Governmental Activities

- Infrastructure reconstruction projects of sidewalks throughout the city and street reconstruction on Williams Drive, Williamson, Clyde, and Van Buren Streets.
- Various equipment purchases.

Business-type Activities

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2016

LONG-TERM DEBT

At December 31, 2016, the city had \$42,047,920 of long-term bonds and notes outstanding. \$14,351,787 of this is revenue debt, \$4,775,000 is note anticipation notes, and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2016 increased by \$6,377,823. 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, 2016 was \$50,039,825. Total general obligation debt outstanding at year end was \$22,921,133. Therefore, the city was at 46% of the legal debt limit.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2017 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 POSITION As of December 31, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 11,512,206	\$ 10,333,886	\$ 21,846,092
Receivables (net)	10,604,986	3,061,998	13,666,984
Internal balances	521,067	(521,067)	-
Inventories and prepaid items	70,038	203,245	273,283
Investment in mutual insurance company	257,805	-	257,805
Restricted cash and investments	3,207,367	5,246,597	8,453,964
Other assets	-	410,441	410,441
Land held for resale	975,104	-	975,104
Capital Assets			
Capital assets not being depreciated	12,277,840	1,378,406	13,656,246
Capital assets net of depreciation	<u>26,194,098</u>	<u>49,638,694</u>	<u>75,832,792</u>
Total Assets	<u>65,620,511</u>	<u>69,752,200</u>	<u>135,372,711</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>3,103,229</u>	<u>1,066,540</u>	<u>4,169,769</u>
Total Deferred Outflows of Resources	<u>3,103,229</u>	<u>1,066,540</u>	<u>4,169,769</u>
LIABILITIES			
Accounts payable and accrued expenses	2,429,168	1,410,107	3,839,275
Deposits	64,435	106,064	170,499
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	1,346,072	1,346,072
Accrued interest	-	101,639	101,639
Noncurrent Liabilities			
Due within one year	5,773,534	318,409	6,091,943
Due in more than one year	<u>21,465,095</u>	<u>15,723,080</u>	<u>37,188,175</u>
Total Liabilities	<u>29,732,232</u>	<u>19,005,371</u>	<u>48,737,603</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	9,753,757	-	9,753,757
Pension related amounts	<u>1,190,473</u>	<u>408,985</u>	<u>1,599,458</u>
Total Deferred Inflows of Resources	<u>10,944,230</u>	<u>408,985</u>	<u>11,353,215</u>
NET POSITION			
Net investment in capital assets	19,190,712	36,484,386	55,009,388
Restricted for			
Debt service	107,262	1,995,346	2,102,608
Equipment replacement	-	1,096,288	1,096,288
TID activities	1,315,382	-	1,315,382
Library	202,444	-	202,444
Impact fees	337,799	-	337,799
Grants	6,374	-	6,374
Unrestricted	<u>6,887,305</u>	<u>11,828,364</u>	<u>19,381,379</u>
TOTAL NET POSITION	<u>\$ 28,047,278</u>	<u>\$ 51,404,384</u>	<u>\$ 79,451,662</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,092,522	\$ 159,648	\$ 153,445	\$ -
Public safety	4,101,812	574,370	155,136	55,913
Public works	3,227,449	973,799	661,206	-
Culture, recreation and education	3,793,485	1,069,879	736,076	-
Conservation and development	1,725,503	105,942	-	-
Interest and fiscal charges	493,337	-	22,717	-
Total Governmental Activities	<u>15,434,108</u>	<u>2,883,638</u>	<u>1,728,580</u>	<u>55,913</u>
Business-type Activities				
Water	1,559,150	2,001,124	-	756,373
Wastewater	1,964,246	2,036,002	-	660,959
Electric	14,577,775	15,116,204	-	324,625
EMS	665,127	630,317	30,638	-
Storm sewer	469,033	544,859	6,109	-
Total Business-type Activities	<u>19,235,331</u>	<u>20,328,506</u>	<u>36,747</u>	<u>1,741,957</u>
Total	<u>\$ 34,669,439</u>	<u>\$ 23,212,144</u>	<u>\$ 1,765,327</u>	<u>\$ 1,797,870</u>

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for TIF districts

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Miscellaneous

 Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,779,429)	\$ -	\$ (1,779,429)
(3,316,393)	-	(3,316,393)
(1,592,444)	-	(1,592,444)
(1,987,530)	-	(1,987,530)
(1,619,561)	-	(1,619,561)
<u>(470,620)</u>	<u>-</u>	<u>(470,620)</u>
<u>(10,765,977)</u>	<u>-</u>	<u>(10,765,977)</u>
-	1,198,347	1,198,347
-	732,715	732,715
-	863,054	863,054
-	(4,172)	(4,172)
-	81,935	81,935
<u>-</u>	<u>2,871,879</u>	<u>2,871,879</u>
<u>(10,765,977)</u>	<u>2,871,879</u>	<u>(7,894,098)</u>
7,914,655	-	7,914,655
747,726	-	747,726
134,647	-	134,647
856,350	-	856,350
54,685	122,613	177,298
<u>535,377</u>	<u>180</u>	<u>535,557</u>
<u>10,243,440</u>	<u>122,793</u>	<u>10,366,233</u>
<u>74,498</u>	<u>(74,498)</u>	<u>-</u>
(448,039)	2,920,174	2,472,135
<u>28,495,317</u>	<u>48,484,210</u>	<u>76,979,527</u>
<u>\$ 28,047,278</u>	<u>\$ 51,404,384</u>	<u>\$ 79,451,662</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Construction Capital Projects</u>	<u>TIF District No. 7 Capital Projects</u>
ASSETS				
Cash and investments	\$ 3,433,467	\$ -	\$ 1,912,938	\$ 2,295,774
Receivables (net)				
Taxes	8,875,594	-	-	242,013
Delinquent personal property tax	43,797	-	-	-
Accounts	271,404	-	5,699	107,757
Special assessments	-	-	-	-
Delinquent special assessments	6,636	-	-	-
Leases	-	74,128	-	-
Loans	-	-	-	-
Other	-	-	-	-
Due from other funds	1,262,782	251,717	16,407	-
Advances to other funds	618,427	-	-	-
Other investments	257,805	-	-	-
Prepaid items	-	-	-	-
Restricted cash and investments	-	<u>3,207,367</u>	-	-
TOTAL ASSETS	<u>\$ 14,769,912</u>	<u>\$ 3,533,212</u>	<u>\$ 1,935,044</u>	<u>\$ 2,645,544</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 3,870,027	\$ 11,512,206
810,590	9,928,197
-	43,797
27,146	412,006
89,312	89,312
-	6,636
-	74,128
50,000	50,000
910	910
-	1,530,906
-	618,427
-	257,805
70,038	70,038
<u>-</u>	<u>3,207,367</u>
<u>\$ 4,918,023</u>	<u>\$ 27,801,735</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Construction Capital Projects</u>	<u>TIF District No. 7 Capital Projects</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 199,416	\$ -	\$ 101,299	\$ 1,317,685
Accrued liabilities	270,358	-	-	-
Deposits	1,436	-	-	29,999
Other liabilities	-	-	-	-
Due to other funds	25,243	31,666	-	-
Due to other governments	12,105	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>508,558</u>	<u>31,666</u>	<u>101,299</u>	<u>1,347,684</u>
Deferred Inflows of Resources				
Unearned revenues	8,835,745	-	-	242,013
Unavailable revenues	-	74,128	-	-
Total Deferred Inflows of Resources	<u>8,835,745</u>	<u>74,128</u>	<u>-</u>	<u>242,013</u>
Fund Balances (Deficit)				
Nonspendable for prepaid items	-	-	-	-
Nonspendable for long-term receivables	682,857	-	-	-
Nonspendable for non-current assets	50,433	-	-	-
Nonspendable for CVMIC Equity	257,805	-	-	-
Restricted	-	3,427,418	-	1,055,847
Committed	-	-	-	-
Assigned	1,069,756	-	1,833,745	-
Unassigned (deficit)	3,364,758	-	-	-
Total Fund Balances	<u>5,425,609</u>	<u>3,427,418</u>	<u>1,833,745</u>	<u>1,055,847</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 14,769,912</u>	<u>\$ 3,533,212</u>	<u>\$ 1,935,044</u>	<u>\$ 2,645,544</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 100,161	\$ 1,718,561
14,549	284,907
33,000	64,435
226,678	226,678
576,277	633,186
-	12,105
<u>618,427</u>	<u>618,427</u>
<u>1,569,092</u>	<u>3,558,299</u>
675,999	9,753,757
<u>166,829</u>	<u>240,957</u>
<u>842,828</u>	<u>9,994,714</u>
69,875	69,875
-	682,857
-	50,433
-	257,805
1,811,999	6,295,264
767,475	767,475
655,962	3,559,463
<u>(799,208)</u>	<u>2,565,550</u>
<u>2,506,103</u>	<u>14,248,722</u>
<u>\$ 4,918,023</u>	<u>\$ 27,801,735</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

Total Fund Balances - Governmental Funds	\$ 14,248,722
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	38,471,938
Land held for resale.	975,104
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	240,957
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(556,063)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,103,229
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,190,473)
Internal service funds are reported in the statement of net position as governmental activities.	(376,653)
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>(26,869,483)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,047,278</u>

CITY OF STOUGHTON

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

For the Year Ended December 31, 2016

	General	Debt Service	Construction Capital Projects	TIF District No. 7 Capital Projects
REVENUES				
Taxes	\$ 7,968,616	\$ -	\$ -	\$ -
Intergovernmental	1,629,115	22,717	15,124	-
Licenses and permits	233,079	-	-	-
Fines, forfeitures and penalties	135,588	-	-	-
Public charges for services	1,393,649	-	-	-
Intergovernmental charges for services	55,536	48,783	-	-
Special assessments	12,855	-	-	-
Investment income	26,183	-	8,973	10,200
Miscellaneous	464,732	58,596	-	-
Total Revenues	11,919,353	130,096	24,097	10,200
EXPENDITURES				
Current				
General government	1,843,239	-	-	-
Public safety	3,814,855	-	-	-
Public works	1,995,483	-	-	-
Culture, recreation and education	1,236,683	-	-	-
Conservation and development	-	-	-	850
Capital Outlay	-	-	2,746,591	3,308,319
Debt Service				
Principal	-	2,544,421	-	-
Interest and fiscal charges	-	554,501	54,500	-
Total Expenditures	8,890,260	3,098,922	2,801,091	3,309,169
Excess (deficiency) of revenues over expenditures	3,029,093	(2,968,826)	(2,776,994)	(3,298,969)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	3,210,000	2,620,000	-
Premium on debt	-	132,351	-	-
Property sales	-	-	-	-
Transfers in	796,334	2,884,665	417,870	-
Transfers out	(3,722,286)	-	-	-
Total Other Financing Sources (Uses)	(2,925,952)	6,227,016	3,037,870	-
Net Change in Fund Balances	103,141	3,258,190	260,876	(3,298,969)
FUND BALANCES - Beginning of Year	5,322,468	169,228	1,572,869	4,354,816
FUND BALANCES - END OF YEAR	\$ 5,425,609	\$ 3,427,418	\$ 1,833,745	\$ 1,055,847

