

CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2012, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the City of Stoughton adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stoughton's basic financial statements. The combining fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 combining fund financial statements as listed in the table of contents are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 7, 2013



CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

For the Year Ended December 31, 2012

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, 2012. 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 of the City of Stoughton exceeded its liabilities by \$65,164,913 (net position). Of this amount, \$12,320,402 is considered unrestricted net position, \$4,499,041 is restricted for specific purposes (restricted net position), and \$48,345,470 is net investment in capital assets.
- The city's total net position increased by \$2,589,116. Governmental activities net position increased by \$1,173,294 while business-type net position increased by \$1,415,822.
- On December 31, 2012, the city's governmental funds reported combined fund balances of \$8,329,282, a increase of \$1,898,755 from 2011. Unassigned fund balance was \$2,146,935 at year-end.
- The City of Stoughton's total debt decreased by \$612,238 (2%) during 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Year Ended December 31, 2012

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

The two government-wide statements report the city's net position and how they have changed. Net position – the difference between the city's assets and liabilities – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net 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.

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

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

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

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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

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

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) For the Year Ended December 31, 2012

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

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

	Governmental Activities		Business Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$17,947,032	\$15,639,513	\$13,796,739	\$13,758,171	\$31,743,771	\$29,397,684
Capital assets	33,072,811	33,131,299	44,097,208	43,916,148	77,170,019	77,047,447
Total Assets	51,019,843	48,770,812	57,893,947	57,674,319	108,913,790	106,445,131
Long-term liabilities	19,581,887	18,892,711	12,984,379	14,236,822	32,566,266	33,129,533
Other liabilities	9,475,079	9,088,518	1,707,532	1,651,283	11,182,611	10,739,801
Total liabilities	29,056,966	27,981,229	14,691,911	15,888,105	43,748,877	43,869,334
Net investment in capital assets	16,961,378	16,796,049	31,384,092	29,693,555	48,345,470	46,489,604
Restricted	1,527,101	1,461,342	2,971,940	2,923,177	4,499,041	4,384,519
Unrestricted (deficit)	3,474,398	2,532,192	8,846,004	9,169,482	12,320,402	11,701,674
Total Net Assets	\$21,962,877	\$20,789,583	\$43,202,036	\$41,786,214	\$65,164,913	\$62,575,797

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

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

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2012

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 Assets**

	Governmental Activities		Business Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues						
Charges for services	\$ 2,044,708	\$ 1,881,753	\$ 19,708,776	\$ 19,397,282	\$ 21,753,484	\$ 21,279,035
Operating grants and contributions	2,024,954	1,761,954	36,880	-	2,061,834	1,761,954
Capital grants and contributions	111,207	249,169	188,816	132,017	300,023	381,186
General Revenues						
Property taxes	7,737,729	7,459,794	-	-	7,737,729	7,459,794
Other taxes	97,430	87,673	-	-	97,430	87,673
Intergovernmental	767,873	870,567	-	-	767,873	870,567
Other	441,278	605,159	121,233	146,681	562,511	751,840
Total Revenues	<u>13,225,179</u>	<u>12,916,069</u>	<u>20,055,705</u>	<u>19,675,980</u>	<u>33,280,884</u>	<u>32,592,049</u>
EXPENSES						
General government	1,673,120	1,695,675	-	-	1,673,120	1,695,675
Public safety	4,056,405	3,728,260	-	-	4,056,405	3,728,260
Public works	3,231,739	3,629,935	-	-	3,231,739	3,629,935
Culture, education and recreation	3,064,282	2,788,139	-	-	3,064,282	2,788,139
Conservation and development	132,263	550,273	-	-	132,263	550,273
Water	-	-	1,207,856	1,305,498	1,207,856	1,305,498
Sewer	-	-	1,612,155	1,659,976	1,612,155	1,659,976
Electric	-	-	14,522,808	14,337,539	14,522,808	14,337,539
EMS	-	-	615,794	583,650	615,794	583,650
Interest and Fiscal charges	575,346	633,196	-	-	575,346	633,196
Total Expenses	<u>12,733,155</u>	<u>13,025,478</u>	<u>17,958,613</u>	<u>17,886,663</u>	<u>30,691,768</u>	<u>30,912,141</u>
Income/(Loss) Before Transfers	492,024	(109,409)	2,097,092	1,789,317	2,589,116	1,679,908
Transfers	681,270	578,975	(681,270)	(578,975)	-	-
Change in Net Assets	1,173,294	469,566	1,415,822	1,210,342	2,589,116	1,679,908
Beginning Net Assets	<u>20,789,583</u>	<u>20,320,017</u>	<u>41,786,214</u>	<u>40,575,872</u>	<u>62,575,797</u>	<u>60,895,889</u>
CHANGES IN NET ASSETS	<u>\$ 21,962,877</u>	<u>\$ 20,789,583</u>	<u>\$ 43,202,036</u>	<u>\$ 41,786,214</u>	<u>\$ 65,164,913</u>	<u>\$ 62,575,797</u>