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 828,412	\$ 8,797,028
333,038	1,999,994
-	233,079
-	135,588
899,453	2,293,102
-	104,319
161,154	174,009
9,329	54,685
<u>564,140</u>	<u>1,087,468</u>
<u>2,795,526</u>	<u>14,879,272</u>
4,425	1,847,664
27,501	3,842,356
-	1,995,483
2,032,459	3,269,142
164,705	165,555
1,705,963	7,760,873
-	2,544,421
-	609,001
<u>3,935,053</u>	<u>22,034,495</u>
<u>(1,139,527)</u>	<u>(7,155,223)</u>
850,000	6,680,000
-	132,351
16,695	16,695
1,913,759	6,012,628
<u>(1,544,261)</u>	<u>(5,266,547)</u>
<u>1,236,193</u>	<u>7,575,127</u>
96,666	419,904
<u>2,409,437</u>	<u>13,828,818</u>
<u>\$ 2,506,103</u>	<u>\$ 14,248,722</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, 2016

Net change in fund balances - total governmental funds	\$	419,904
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		7,760,873
Some items reported as capital outlay were not capitalized		(2,822,222)
Depreciation is reported in the government-wide financial statements		(1,703,900)
Net book value of assets retired		(97,033)

Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(671,583)
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Property held for resale recorded as an asset in the government-wide statements but reported as a capital outlay in the fund financial statements.		750,531
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments		21,104
Loan activity		50,000
Lease activity		(55,000)

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

Debt issued		(6,680,000)
Principal repaid		2,544,421

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		341,662
Net pension asset/liability		(1,379,925)
Deferred outflows of resources related to pensions		2,237,396
Deferred inflows of resources related to pensions		(1,184,668)
Accrued interest on debt		(16,687)

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities		37,088
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(448,039)</u>
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See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
ASSETS			
Current Assets			
Cash and investments	\$ 412,856	\$ 1,333,682	\$ 6,951,441
Receivables			
Other receivables	237,248	212,282	1,688,079
Interest receivable	3,858	1,921	49,995
Current portion of special assessments	50,103	34,359	-
Due from other funds	70,394	49,361	15,289
Current portion of advance to other funds	-	-	39,190
Inventories	34,812	-	163,294
Prepaid items	828	1,035	3,276
Restricted Assets			
Redemption account	267,550	365,599	486,538
Total Current Assets	1,077,649	1,998,239	9,397,102
Noncurrent Assets			
Restricted Assets			
Reserve account	244,677	-	649,338
Depreciation account	25,000	33,283	25,000
Replacement account	-	1,096,288	-
Construction account	213,127	123	1,840,074
Capital Assets			
Land and land rights	430,131	-	220,797
Construction in progress	80,638	94,791	189,399
Plant in service	21,549,377	28,879,140	28,069,197
Property held for future use	-	-	352,664
Less: Accumulated depreciation	(6,778,559)	(10,250,053)	(14,429,881)
Other Assets			
Special assessments	400,824	274,874	-
Plant and maintenance reserve account	328,378	-	508,914
Sick leave reserve account	96,587	120,910	171,811
Advance to other funds	-	-	337,463
Investment in ATC	-	-	361,850
Non-utility property (net of amortization)	30,638	-	17,953
Total Noncurrent Assets	16,620,818	20,249,356	18,314,579
Total Assets	17,698,467	22,247,595	27,711,681
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	206,806	227,166	575,914
Total Deferred Outflows of Resources	206,806	227,166	575,914

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Fund</u>
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 409,307	\$ 9,107,286	\$ -
108,455	2,246,064	-
-	55,774	-
-	84,462	-
85,769	220,813	-
-	39,190	-
-	198,106	-
-	5,139	-
-	<u>1,119,687</u>	-
<u>603,531</u>	<u>13,076,521</u>	-
-	894,015	-
-	83,283	-
-	1,096,288	-
-	2,053,324	-
9,986	660,914	-
-	364,828	-
3,494,116	81,991,830	-
-	352,664	-
(894,643)	(32,353,136)	-
-	675,698	-
-	837,292	-
-	389,308	-
-	337,463	-
-	361,850	-
-	<u>48,591</u>	-
<u>2,609,459</u>	<u>57,794,212</u>	-
<u>3,212,990</u>	<u>70,870,733</u>	-
<u>56,654</u>	<u>1,066,540</u>	-
<u>56,654</u>	<u>1,066,540</u>	-

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
LIABILITIES			
Current Liabilities			
Accounts payable	75,473	66,855	1,068,767
Accrued liabilities	10,938	17,496	107,051
Public benefits	-	-	26,651
Deposits	-	-	106,064
Due to other funds	403,264	9,073	462,554
Current portion of general obligation debt	51,000	34,000	-
Current portion of advance	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	322,677	413,395	610,000
Accrued interest	8,230	22,761	70,648
Total Current Liabilities	<u>871,582</u>	<u>563,580</u>	<u>2,451,735</u>
Noncurrent Liabilities			
Long-Term Debt			
Customer advances for construction	-	-	27,141
Revenue bonds payable	2,620,747	4,744,968	5,640,000
Unamortized premium on bond refunding	35,638	-	131,571
General obligation debt payable	423,000	282,000	-
Compensated absences	86,587	120,910	171,811
Net pension liability	36,404	40,825	103,350
Advances from other funds	-	-	-
Total Noncurrent Liabilities	<u>3,202,376</u>	<u>5,188,703</u>	<u>6,073,873</u>
Total Liabilities	<u>4,073,958</u>	<u>5,752,283</u>	<u>8,525,608</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	<u>77,947</u>	<u>87,394</u>	<u>221,246</u>
Total Deferred Inflows of Resources	<u>77,947</u>	<u>87,394</u>	<u>221,246</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	12,041,652	13,249,638	9,860,679
Restricted for			
Debt service	528,997	376,121	1,090,228
Equipment replacement	-	1,096,288	-
Unrestricted (deficit)	<u>1,182,719</u>	<u>1,913,037</u>	<u>8,589,834</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 13,753,368</u>	<u>\$ 16,635,084</u>	<u>\$ 19,540,741</u>

See accompanying notes to financial statements.

<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
14,983	1,226,078	-
21,893	157,378	-
-	26,651	-
-	106,064	-
243,642	1,118,533	-
233,409	318,409	-
-	-	39,190
-	1,346,072	-
-	101,639	-
<u>513,927</u>	<u>4,400,824</u>	<u>39,190</u>
-	27,141	-
-	13,005,715	-
-	167,209	-
1,216,618	1,921,618	-
31,039	410,347	-
10,471	191,050	-
-	-	337,463
<u>1,258,128</u>	<u>15,723,080</u>	<u>337,463</u>
<u>1,772,055</u>	<u>20,123,904</u>	<u>376,653</u>
<u>22,398</u>	<u>408,985</u>	<u>-</u>
<u>22,398</u>	<u>408,985</u>	<u>-</u>
1,332,417	36,484,386	-
-	1,995,346	-
-	1,096,288	-
<u>142,774</u>	<u>11,828,364</u>	<u>(376,653)</u>
<u>\$ 1,475,191</u>	<u>\$ 51,404,384</u>	<u>\$ (376,653)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

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

For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
OPERATING REVENUES	<u>\$ 2,001,124</u>	<u>\$ 2,036,002</u>	<u>\$ 15,116,204</u>
OPERATING EXPENSES			
Operation and maintenance	1,012,205	1,020,298	13,329,607
Depreciation	<u>428,084</u>	<u>796,285</u>	<u>996,954</u>
Total Operating Expenses	<u>1,440,289</u>	<u>1,816,583</u>	<u>14,326,561</u>
Operating Income	<u>560,835</u>	<u>219,419</u>	<u>789,643</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	25,029	2,485	92,308
Interest and fiscal charges	(74,001)	(147,663)	(148,952)
Miscellaneous expenses	(4,280)	-	(3,080)
Debt issuance costs	(47,812)	-	(110,140)
Interest subsidy	-	-	-
Amortization of premium on bond refunding	2,952	-	10,958
Miscellaneous revenue	-	-	-
Intergovernmental grants	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(98,112)</u>	<u>(145,178)</u>	<u>(158,906)</u>
Income Before Contributions and Transfers	<u>462,723</u>	<u>74,241</u>	<u>630,737</u>
CONTRIBUTIONS AND TRANSFERS			
Contributions in aid of construction	756,373	660,959	324,625
Capital contributions - municipal	215,803	185,879	269,901
Transfers in	-	-	-
Transfers out	<u>(390,267)</u>	<u>-</u>	<u>(397,998)</u>
Total Contributions and Transfers	<u>581,909</u>	<u>846,838</u>	<u>196,528</u>
Change in Net Position	1,044,632	921,079	827,265
NET POSITION (DEFICIT) - Beginning of Year	<u>12,708,736</u>	<u>15,714,005</u>	<u>18,713,476</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ 13,753,368</u></u>	<u><u>\$ 16,635,084</u></u>	<u><u>\$ 19,540,741</u></u>