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2012

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.

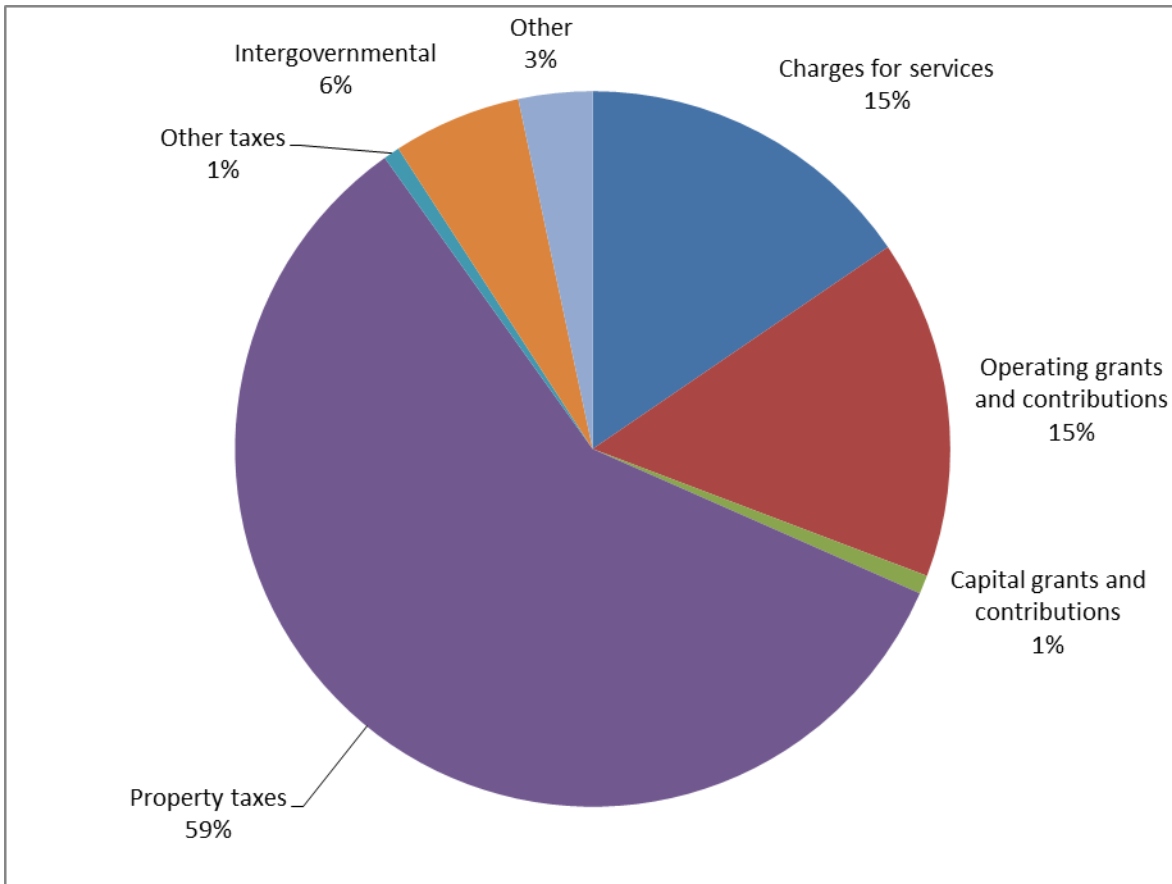
Governmental Activities – Revenues

Governmental activities increased the city's net position by \$1,173,294. This increase is primarily a result of operational efficiencies instituted throughout the year.