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities - Internal Service Fund
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
\$ 1,175,176	\$ 20,328,506	\$ 49,500
944,489	16,306,599	-
147,355	2,368,678	-
<u>1,091,844</u>	<u>18,675,277</u>	<u>-</u>
83,332	1,653,229	49,500
2,791	122,613	-
(42,316)	(412,932)	(12,412)
-	(7,360)	-
-	(157,952)	-
7,978	7,978	-
-	13,910	-
4,460	4,460	-
28,769	28,769	-
<u>1,682</u>	<u>(400,514)</u>	<u>(12,412)</u>
85,014	1,252,715	37,088
-	1,741,957	-
-	671,583	-
81,054	81,054	-
(38,870)	(827,135)	-
<u>42,184</u>	<u>1,667,459</u>	<u>-</u>
127,198	2,920,174	37,088
<u>1,347,993</u>	<u>48,484,210</u>	<u>(413,741)</u>
<u>\$ 1,475,191</u>	<u>\$ 51,404,384</u>	<u>\$ (376,653)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,000,726	\$ 2,027,899	\$ 14,973,046
Received from municipality for services	-	-	-
Received for street lighting	-	-	129,286
Paid to suppliers for goods and services	(600,919)	(579,463)	(12,486,322)
Paid to employees for services	(379,268)	(381,206)	(760,474)
Net Cash Flows From Operating Activities	<u>1,020,539</u>	<u>1,067,230</u>	<u>1,855,536</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	222,122	469,943	1,893,138
Investment income	15,172	18,582	49,135
Investments purchased	(200,000)	(825,095)	(1,926,705)
Dividends from ATC	-	-	15,064
Net Cash Flows From Investing Activities	<u>37,294</u>	<u>(336,570)</u>	<u>30,632</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(356,604)	-	(370,260)
Received from municipality principal on Wisconsin Retirement UAAL advance	-	-	37,088
Received from municipality interest on Wisconsin Retirement UAAL advance	-	-	12,412
Transfers to other funds	(2,412)	-	(21,213)
Paid to utilities principal on Wisconsin Retirement UAAL advance	-	-	-
Paid to utilities interest on Wisconsin Retirement UAAL advance	-	-	-
Advances from other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(359,016)</u>	<u>-</u>	<u>(341,973)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(1,399,957)	(434,390)	(2,215,000)
Interest paid	(79,101)	(150,466)	(112,620)
Debt issuance costs	(47,812)	-	(110,140)
Premium received	38,590	-	93,666
Acquisition and construction of capital assets	(1,497,384)	(745,230)	(1,196,807)
Capital contributions received	586,352	277,552	374,680
Proceeds from debt issue	2,520,000	-	4,005,000
Net Cash Flows From Capital and Related Financing Activities	<u>120,688</u>	<u>(1,052,534)</u>	<u>838,779</u>
Net Change in Cash and Cash Equivalents	819,505	(321,874)	2,382,974
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>259,711</u>	<u>2,355,598</u>	<u>4,285,700</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,079,216</u>	<u>\$ 2,033,724</u>	<u>\$ 6,668,674</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
\$ 1,198,804	\$ 20,200,475	\$ -
-	-	49,500
-	129,286	-
(353,529)	(14,020,233)	-
(557,650)	(2,078,598)	-
<u>287,625</u>	<u>4,230,930</u>	<u>49,500</u>
-	2,585,203	-
2,791	85,680	-
-	(2,951,800)	-
-	15,064	-
<u>2,791</u>	<u>(265,853)</u>	<u>-</u>
-	(726,864)	-
-	37,088	-
42,184	54,596	-
-	(23,625)	-
-	-	(37,088)
-	-	(12,412)
<u>29,817</u>	<u>29,817</u>	<u>-</u>
<u>72,001</u>	<u>(628,988)</u>	<u>(49,500)</u>
(233,409)	(4,282,756)	-
(45,446)	(387,633)	-
-	(157,952)	-
-	132,256	-
(412,880)	(3,852,301)	-
6,109	1,244,693	-
-	6,525,000	-
<u>(685,626)</u>	<u>(778,693)</u>	<u>-</u>
(323,209)	2,557,396	-
<u>732,516</u>	<u>7,633,525</u>	<u>-</u>
<u>\$ 409,307</u>	<u>\$ 10,190,921</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 560,835	\$ 219,419	\$ 789,643
Nonoperating revenue (expense)	-	-	(3,080)
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	428,084	796,285	996,954
Depreciation charged to other funds	31,606	-	45,600
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(31,717)	(14,000)	(77,030)
Other accounts receivable	14,969	7,568	66,161
Due from other funds	(2,841)	1,559	(8,637)
Due to other funds	-	-	46,468
Inventories	(4,981)	-	(33,889)
Prepaid items	(277)	(334)	(741)
Accounts payable	8,963	14,153	(29,236)
Accrued wages	4,029	-	-
Compensated absences	(6,495)	15,088	1,728
Customer deposits	(1,615)	-	8,714
Other current liabilities	-	4,985	(5,004)
Public benefits	-	-	563
Pension related deferrals and liabilities	19,979	22,507	57,322
	<u>\$ 1,020,539</u>	<u>\$ 1,067,230</u>	<u>\$ 1,855,536</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 412,856	\$ 1,333,682	\$ 6,951,441
Restricted cash and investments			
Redemption account	267,550	365,599	486,538
Reserve account	244,677	-	649,338
Depreciation account	25,000	33,283	25,000
Construction account	213,127	123	1,840,074
Plant and maintenance reserve account	328,378	-	508,914
Sick leave reserve account	96,587	120,910	171,811
Replacement account	-	1,096,288	-
Total Cash and Investments	<u>1,588,175</u>	<u>2,949,885</u>	<u>10,633,116</u>
Less: Noncash equivalents	<u>(508,959)</u>	<u>(916,161)</u>	<u>(3,964,442)</u>
	<u>\$ 1,079,216</u>	<u>\$ 2,033,724</u>	<u>\$ 6,668,674</u>
CASH AND CASH EQUIVALENTS			
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Unrealized loss on investments	<u>\$ (8,367)</u>	<u>\$ (26,717)</u>	<u>\$ (37,560)</u>
Contributed capital assets	<u>\$ 352,096</u>	<u>\$ 563,389</u>	<u>\$ -</u>
ATC earnings allocated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,016</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals		
\$ 83,332	\$ 1,653,229	\$ 49,500	
35,098	32,018	-	
147,355	2,368,678	-	
-	77,206	-	
(7,129)	(129,876)	-	
-	88,698	-	
(4,341)	(14,260)	-	
-	46,468	-	
-	(38,870)	-	
-	(1,352)	-	
(2,168)	(8,288)	-	
-	4,029	-	
31,039	41,360	-	
-	7,099	-	
1,090	1,071	-	
-	563	-	
<u>3,349</u>	<u>103,157</u>	-	
<u>\$ 287,625</u>	<u>\$ 4,230,930</u>	<u>\$ 49,500</u>	
\$ 409,307	\$ 9,107,286	\$ -	
-	1,119,687	-	
-	894,015	-	
-	83,283	-	
-	2,053,324	-	
-	837,292	-	
-	389,308	-	
-	1,096,288	-	
<u>409,307</u>	<u>15,580,483</u>	-	
-	<u>(5,389,562)</u>	-	
<u>\$ 409,307</u>	<u>\$ 10,190,921</u>	<u>\$ -</u>	
<u>\$ -</u>		<u>\$ -</u>	
<u>\$ -</u>		<u>\$ -</u>	
<u>\$ -</u>		<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2016

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Investments	\$ 770,493	\$ 11,758,362
Receivables	86	-
Tax roll receivable	-	3,204,121
Total Assets	<u>770,579</u>	<u>14,962,483</u>
LIABILITIES		
Due to other taxing units	-	14,962,483
Total Liabilities	-	<u>14,962,483</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 770,579</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2016

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 36,671
Total Contributions	<u>36,671</u>
Investment income	<u>2,351</u>
Total Additions	<u>39,022</u>
Change in Net Position	39,022
NET POSITION - Beginning of Year	<u>731,557</u>
NET POSITION - END OF YEAR	<u><u>\$ 770,579</u></u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

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CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Blended Component Units

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

The city reports the following major governmental funds:

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

The city reports the following major enterprise funds:

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

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

Library	Food Pantry
Ambulance	Landmarks
Opera House	Fire Department Special
Opera House Repair	Senior Center Wood Shop
Township Outreach	Senior Center Special
Tourism	Economic Development
Seniors in Need	Redevelopment Authority
Holiday	Special Assessments
CDBG	K9 Unit
Cemetery	Tree Commission

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

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

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

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

In addition, the city reports the following fund types:

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

Retirement fund

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

Firemen's Pension Trust

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

Tax Collections Fund

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

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

All Financial Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV. A. 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, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

1. Deposits and Investments (cont.)

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in WISC are valued at WISC's share price, the price for which the investments could be sold. At December 31, 2016 the city's share of the WISC's assets was substantially equal to the amount reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

2. Receivables (cont.)

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

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

Fund Financial Statements

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

6. Land Held for Resale

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

7. Other Assets

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

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

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

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

Non-Utility Property

Electric utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,458 at December 31, 2016. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2016. The costs are being amortized on a straight-line basis over their useful life.

8. Deferred Outflows of Resources

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

9. Compensated Absences

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

9. *Compensated Absences* (cont.)

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave balances at December 31, 2016 are determined on the basis of current salary rates and include salary related payments.

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the general fund. Total expenditures for premiums during the year were \$164,555. Six participants were eligible during 2016 to receive benefits. There is no amount outstanding at year end to be paid in the future. The city does not incur an implicit rate subsidy on these benefits.

10. *Long-Term Obligations*

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

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

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

11. *Deferred Inflows of Resources*

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

12. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 19,190,712	\$ 36,484,386	\$ (665,710)	\$ 55,009,388
Unrestricted	6,887,305	11,828,364	665,710	19,381,379

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

12. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

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

The city has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year end was \$3,364,758 or 26.6% of 2016 general fund budgeted expenditures.

See Note IV. H. for further information.

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net position. 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 \$39,022 was available for the year ended.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

13. Pension

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

14. Basis for Existing Rates

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

Current electric rates were approved by the PSCW on September 1, 2015.

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

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 POSITION

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

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

Capital assets not being depreciated	\$	12,277,840
Capital assets, net of depreciation		<u>26,194,098</u>
Combined Adjustment for Capital Assets	\$	<u><u>38,471,938</u></u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

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

Bonds and notes payable	\$ 25,456,106
Compensated absences	1,226,460
Accrued interest	<u>186,917</u>
 Combined Adjustment for Long-Term Liabilities	 <u>\$ 26,869,483</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Opera House	\$ 726,699	\$ 955,876	\$ 229,177
Library	825,063	880,981	55,918

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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, 2016, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special revenue - Opera House	\$ 177,967	Expenditures in excess of revenues
Special revenue - Economic Development	6,746	Expenditures in excess of revenues
Special revenue - Redevelopment Authority	65,843	Expenditures in excess of revenues
Special revenue - Special Assessments	39,902	Expenditures in excess of revenues
Special revenue - River Trail	359	Expenditures in excess of revenues
Capital projects - TIF District No. 5	419,916	Expenditures in excess of revenues
Capital projects - TIF District No. 6	18,600	Expenditures in excess of revenues

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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	\$ 16,881,380	\$ 13,497,957	Custodial credit
US agencies - implicitly guaranteed	1,713,738	1,713,738	Credit, custodial credit, concentration of credit, interest rate
Mutual funds - bond funds	44,713	44,713	Credit
LGIP	1,408,680	1,408,680	Credit
Negotiable certificates of deposit	2,643,412	2,643,412	Credit, custodial credit, concentration of credit, interest rate
State and local bonds	1,029,196	1,029,196	Credit, custodial credit, concentration of credit, interest rate
Wisconsin Investment Series Cooperative	15,898,624	15,900,163	Credit, interest rate
U.S. treasuries	3,207,367	3,207,367	Custodial credit, interest rate
Petty cash	1,801	-	N/A
 Total Deposits and Investments	 \$ 42,828,911	 \$ 39,445,226	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 21,846,092		
Restricted cash and investments	8,453,964		
Per statement of net position - fiduciary funds			
Pension Trust	770,493		
Agency Fund	11,758,362		
 Total Deposits and Investments	 \$ 42,828,911		

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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

The city maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$4,848,162 to secure the city's deposits.