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

Property taxes are the largest revenue source for the governmental activities accounting for 59% of total revenues.

Governmental Activities by Revenue Source



CITY OF STOUGHTON

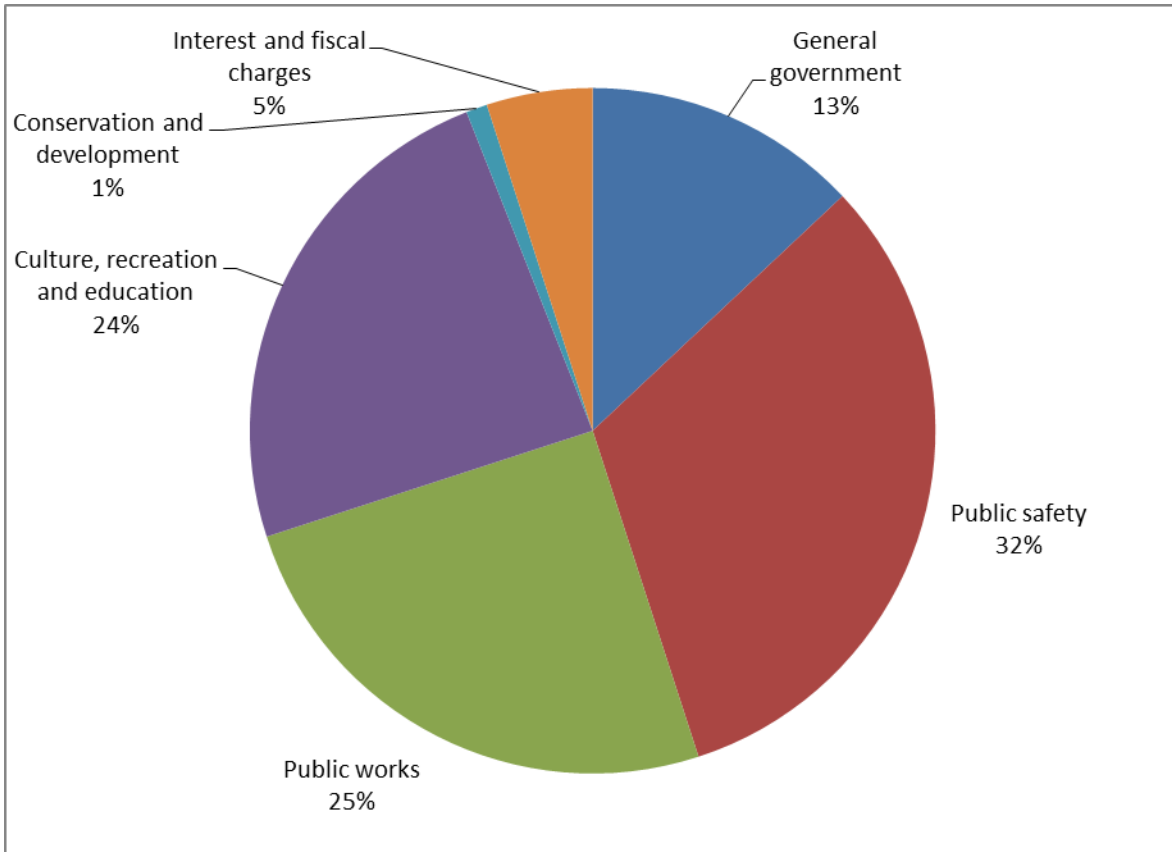
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2012