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

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

- > Market approach

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 2,643,412	\$ -	\$ 2,643,412
US agencies - implicitly guaranteed	-	1,713,738	-	1,713,738
State and local bonds	-	1,029,196	-	1,029,196
Total	\$ -	\$ 5,386,346	\$ -	\$ 5,386,346

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, 2016, \$6,503,157 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,503,157
Total	\$ 6,503,157

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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

U.S. Agencies

Neither insured nor registered and held by counterparty \$ 1,713,738

State and local bonds

Neither insured nor registered and held by counterparty \$ 1,029,196

U.S. Treasuries

Neither insured nor registered and held by counterparty \$ 3,207,367

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, 2016, 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	Aa	
Negotiable Certificates of Deposit	Not rated		
Mutual Fund - Fidelity Puritan			5 star
State and local bonds	AA	Aa1 - Aa2	
Wisconsin Investment Series Cooperative	AAAm		

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

Local Government Investment Pool

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	3 or more
US treasuries	\$ 3,207,367	\$ 3,207,367	\$ -	\$ -
US agencies	1,713,738	-	-	1,713,738
State and local bonds	1,029,196	-	-	1,029,196
Negotiable certificates of deposit	<u>2,643,412</u>	<u>682,461</u>	<u>1,960,951</u>	<u>-</u>
Totals	<u>\$ 8,593,713</u>	<u>\$ 3,889,828</u>	<u>\$ 1,960,951</u>	<u>\$ 2,742,934</u>

The average maturity of investments at Wisconsin Investment Series Cooperative is not available.

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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	TIF District No. 7	Water Utility	Wastewater Utility	Electric Utility	Nonmajor Funds	Totals
Receivables									
Taxes	\$8,875,594	\$ -	\$ -	\$ 242,013	\$ -	\$ -	\$ -	\$ 810,590	\$ 9,928,197
Delinquent personal property tax	43,797	-	-	-	-	-	-	-	43,797
Accounts	271,404	-	5,699	107,757	237,248	212,282	1,688,079	158,271	2,680,740
Special assessments	-	-	-	-	450,927	309,233	-	89,312	849,472
Interest	-	-	-	-	3,858	1,921	49,995	-	55,774
Loans	-	-	-	-	-	-	-	50,000	50,000
Delinquent special assessments	6,636	-	-	-	-	-	-	-	6,636
Leases	-	74,128	-	-	-	-	-	-	74,128
Other	-	-	-	-	-	-	-	910	-
Gross receivables	9,197,431	74,128	5,699	349,770	692,033	523,436	1,738,074	1,109,083	13,688,744
Less: Allowance for uncollectibles	-	-	-	-	-	-	-	(22,670)	(22,670)
Net Total Receivables	<u>\$9,197,431</u>	<u>\$ 74,128</u>	<u>\$ 5,699</u>	<u>\$ 349,770</u>	<u>\$ 692,033</u>	<u>\$ 523,436</u>	<u>\$ 1,738,074</u>	<u>\$ 1,086,413</u>	<u>\$13,666,074</u>
Amounts not expected to be collected within one year	<u>\$ 50,433</u>	<u>\$ 15,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,824</u>	<u>\$ 274,874</u>	<u>\$ -</u>	<u>\$ 139,312</u>	<u>\$ 880,610</u>

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 9,753,757	\$ -
Special assessments not yet due	-	116,829
Lease receivable	-	74,128
Loans receivable	-	50,000
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 9,753,757</u>	<u>\$ 240,957</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2016:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 1,119,687	\$ 101,639	\$ 1,018,048
Bond reserve account	894,015	-	894,015
Bond depreciation account	83,283	-	83,283
Construction account	2,053,324	-	n/a
Equipment replacement account	1,096,288	-	1,096,288
Total	\$ 5,246,597	\$ 101,639	\$ 3,091,634

Additionally, \$3,207,667 is restricted for debt service refunding for governmental activities.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,439,210	\$ -	\$ -	\$ 9,439,210
Construction in progress	441,630	1,040,479	19,898	1,462,211
Inexhaustible portion of streets	<u>1,376,419</u>	<u>-</u>	<u>-</u>	<u>1,376,419</u>
Total Capital Assets Not Being Depreciated	<u>11,257,259</u>	<u>1,040,479</u>	<u>19,898</u>	<u>12,277,840</u>
Capital assets being depreciated				
Buildings and improvements	15,482,520	168,875	41,712	15,609,683
Machinery and equipment	9,798,098	860,431	516,671	10,141,858
Streets	15,661,564	2,067,913	944,312	16,785,165
Storm sewers	5,673,610	-	180,436	5,493,174
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	4,682,774	149,268	20,151	4,811,891
Traffic signals	411,974	-	-	411,974
Dams	<u>592,997</u>	<u>-</u>	<u>-</u>	<u>592,997</u>
Total Capital Assets Being Depreciated	<u>53,377,077</u>	<u>3,246,487</u>	<u>1,703,282</u>	<u>54,920,282</u>
Total Capital Assets	<u>64,634,336</u>	<u>4,286,966</u>	<u>1,723,180</u>	<u>67,198,122</u>
Less: Accumulated depreciation for				
Buildings and improvements	(6,252,982)	(403,308)	34,988	(6,621,302)
Machinery and equipment	(7,035,118)	(431,942)	426,362	(7,040,698)
Streets	(9,665,112)	(558,946)	944,312	(9,279,746)
Storm sewers	(2,778,211)	(182,923)	180,436	(2,780,698)
Street lighting	(41,159)	(3,034)	-	(44,193)
Bridges	(188,046)	(11,280)	-	(199,326)
Sidewalks	(2,467,816)	(96,238)	20,151	(2,543,903)
Traffic signals	(158,579)	(10,299)	-	(168,878)
Dams	<u>(41,510)</u>	<u>(5,930)</u>	<u>-</u>	<u>(47,440)</u>
Total Accumulated Depreciation	<u>(28,628,533)</u>	<u>(1,703,900)</u>	<u>1,606,249</u>	<u>(28,726,184)</u>
Net Capital Assets Being Depreciated	<u>24,748,544</u>	<u>1,542,587</u>	<u>97,033</u>	<u>26,194,098</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,005,803</u>	<u>\$ 2,583,066</u>	<u>\$ 116,931</u>	<u>\$ 38,471,938</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 96,708
Public safety	349,485
Public works, which includes the depreciation of infrastructure	1,048,865
Culture, recreation and education	<u>208,842</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,703,900</u>

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 430,131	\$ -	\$ -	\$ 430,131
Construction in progress	<u>106,478</u>	<u>883,885</u>	<u>909,725</u>	<u>80,638</u>
Total Capital Assets Not Being Depreciated	<u>536,609</u>	<u>883,885</u>	<u>909,725</u>	<u>510,769</u>
Capital assets being depreciated				
Source of supply	595,730	-	-	595,730
Pumping	1,468,520	20,920	-	1,489,440
Treatment	90,763	-	-	90,763
Transmission and distribution	16,766,589	1,827,934	66,782	18,527,741
Administrative and general assets	<u>843,272</u>	<u>2,431</u>	<u>-</u>	<u>845,703</u>
Total Capital Assets Being Depreciated	<u>19,764,874</u>	<u>1,851,285</u>	<u>66,782</u>	<u>21,549,377</u>
Total Capital Assets	<u>20,301,483</u>	<u>2,735,170</u>	<u>976,507</u>	<u>22,060,146</u>
Less: Accumulated depreciation for				
Source of supply	(352,437)	(17,276)	-	(369,713)
Pumping	(1,214,858)	(43,630)	-	(1,258,488)
Treatment	(88,203)	(437)	-	(88,640)
Transmission and distribution	(3,999,252)	(316,262)	86,457	(4,229,057)
Administrative and general assets	<u>(747,883)</u>	<u>(84,778)</u>	<u>-</u>	<u>(832,661)</u>
Total Accumulated Depreciation	<u>(6,402,633)</u>	<u>(462,383)</u>	<u>86,457</u>	<u>(6,778,559)</u>
Net Capital Assets Being Depreciated	<u>13,362,241</u>	<u>1,388,902</u>	<u>(19,675)</u>	<u>14,770,818</u>
Net Water Capital Assets	<u>\$ 13,898,850</u>	<u>\$ 2,272,787</u>	<u>\$ 890,050</u>	<u>\$ 15,281,587</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 61,100	\$ 39,244	\$ 5,553	\$ 94,791
Total Capital Assets Not Being Depreciated	<u>61,100</u>	<u>39,244</u>	<u>5,553</u>	<u>94,791</u>
Capital assets being depreciated				
Collection system	10,363,837	868,844	18,028	11,214,653
Collection system pumping	401,065	332,454	-	733,519
Treatment and disposal	15,554,351	-	-	15,554,351
Administrative and general assets	<u>1,314,953</u>	<u>61,664</u>	<u>-</u>	<u>1,376,617</u>
Total Capital Assets Being Depreciated	<u>27,634,206</u>	<u>1,262,962</u>	<u>18,028</u>	<u>28,879,140</u>
Total Capital Assets	<u>27,695,306</u>	<u>1,302,206</u>	<u>23,581</u>	<u>28,973,931</u>
Less: Accumulated depreciation for				
Wastewater	<u>(9,483,326)</u>	<u>(796,285)</u>	<u>29,558</u>	<u>(10,250,053)</u>
Total Accumulated Depreciation	<u>(9,483,326)</u>	<u>(796,285)</u>	<u>29,558</u>	<u>(10,250,053)</u>
Net Capital Assets Being Depreciated	<u>18,150,880</u>	<u>466,677</u>	<u>(11,530)</u>	<u>18,629,087</u>
Net Wastewater Capital Assets	<u>\$ 18,211,980</u>	<u>\$ 505,921</u>	<u>\$ (5,977)</u>	<u>\$ 18,723,878</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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	251,853	187,437	249,891	189,399
Property held for future use	352,664	-	-	352,664
Total Capital Assets Not Being Depreciated	825,314	187,437	249,891	762,860
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	22,777,607	1,251,311	91,267	23,937,651
Administrative and general assets	4,109,842	6,685	-	4,116,527
Total Capital Assets Being Depreciated	26,902,468	1,257,996	91,267	28,069,197
Total Capital Assets	27,727,782	1,445,433	341,158	28,832,057
Less: Accumulated depreciation for				
Transmission	(19,366)	-	-	(19,366)
Distribution	(10,731,691)	(845,302)	91,267	(11,485,726)
Administrative and general assets	(2,727,478)	(197,311)	-	(2,924,789)
Total Accumulated Depreciation	(13,478,535)	(1,042,613)	91,267	(14,429,881)
Net Capital Assets Being Depreciated	13,423,933	215,383	-	13,639,316
Net Electric Capital Assets	\$ 14,249,247	\$ 402,820	\$ 249,891	\$ 14,402,176

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Stormwater</u>				
Capital assets not being depreciated/amortized				
Land	\$ 9,986	\$ -	\$ -	\$ 9,986
Total Capital Assets Not Being Depreciated/Amortized	<u>9,986</u>	<u>-</u>	<u>-</u>	<u>9,986</u>
Capital assets being depreciated				
Storm Sewer	<u>1,016,135</u>	<u>395,130</u>	<u>-</u>	<u>1,411,265</u>
Total Capital Assets Being depreciated	<u>1,016,135</u>	<u>395,130</u>	<u>-</u>	<u>1,411,265</u>
Total Capital Assets	<u>1,026,121</u>	<u>395,130</u>	<u>-</u>	<u>1,421,251</u>
Less: Accumulated depreciation for Storm Sewer	<u>(69,983)</u>	<u>(47,042)</u>	<u>-</u>	<u>(117,025)</u>
Total Accumulated Depreciation	<u>(69,983)</u>	<u>(47,042)</u>	<u>-</u>	<u>(117,025)</u>
Net Capital Assets Being depreciated	<u>946,152</u>	<u>348,088</u>	<u>-</u>	<u>1,294,240</u>
Net Stormwater Capital Assets	<u>\$ 956,138</u>	<u>\$ 348,088</u>	<u>\$ -</u>	<u>\$ 1,304,226</u>
<u>EMS</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 1,240,308	\$ -	\$ -	\$ 1,240,308
Equipment	<u>841,123</u>	<u>17,750</u>	<u>16,330</u>	<u>842,543</u>
Total Capital Assets Being Depreciated	<u>2,081,431</u>	<u>17,750</u>	<u>16,330</u>	<u>2,082,851</u>
Less: Accumulated depreciation for Buildings and improvements	<u>(254,560)</u>	<u>(25,226)</u>	<u>-</u>	<u>(279,786)</u>
Equipment	<u>(439,075)</u>	<u>(75,087)</u>	<u>16,330</u>	<u>(497,832)</u>
Total Accumulated Depreciation	<u>(693,635)</u>	<u>(100,313)</u>	<u>16,330</u>	<u>(777,618)</u>
Net Capital Assets Being Depreciated	<u>1,387,796</u>	<u>(82,563)</u>	<u>-</u>	<u>1,305,233</u>
Net Other Enterprise Capital Assets	<u>\$ 1,387,796</u>	<u>\$ (82,563)</u>	<u>\$ -</u>	<u>\$ 1,305,233</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 48,704,011</u>	<u>\$ 3,447,053</u>	<u>\$ 1,133,964</u>	<u>\$ 51,017,100</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 428,084
Waste water	796,285
Electric	996,954
Storm sewer	47,042
EMS	<u>100,313</u>

Total Business-type Activities Depreciation Expense \$ 2,368,678

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Tourism	\$ 4,069	\$ -
General	TIF District No. 4	360,802	-
General	Water Utility	387,855	-
General	Electric Utility	376,785	-
General	Special Assessments	37,175	-
General	Redevelopment Authority	64,071	64,071
General	Debt Service	31,666	-
Construction	Water Utility	10,564	-
Construction	Wastewater Utility	5,843	-
Debt Service	Water Utility	4,845	-
Debt Service	Wastewater Utility	3,230	-
Debt Service	EMS	243,642	-
Water Utility	General	5,260	-
Wastewater Utility	General	4,694	-
Electric Utility	General	15,289	-
General	River Trail	359	359
Storm Sewer	Electric Utility	85,769	-
Water Utility	Special Assessments	65,134	-
Wastewater Utility	Special Assessments	44,667	-
Total - Fund Financial Statements		1,751,719	
Less: Fund eliminations		(853,999)	
Less: Interfund advances		(376,653)	
Total Internal Balances - Government-Wide Statement of Net Position		\$ 521,067	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 1,032,764	
Business-type Activities	Governmental Activities	(511,697)	
Total Government-Wide Financial Statements		\$ 521,067	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Interfund Receivables/Payables (cont.)

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

Advances

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

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 5	\$ 598,427	\$ 598,427
General Fund	TIF District No. 6	20,000	20,000
Electric Utility	Internal service fund	376,653	337,463
Total - Fund Financial Statements		995,080	
Less: Fund eliminations		(618,427)	
Total - Interfund Advances		\$ 376,653	

Years	Internal Service Fund Advance	
	Principal	Interest
2017	\$ 39,190	\$ 11,300
2018	41,375	10,124
2019	43,646	8,883
2020	46,007	7,573
2021	48,459	6,193
2022-2025	157,976	9,726
Totals	\$ 376,653	\$ 53,799

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Advances (cont.)

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Tourism	\$ 8,069	Room tax revenue
General	Water utility	390,267	Payment in lieu of taxes and dividend
General	Electric utility	397,998	Payment in lieu of taxes and dividend
Debt service	General	2,337,231	Payments on non-TID debt
Debt service	TIF District No. 3	439,529	Payments on TIF District debt
Debt service	TIF District No. 4	107,905	Payments on TIF District debt
Construction	Storm Sewer	38,870	Fund capital projects
Construction	Special Assessments	279,000	Fund capital projects
Construction	Building Maintenance	30,000	Fund capital projects
Construction	Park Acquisition	70,000	Fund capital projects
EMS	General	81,054	Fund operations
Library	General	560,495	Fund annual operations
Opera house	General	143,506	Fund capital projects
Outlay	General	200,000	Fund capital projects
Outlay	Building Maintenance	101,758	Fund capital projects
Outlay	Equipment replacement	508,000	Fund capital projects
Equipment Replacement	General	<u>400,000</u>	Fund capital projects
Total - Fund Financial Statements		6,093,682	
Less: Fund eliminations		(5,347,601)	
Capital assets contributions from governmental activities to business-type activities		<u>(671,583)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 74,498</u></u>	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 827,135
Business-type Activities	Governmental Activities	<u>(752,637)</u>
Total Government-wide Financial Statements		<u>\$ 74,498</u>

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 16,545,527	\$ 6,680,000	\$ 2,544,421	\$ 20,681,106	\$ 5,773,534
Bond anticipation notes	<u>4,775,000</u>	<u>-</u>	<u>-</u>	<u>4,775,000</u>	<u>-</u>
Sub-totals	<u>21,320,527</u>	<u>6,680,000</u>	<u>2,544,421</u>	<u>25,456,106</u>	<u>5,773,534</u>
Other Liabilities					
Compensated absences (Note I.D.9)	1,568,122	-	341,662	1,226,460	-
Net pension liability (Note V.A)	<u>-</u>	<u>556,063</u>	<u>-</u>	<u>556,063</u>	<u>-</u>
Total Other Liabilities	<u>1,568,122</u>	<u>556,063</u>	<u>341,662</u>	<u>1,782,523</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,888,649</u>	<u>\$ 7,236,063</u>	<u>\$ 2,886,083</u>	<u>\$ 27,238,629</u>	<u>\$ 5,773,534</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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	\$ 2,553,436	\$ -	\$ 313,409	\$ 2,240,027	\$ 318,409
Revenue bonds	11,796,134	6,525,000	3,969,347	14,351,787	1,346,072
Unamortized premium on bonds	48,863	132,256	13,910	167,209	-
Sub-totals	<u>14,398,433</u>	<u>6,657,256</u>	<u>4,296,666</u>	<u>16,759,023</u>	<u>1,664,481</u>
Other Liabilities					
Vested compensated absences	368,987	75,231	33,871	410,347	-
Net pension liability	-	191,050	-	191,050	-
Customer advances for construction	225,387	175,808	374,054	27,141	-
Total Other Liabilities	<u>594,374</u>	<u>442,089</u>	<u>407,925</u>	<u>628,538</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 14,992,807</u>	<u>\$ 7,099,345</u>	<u>\$ 4,704,591</u>	<u>\$ 17,387,561</u>	<u>\$ 1,664,481</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, 2016, was \$50,039,825. Total general obligation debt outstanding at year end was \$22,921,133.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50%	\$ 485,000	\$ 115,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	235,000
2008 General Obligation Bonds	2/13/08	4/1/26	3.25 - 3.75	5,530,000	3,475,000
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	5,060,000	865,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	1,595,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	1,385,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	2,759,000	1,824,973
2013 State Trust Fund Loan	6/23/13	3/15/20	2.75	1,400,000	826,133
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	2,755,000	2,295,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,545,000	1,385,000
2016 General Obligation Notes	5/26/16	4/1/26	3.25 - 3.75	5,830,000	5,830,000
2016 State Trust Fund Loan	12/28/16	3/15/36	3.5	850,000	<u>850,000</u>
Total Governmental Activities - General Obligation Debt					<u><u>\$ 20,681,106</u></u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	\$ 1,015,000	\$ 510,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	661,000	430,027
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	280,000	230,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,180,000	<u>1,070,000</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 2,240,027</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,773,534	\$ 409,716	\$ 324,676	\$ 52,762
2018	2,684,119	310,588	330,970	43,948
2019	2,445,602	240,730	342,289	34,549
2020	2,401,095	180,971	348,635	24,602
2021	1,371,014	138,784	215,007	17,360
2022-2026	5,486,408	351,452	678,450	27,609
2027-2031	237,383	74,886	-	-
2032-2036	281,951	30,316	-	-
Totals	<u><u>\$ 20,681,106</u></u>	<u><u>\$ 1,737,443</u></u>	<u><u>\$ 2,240,027</u></u>	<u><u>\$ 200,830</u></u>

Revenue Debt

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The utilities have pledged future revenues to repay revenue bonds issued between 1999-2016. Proceeds from the bonds provided financing for the utility construction, improvements, and additions. The bonds are payable solely from utility revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 2%, 12% and 17%, respectively of electric, water and wastewater gross revenues. The total principal and interest remaining to be paid on the bonds is \$16,681,014. Principal and interest paid for the current year and total customer gross revenues were \$1,390,959 and \$19,273,152, respectively.

Revenue debt payable at December 31, 2016, 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, 2016</u>
<u>Water Utility</u>					
2010 Water Utility Revenue Bonds	1/27/10	5/1/29	2.67%	\$ 575,018	\$ 423,424
2016 Water Utility Revenue Bonds	5/26/16	5/1/26	1.00 - 2.75	2,520,000	<u>2,520,000</u>
				Total Water Utility	<u>2,943,424</u>
<u>Wastewater Utility</u>					
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/19	3.049%	\$ 623,465	120,341
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/20	3.049	1,116,259	280,959
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/23	2.766	1,670,624	695,113
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/27	2.475	1,539,762	1,015,168
2014 Wastewater Utility Clean Water Fund Loan	11/1/14	5/1/34	2.625	3,305,713	<u>3,046,782</u>
				Total Wastewater Utility	<u>5,158,363</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
<u>Electric Utility</u>					
2013 Electric Utility Revenue Bonds	4/1/13	4/1/23	2.00 - 2.25%	\$ 3,170,000	\$ 2,245,000
2016 Electric Utility Revenue Bonds	5/26/16	4/1/36	2.00 - 3.00	4,005,000	<u>4,005,000</u>
				Total Electric Utility	<u>6,250,000</u>
				Total Business-type Activities - Revenue Debt	<u>\$ 14,351,787</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 1,346,072	\$ 344,400
2018	1,353,118	284,929
2019	1,370,495	256,850
2020	1,405,628	228,089
2021	1,346,722	199,390
2022-2026	4,419,539	630,125
2027-2031	1,768,893	305,146
2032-2036	<u>1,341,320</u>	<u>80,298</u>
Totals	<u>\$ 14,351,787</u>	<u>\$ 2,329,227</u>

Note Anticipation Notes

Note anticipation notes at December 31, 2016, consist of the following:

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Notes Anticipation Notes					
2015 Note Anticipation Notes	10/21/15	10/1/18	1.250%	\$ 4,775,000	\$ <u>4,775,000</u>
Total Governmental Activities Bond Anticipation Notes					<u>\$ 4,775,000</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Bond Anticipation Notes (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Bond Anticipation Notes	
	Principal	Interest
2017	\$ -	\$ 59,688
2018	<u>4,775,000</u>	<u>59,688</u>
Totals	<u>\$ 4,775,000</u>	<u>\$ 119,376</u>

Capital Leases

Refer to Note IV.H.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation, and net pension obligation attributable to governmental activities will be liquidated primarily by the general fund.

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

The water and electric mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenues. The city was in compliance with funding requirements in all material respects at December 31, 2016.

Crossover Refunding

On May 26, 2016, the city issued \$5,830,000 in general obligation bonds with an average coupon rate of 1.7% to advance refund \$3,180,000 of outstanding bonds with an average coupon rate of 3.25-3.75% and to provide \$2,620,000 of proceeds to fund capital projects. \$3,210,000 of net proceeds along with existing funds of the city were used to purchase U.S. government securities. Those securities were deposited in an account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account are recorded in the financial statements. This type of advance refunding is commonly called a crossover refunding.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Crossover Refunding (cont.)

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

Current Refunding

On May 26, 2016, the water utility issued \$2,520,000 in revenue bonds with an average coupon rate of 1.77% to refund \$1,175,000 of outstanding bonds with an average coupon rate of 3.77% and provide \$1,320,000 of proceeds to fund new construction. \$1,200,000 of the net proceeds along with existing funds of the water utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,396,625 from 2017 through 2023. The cash flow requirements on the refunding bonds are \$1,269,531 from 2017 through 2023. 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 \$122,199.

On May 26, 2016, the electric utility issued \$4,005,000 in revenue bonds with an average coupon rate of 2.20% to refund \$1,725,000 of outstanding 2006 bonds with an average coupon rate of 3.71% and provide \$2,445,000 of proceeds to fund new construction. \$1,560,000 of the net proceeds along with existing funds of the electric utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,058,000 from 2017 through 2023. The cash flow requirements on the refunding bonds are \$1,685,833 from 2017 through 2023. 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 \$157,590.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

G. LEASE DISCLOSURES

Lessor - Capital Leases

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

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 58,961	\$ 1,964	\$ 60,925
2018	<u>15,167</u>	<u>352</u>	<u>15,519</u>
Totals	<u>\$ 74,128</u>	<u>\$ 2,316</u>	<u>\$ 76,444</u>

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 9,439,210
Construction in progress	1,462,211
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	26,194,098
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(19,281,226)</u>
Total Net Investment in Capital Assets	<u>\$ 19,190,712</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	Debt Service	Construction	TIF District No. 7	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Delinquent items	\$ 50,433	\$ -	\$ -	\$ -	\$ -	\$ 50,433
Prepaid items	-	-	-	-	69,875	69,875
Noncurrent interfunds	682,857	-	-	-	-	682,857
CVMIC equity	257,805	-	-	-	-	257,805
Restricted for:						
Debt service	-	3,427,418	-	-	-	3,427,418
Library	-	-	-	-	202,444	202,444
Impact fees	-	-	-	-	337,799	337,799
TID activities	-	-	-	1,055,847	1,265,382	2,321,229
CDBG	-	-	-	-	6,374	6,374
Committed to:						
Food pantry	-	-	-	-	141,425	141,425
Landmarks	-	-	-	-	1,182	1,182
Fire department special	-	-	-	-	30,883	30,883
Ambulance	-	-	-	-	16,684	16,684
Opera house repair	-	-	-	-	6,447	6,447
Township outreach	-	-	-	-	5,498	5,498
Tourism	-	-	-	-	23,823	23,823
Seniors in need	-	-	-	-	38,616	38,616
Holiday	-	-	-	-	4,786	4,786
Senior center wood shop	-	-	-	-	3,221	3,221
Senior center special	-	-	-	-	440,558	440,558
K9 unit	-	-	-	-	18,677	18,677
Tree commission	-	-	-	-	2,703	2,703
Cemetery	-	-	-	-	32,972	32,972

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

	General Fund	Debt Service	Construction	TIF District No. 7	Nonmajor Funds	Totals
Assigned to:						
Utility payment in lieu of taxes	\$ 764,640	\$ -	\$ -	-	-	\$ 764,640
Safety camp	23,470	-	-	-	-	23,470
Youth gift	15,952	-	-	-	-	15,952
Bryant grant	85,104	-	-	-	-	85,104
Pool sinking fund	14,333	-	-	-	-	14,333
Shop with a cop	4,733	-	-	-	-	4,733
Police federal grants	9,775	-	-	-	-	9,775
Budget appropriation	80,000	-	-	-	-	80,000
Liability insurance loss	70,000	-	-	-	-	70,000
Arts council	1,749	-	-	-	-	1,749
Capital projects	-	-	1,833,745	-	-	1,833,745
Capital outlay	-	-	-	-	223,727	223,727
Fire equipment	-	-	-	-	20,226	20,226
Equipment replacement	-	-	-	-	142,022	142,022
Building replacement	-	-	-	-	269,987	269,987
Unassigned (deficit):	3,364,758	-	-	-	(799,208)	2,565,550
 Total Fund Balances (Deficit)	\$ 5,425,609	\$ 3,427,418	\$ 1,833,745	\$ 1,055,847	\$ 2,506,103	\$ 14,248,722

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 660,914
Construction in progress	364,828
Other capital assets, net of depreciation	49,991,358
Less: Related long-term debt outstanding	(16,591,814)
Plus: Unspent capital related debt proceeds	2,226,309
Less: Unamortized debt premium	(167,209)
Total Net Investment in Capital Assets	\$ 36,484,386

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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

During the reporting period, the WRS recognized \$463,123 in contributions from the city.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the city reported a liability of \$747,113 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.04597674%, which was an increase of 0.00111181% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$909,254.

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,390	\$ 1,572,287
Changes in assumptions	522,713	-
Net differences between projected and actual earnings on pension plan investments	3,058,895	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	27,171
Employer contributions subsequent to the measurement date	461,771	-
Totals	\$ 4,169,769	\$ 1,599,458

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$461,771 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 962,740	\$ 387,392
2018	962,740	387,392
2019	962,740	387,392
2020	803,052	386,303
2021	16,726	50,979

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
 <u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$5,240,266	\$747,113	\$(2,762,119)

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

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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, 2016, the balance in the Firemen's Pension Fund is \$770,493 and is recorded as a pension trust fund of the city. The plan has not had an actuarial valuation.

B. RISK MANAGEMENT

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

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

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

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

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

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

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

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

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate shows that there is no liability or claims incurred but not reported at December 31, 2016. Total claims incurred during 2016 were \$21,644. Claims paid during 2016 were substantially the same as claims incurred. Total claims incurred and paid during 2015 were \$94,955.

C. COMMITMENTS AND CONTINGENCIES

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

The city has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts - WPPI Energy

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

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

In 2015, a majority of WPPI Energy members ratified an eighteen year extension to their existing contracts. All but two of the remaining members ratified the same extension in 2016. The new contract expires at midnight on December 31, 2055.

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 \$411 million as of December 31, 2016.

Developer Agreements

The city has entered into a developer agreement where the city shall reimburse developer for off-site public improvements in the amount of \$4,427,044. The city has reimbursed \$3,763,230 as of December 31, 2016.

The city has entered into a developer agreement where the city shall construct the city improvements and provide a development incentive grant in the amount of \$377,000. Grant disbursement and construction is expected to be completed in 2017.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

D. SUBSEQUENT EVENTS

The PSCW provided authorization for the electric utility to construct a new substation and five feeders on the west side of the City of Stoughton in order to reliably serve planned and expected load growth. The estimated cost of the project is \$2.77 million.

New electric rates were approved by the PSCW effective April 1, 2017. The new rates are designed to earn a 5% rate of return.

On June 08, 2017 the city issued general obligation promissory notes in the amount of \$7,660,000 with an interest rate of 2.0194%. This amount will be used for capital projects.

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

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

- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

When they become effective, 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, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
TAXES			
Taxes	\$ 7,969,655	\$ 7,968,616	\$ (1,039)
INTERGOVERNMENTAL REVENUES			
Intergovernmental	1,616,654	1,629,115	12,461
LICENSES AND PERMITS			
Business and occupational licenses	37,800	36,879	(921)
Dog and cat licenses	4,000	5,849	1,849
Building permits	143,000	190,351	47,351
Total Licenses and Permits	<u>184,800</u>	<u>233,079</u>	<u>48,279</u>
FINES, FORFEITURES AND PENALTIES			
Fines, forfeitures and penalties	110,000	135,588	25,588
PUBLIC CHARGES FOR SERVICES			
Public charges for services	1,371,021	1,393,649	22,628
INTERGOVERNMENTAL CHARGES			
Intergovernmental charges for services	52,000	55,536	3,536
SPECIAL ASSESSMENTS			
Special assessments	10,000	12,855	2,855
INVESTMENT INCOME			
Investment income	36,000	26,183	(9,817)
MISCELLANEOUS			
Miscellaneous	385,047	464,732	79,685
Total Revenues	<u>11,735,177</u>	<u>11,919,353</u>	<u>184,176</u>

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Council/Board	\$ 47,005	\$ 45,915	\$ 1,090
Legislative and executive	100,152	98,034	2,118
Judicial	63,095	56,902	6,193
General administration	168,462	215,116	(46,654)
Financial administration	864,176	797,493	66,683
Legal	91,500	110,990	(19,490)
Personnel	129,393	130,312	(919)
City buildings	69,242	45,739	23,503
Assessor	47,500	44,000	3,500
Contingency	80,000	-	80,000
Other general government	-	205,569	(205,569)
Health insurance	-	93,169	(93,169)
Total General Government	<u>1,660,525</u>	<u>1,843,239</u>	<u>(182,714)</u>
PUBLIC SAFETY			
Police department	2,798,811	2,974,142	(175,331)
Fire department	480,326	491,004	(10,678)
Planning/Inspection	308,857	349,709	(40,852)
Total Public Safety	<u>3,587,994</u>	<u>3,814,855</u>	<u>(226,861)</u>
PUBLIC WORKS			
Highway and street maintenance and construction	106,751	119,140	(12,389)
Highway and street maintenance for local	1,024,921	1,040,545	(15,624)
Snow and ice control	80,000	45,932	34,068
Other sanitation	715,000	697,813	17,187
Buildings and grounds operations	123,796	92,053	31,743
Total Public Works	<u>2,050,468</u>	<u>1,995,483</u>	<u>54,985</u>
CULTURE, RECREATION AND EDUCATION			
Park maintenance	209,157	119,019	90,138
Senior Center	525,289	479,597	45,692
Culture	351,565	272,967	78,598
Recreation	324,468	324,459	9
Cemetery	36,000	38,323	(2,323)
Cable television	2,000	2,318	(318)
Total Culture, Recreation and Education	<u>1,448,479</u>	<u>1,236,683</u>	<u>211,796</u>
Total Expenditures	<u>8,747,466</u>	<u>8,890,260</u>	<u>(142,794)</u>

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Excess of revenues over expenditures	\$ 2,987,711	3,029,093	\$ 41,382
OTHER FINANCING SOURCES (USES)			
Transfers in	827,800	796,334	(31,466)
Transfers out	<u>(3,889,032)</u>	<u>(3,722,286)</u>	<u>166,746</u>
Total Other Financing Sources (Uses)	<u>(3,061,232)</u>	<u>(2,925,952)</u>	<u>135,280</u>
Net Change in Fund Balance	(73,521)	103,141	176,662
FUND BALANCE - Beginning of Year	<u>5,322,468</u>	<u>5,322,468</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,248,947</u>	<u>\$ 5,425,609</u>	<u>\$ 176,662</u>

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

CITY OF STOUGHTON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

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

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

CITY OF STOUGHTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

BUDGETARY INFORMATION

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

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$5,000. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
ASSETS				
Cash and investments	\$ 214,400	\$ 17,868	\$ 9,852	\$ 6,447
Receivables (net)				
Taxes	-	-	-	-
Accounts	210	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Prepaid items	163	-	69,875	-
TOTAL ASSETS	\$ 214,773	\$ 17,868	\$ 79,727	\$ 6,447
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,397	\$ 1,117	\$ 27,466	\$ -
Accrued liabilities	10,932	67	3,550	-
Deposits	-	-	-	-
Other liabilities	-	-	226,678	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	12,329	1,184	257,694	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	69,875	-
Restricted	202,444	-	-	-
Committed	-	16,684	-	6,447
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(247,842)	-
Total Fund Balances (deficit)	202,444	16,684	(177,967)	6,447
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 214,773	\$ 17,868	\$ 79,727	\$ 6,447

Special Revenue Funds

Township Outreach Fund	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special
\$ 5,498	\$ 25,803	\$ 38,616	\$ 4,786	\$ 137,563	\$ 1,182	\$ 30,373
-	-	-	-	-	-	-
-	20,896	-	-	5,980	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	910
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,498</u>	<u>\$ 46,699</u>	<u>\$ 38,616</u>	<u>\$ 4,786</u>	<u>\$ 143,543</u>	<u>\$ 1,182</u>	<u>\$ 31,283</u>
\$ -	\$ 18,807	\$ -	\$ -	\$ 2,118	\$ -	\$ 400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,069	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>22,876</u>	<u>-</u>	<u>-</u>	<u>2,118</u>	<u>-</u>	<u>400</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,498	23,823	38,616	4,786	141,425	1,182	30,883
-	-	-	-	-	-	-
<u>5,498</u>	<u>23,823</u>	<u>38,616</u>	<u>4,786</u>	<u>141,425</u>	<u>1,182</u>	<u>30,883</u>
<u>\$ 5,498</u>	<u>\$ 46,699</u>	<u>\$ 38,616</u>	<u>\$ 4,786</u>	<u>\$ 143,543</u>	<u>\$ 1,182</u>	<u>\$ 31,283</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special Fund	Economic Development Fund	Redevelop- ment Authority
ASSETS				
Cash and investments	\$ 3,297	\$ 440,558	\$ 26,204	\$ -
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	60	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ 3,297</u>	<u>\$ 440,558</u>	<u>\$ 26,264</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 76	\$ -	\$ 10	\$ 1,772
Accrued liabilities	-	-	-	-
Deposits	-	-	33,000	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	64,071
Advances from other funds	-	-	-	-
Total Liabilities	<u>76</u>	<u>-</u>	<u>33,010</u>	<u>65,843</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	3,221	440,558	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(6,746)	(65,843)
Total Fund Balances (deficit)	<u>3,221</u>	<u>440,558</u>	<u>(6,746)</u>	<u>(65,843)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,297</u>	<u>\$ 440,558</u>	<u>\$ 26,264</u>	<u>\$ -</u>

Special Revenue Funds					Capital Projects Funds	
Special Assessments	CDBG	K9 Unit	Tree Commission	Cemetery	Fire Equipment	Park Acquisition
\$ -	\$ 6,374	\$ 18,927	\$ 2,703	\$ 32,972	\$ 20,226	\$ 337,799
137,318	-	-	-	-	-	-
-	-	-	-	-	-	-
89,312	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 226,630</u>	<u>\$ 6,374</u>	<u>\$ 18,927</u>	<u>\$ 2,703</u>	<u>\$ 32,972</u>	<u>\$ 20,226</u>	<u>\$ 337,799</u>
\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
146,976	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>146,976</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,727	-	-	-	-	-	-
116,829	-	-	-	-	-	-
<u>119,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	6,374	-	-	-	-	337,799
-	-	18,677	2,703	32,972	-	-
-	-	-	-	-	20,226	-
<u>(39,902)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(39,902)</u>	<u>6,374</u>	<u>18,677</u>	<u>2,703</u>	<u>32,972</u>	<u>20,226</u>	<u>337,799</u>
<u>\$ 226,630</u>	<u>\$ 6,374</u>	<u>\$ 18,927</u>	<u>\$ 2,703</u>	<u>\$ 32,972</u>	<u>\$ 20,226</u>	<u>\$ 337,799</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Capital Projects Funds			
	River Trail	TIF District No. 3	TIF District No. 4	TIF District No. 5
ASSETS				
Cash and investments	\$ -	\$ 310,201	\$ 1,315,983	\$ 178,511
Receivables (net)				
Taxes	-	492,440	180,832	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	50,000	-
Other	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 802,641</u>	<u>\$ 1,546,815</u>	<u>\$ 178,511</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	359	-	360,802	-
Advances from other funds	-	-	-	598,427
Total Liabilities	<u>359</u>	<u>-</u>	<u>360,802</u>	<u>598,427</u>
Deferred Inflows of Resources				
Unearned revenues	-	492,440	180,832	-
Unavailable revenues	-	-	50,000	-
Total Deferred Inflows of Resources	<u>-</u>	<u>492,440</u>	<u>230,832</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	310,201	955,181	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(359)	-	-	(419,916)
Total Fund Balances (deficit)	<u>(359)</u>	<u>310,201</u>	<u>955,181</u>	<u>(419,916)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 802,641</u>	<u>\$ 1,546,815</u>	<u>\$ 178,511</u>

<u>Capital Projects Funds</u>				
<u>TIF District No. 6</u>	<u>Outlay</u>	<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,213	\$ 269,662	\$ 142,022	\$ 269,987	\$ 3,870,027
-	-	-	-	810,590
-	-	-	-	27,146
-	-	-	-	89,312
-	-	-	-	50,000
-	-	-	-	910
-	-	-	-	70,038
<u>\$ 2,213</u>	<u>\$ 269,662</u>	<u>\$ 142,022</u>	<u>\$ 269,987</u>	<u>\$ 4,918,023</u>
\$ 813	\$ 45,935	\$ -	\$ -	\$ 100,161
-	-	-	-	14,549
-	-	-	-	33,000
-	-	-	-	226,678
-	-	-	-	576,277
20,000	-	-	-	618,427
<u>20,813</u>	<u>45,935</u>	<u>-</u>	<u>-</u>	<u>1,569,092</u>
-	-	-	-	675,999
-	-	-	-	166,829
-	-	-	-	842,828
-	-	-	-	69,875
-	-	-	-	1,811,999
-	-	-	-	767,475
-	223,727	142,022	269,987	655,962
(18,600)	-	-	-	(799,208)
<u>(18,600)</u>	<u>223,727</u>	<u>142,022</u>	<u>269,987</u>	<u>2,506,103</u>
<u>\$ 2,213</u>	<u>\$ 269,662</u>	<u>\$ 142,022</u>	<u>\$ 269,987</u>	<u>\$ 4,918,023</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds				
	Library	Ambulance	Opera House	Opera House Repair	Township Outreach Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	238,568	-	-	-	7,136
Public charges for services	27,127	-	787,962	-	-
Special assessments	-	-	-	-	-
Investment income	695	-	44	35	-
Miscellaneous	61,130	3,389	3,874	-	-
Total Revenues	<u>327,520</u>	<u>3,389</u>	<u>791,880</u>	<u>35</u>	<u>7,136</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	9,904	-	-	-
Culture, recreation and education	880,981	-	955,876	5,853	4,819
Conservation and development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>880,981</u>	<u>9,904</u>	<u>955,876</u>	<u>5,853</u>	<u>4,819</u>
Excess (deficiency) of revenues over expenditures	<u>(553,461)</u>	<u>(6,515)</u>	<u>(163,996)</u>	<u>(5,818)</u>	<u>2,317</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Property sales	-	-	-	-	-
Transfers in	560,495	-	143,506	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>560,495</u>	<u>-</u>	<u>143,506</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,034	(6,515)	(20,490)	(5,818)	2,317
FUND BALANCES (DEFICIT) - Beginning of Year	<u>195,410</u>	<u>23,199</u>	<u>(157,477)</u>	<u>12,265</u>	<u>3,181</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 202,444</u>	<u>\$ 16,684</u>	<u>\$ (177,967)</u>	<u>\$ 6,447</u>	<u>\$ 5,498</u>

Special Revenue Funds

Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special	Senior Center Wood Shop	Senior Center Special Fund
\$ 80,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	81	39	163	5	71	-	483
-	<u>27,593</u>	<u>3,996</u>	<u>100,971</u>	-	<u>57,760</u>	<u>956</u>	<u>6,461</u>
<u>80,686</u>	<u>27,674</u>	<u>4,035</u>	<u>101,134</u>	<u>5</u>	<u>57,831</u>	<u>956</u>	<u>6,944</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	16,819	-	-
86,534	23,228	9,571	60,422	260	-	1,941	2,875
-	-	-	-	-	-	-	-
-	-	-	-	-	<u>45,975</u>	-	-
<u>86,534</u>	<u>23,228</u>	<u>9,571</u>	<u>60,422</u>	<u>260</u>	<u>62,794</u>	<u>1,941</u>	<u>2,875</u>
<u>(5,848)</u>	<u>4,446</u>	<u>(5,536)</u>	<u>40,712</u>	<u>(255)</u>	<u>(4,963)</u>	<u>(985)</u>	<u>4,069</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(8,069)</u>	-	-	-	-	-	-	-
<u>(8,069)</u>	-	-	-	-	-	-	-
(13,917)	4,446	(5,536)	40,712	(255)	(4,963)	(985)	4,069
<u>37,740</u>	<u>34,170</u>	<u>10,322</u>	<u>100,713</u>	<u>1,437</u>	<u>35,846</u>	<u>4,206</u>	<u>436,489</u>
<u>\$ 23,823</u>	<u>\$ 38,616</u>	<u>\$ 4,786</u>	<u>\$ 141,425</u>	<u>\$ 1,182</u>	<u>\$ 30,883</u>	<u>\$ 3,221</u>	<u>\$ 440,558</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Special Revenue Funds				
	Economic Development Fund	Redevelop- ment Authority	Special Assessments	CDBG	K9 Unit
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Public charges for services	-	-	-	-	-
Special assessments	-	-	161,154	-	-
Investment income	73	149	355	-	-
Miscellaneous	-	9,498	-	-	7,130
Total Revenues	73	9,647	161,509	-	7,130
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	778
Culture, recreation and education	-	-	-	-	-
Conservation and development	17,888	87,648	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	17,888	87,648	-	-	778
Excess (deficiency) of revenues over expenditures	(17,815)	(78,001)	161,509	-	6,352
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Property sales	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	(279,000)	-	-
Total Other Financing Sources (Uses)	-	-	(279,000)	-	-
Net Change in Fund Balances	(17,815)	(78,001)	(117,491)	-	6,352
FUND BALANCES (DEFICIT) - Beginning of Year	11,069	12,158	77,589	6,374	12,325
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (6,746)	\$ (65,843)	\$ (39,902)	\$ 6,374	\$ 18,677

Special Revenue Funds				Capital Projects Funds			
Tree Commission	Cemetery	Fire Equipment	Park Acquisition	River Trail	TIF District No. 3	TIF District No. 4	TIF District No. 5
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 487,847	\$ 259,879	\$ -
-	-	-	-	-	4,007	2,977	39,117
-	-	-	67,873	-	16,491	-	-
-	-	-	-	-	-	-	-
-	119	28	893	1	567	4,135	36
<u>906</u>	<u>-</u>	<u>-</u>	<u>52,782</u>	<u>-</u>	<u>52,805</u>	<u>-</u>	<u>18,877</u>
<u>906</u>	<u>119</u>	<u>28</u>	<u>121,548</u>	<u>1</u>	<u>561,717</u>	<u>266,991</u>	<u>58,030</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	99	-	-	-	-	-	-
800	-	-	-	-	-	51,500	-
<u>-</u>	<u>-</u>	<u>15,710</u>	<u>-</u>	<u>1,969</u>	<u>7,608</u>	<u>1,383</u>	<u>752,173</u>
<u>800</u>	<u>99</u>	<u>15,710</u>	<u>-</u>	<u>1,969</u>	<u>7,608</u>	<u>52,883</u>	<u>752,173</u>
<u>106</u>	<u>20</u>	<u>(15,682)</u>	<u>121,548</u>	<u>(1,968)</u>	<u>554,109</u>	<u>214,108</u>	<u>(694,143)</u>
-	-	-	-	-	-	-	850,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>(439,529)</u>	<u>(107,905)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>(439,529)</u>	<u>(107,905)</u>	<u>850,000</u>
106	20	(15,682)	51,548	(1,968)	114,580	106,203	155,857
<u>2,597</u>	<u>32,952</u>	<u>35,908</u>	<u>286,251</u>	<u>1,609</u>	<u>195,621</u>	<u>848,978</u>	<u>(575,773)</u>
<u>\$ 2,703</u>	<u>\$ 32,972</u>	<u>\$ 20,226</u>	<u>\$ 337,799</u>	<u>\$ (359)</u>	<u>\$ 310,201</u>	<u>\$ 955,181</u>	<u>\$ (419,916)</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Capital Projects Funds				Total Nonmajor Governmental Funds
	TIF District No. 6	Outlay	Equipment Replacement	Building Maintenance	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 828,412
Intergovernmental	-	41,233	-	-	333,038
Public charges for services	-	-	-	-	899,453
Special assessments	-	-	-	-	161,154
Investment income	-	98	1,049	210	9,329
Miscellaneous	-	-	-	156,012	564,140
Total Revenues	-	41,331	1,049	156,222	2,795,526
EXPENDITURES					
Current					
General government	-	-	-	4,425	4,425
Public safety	-	-	-	-	27,501
Culture, recreation and education	-	-	-	-	2,032,459
Conservation and development	6,869	-	-	-	164,705
Capital Outlay	-	881,145	-	-	1,705,963
Total Expenditures	6,869	881,145	-	4,425	3,935,053
Excess (deficiency) of revenues over expenditures	(6,869)	(839,814)	1,049	151,797	(1,139,527)
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	850,000
Property sales	-	16,695	-	-	16,695
Transfers in	-	809,758	400,000	-	1,913,759
Transfers out	-	-	(508,000)	(131,758)	(1,544,261)
Total Other Financing Sources (Uses)	-	826,453	(108,000)	(131,758)	1,236,193
Net Change in Fund Balances	(6,869)	(13,361)	(106,951)	20,039	96,666
FUND BALANCES (DEFICIT) - Beginning of Year	(11,731)	237,088	248,973	249,948	2,409,437
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (18,600)	\$ 223,727	\$ 142,022	\$ 269,987	\$ 2,506,103

CITY OF STOUGHTON

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2016

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and investments	\$ 94,164	\$ 315,143	\$ 409,307
Receivables	825	107,630	108,455
Due from other funds	85,769	-	85,769
Total Current Assets	180,758	422,773	603,531
Noncurrent Assets			
Capital Assets			
Land	9,986	-	9,986
Property and equipment	1,411,265	2,082,851	3,494,116
Less: Accumulated depreciation	(117,025)	(777,618)	(894,643)
Total Noncurrent Assets	1,304,226	1,305,233	2,609,459
Total Assets	1,484,984	1,728,006	3,212,990
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	-	56,654	56,654
Total Deferred Outflows of Resources	-	56,654	56,654
LIABILITIES			
Current Liabilities			
Accounts payable	10,478	4,505	14,983
Accrued liabilities	6,403	15,490	21,893
Due to other funds	-	243,642	243,642
Current portion of general obligation debt	118,409	115,000	233,409
Total Current Liabilities	135,290	378,637	513,927
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt payable	821,618	395,000	1,216,618
Net pension liability	-	10,471	10,471
Unused sick leave	-	31,039	31,039
Total Liabilities	956,908	815,147	1,772,055
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	-	22,398	22,398
Total Deferred Inflows of Resources	-	22,398	22,398
NET POSITION			
Net investment in capital assets	475,453	856,964	1,332,417
Unrestricted	52,623	90,151	142,774
TOTAL NET POSITION	\$ 528,076	\$ 947,115	\$ 1,475,191

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2016

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES			
Charges for services	\$ 544,859	\$ 630,317	\$ 1,175,176
Total Operating Revenues	<u>544,859</u>	<u>630,317</u>	<u>1,175,176</u>
OPERATING EXPENSES			
Operation and maintenance	401,062	543,427	944,489
Depreciation expense	47,042	100,313	147,355
Total Operating Expenses	<u>448,104</u>	<u>643,740</u>	<u>1,091,844</u>
Operating Income (Loss)	<u>96,755</u>	<u>(13,423)</u>	<u>83,332</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,074	717	2,791
Interest and fiscal charges	(20,929)	(21,387)	(42,316)
Interest subsidy	-	7,978	7,978
Intergovernmental grants	6,109	22,660	28,769
Miscellaneous	-	4,460	4,460
Total Nonoperating Revenues (Expenses)	<u>(12,746)</u>	<u>14,428</u>	<u>1,682</u>
Net Income (Loss) Before Contributions and Transfers	<u>84,009</u>	<u>1,005</u>	<u>85,014</u>
TRANSFERS			
Transfers in	-	81,054	81,054
Transfers out	(38,870)	-	(38,870)
Total Transfers	<u>(38,870)</u>	<u>81,054</u>	<u>42,184</u>
Change in Net Position	45,139	82,059	127,198
NET POSITION - Beginning of Year	<u>482,937</u>	<u>865,056</u>	<u>1,347,993</u>
NET POSITION - END OF YEAR	<u>\$ 528,076</u>	<u>\$ 947,115</u>	<u>\$ 1,475,191</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2016

	Storm Sewer	EMS	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 529,822	\$ 668,982	\$ 1,198,804
Paid to suppliers for goods and services	(171,457)	(182,072)	(353,529)
Paid to employees for services	(226,861)	(330,789)	(557,650)
Net Cash Flows From Operating Activities	131,504	156,121	287,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	2,074	717	2,791
Net Cash Flows From Investing Activities	2,074	717	2,791
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	(38,870)	81,054	42,184
Advances from other funds	-	29,817	29,817
Net Cash Flows From Noncapital Financing Activities	(38,870)	110,871	72,001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(118,409)	(115,000)	(233,409)
Interest paid	(22,651)	(22,795)	(45,446)
Acquisition and construction of capital assets	(395,130)	(17,750)	(412,880)
Contribution received for construction	6,109	-	6,109
Net Cash Flows From Capital and Related Financing Activities	(530,081)	(155,545)	(685,626)
Net Change in Cash and Cash Equivalents	(435,373)	112,164	(323,209)
CASH AND CASH EQUIVALENTS - Beginning of Year	529,537	202,979	732,516
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 94,164	\$ 315,143	\$ 409,307
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 96,755	\$ (13,423)	\$ 83,332
Nonoperating revenue	-	35,098	35,098
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	47,042	100,313	147,355
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(10,696)	3,567	(7,129)
Due from other funds	(4,341)	-	(4,341)
Compensated absences	-	31,039	31,039
Accounts payable	2,744	(4,912)	(2,168)
Other current liabilities	-	1,090	1,090
Pension related deferrals and liabilities	-	3,349	3,349
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 131,504	\$ 156,121	\$ 287,625
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 94,164	\$ 315,143	\$ 409,307
CASH AND CASH EQUIVALENTS	\$ 94,164	\$ 315,143	\$ 409,307
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			