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) For the Year Ended December 31, 2012

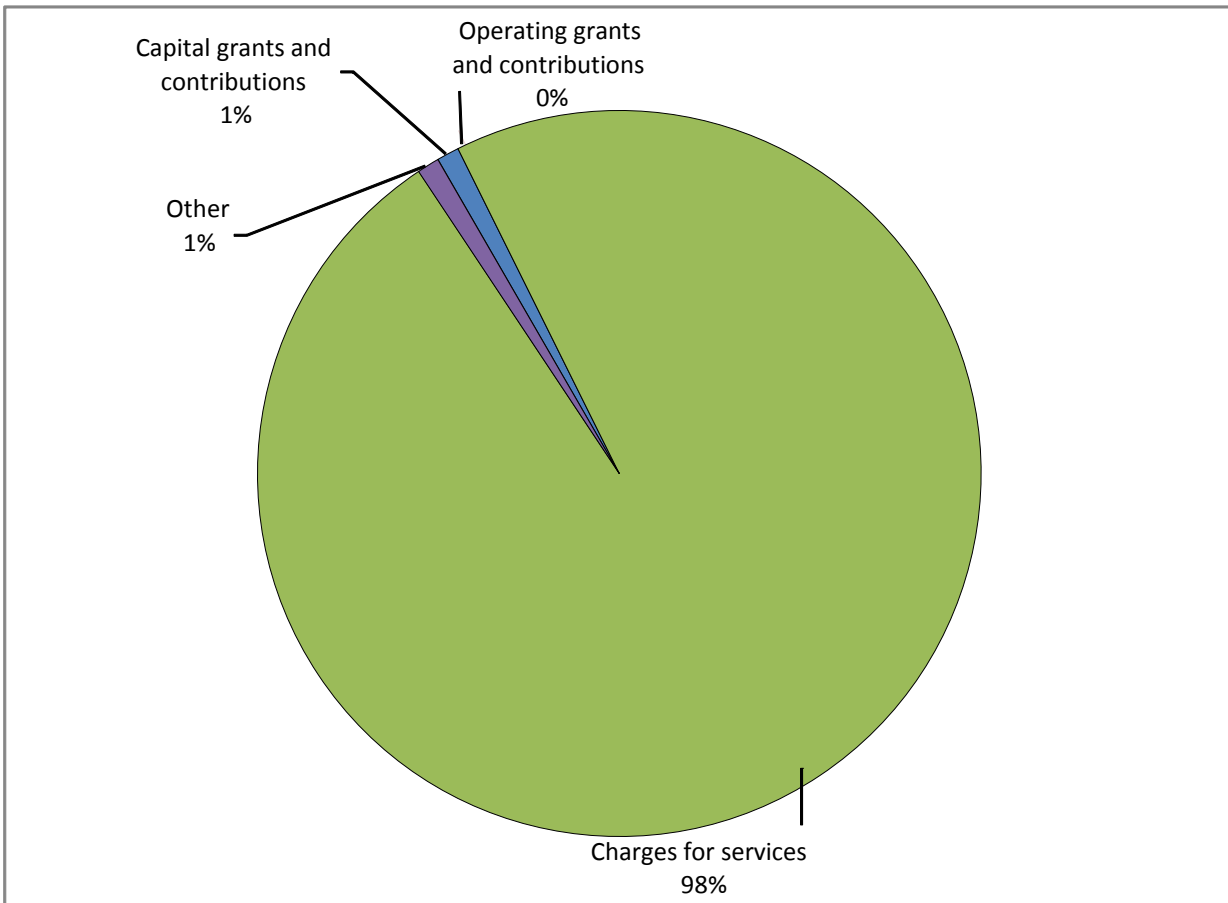
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Business Type Activities

Business-type activities increased the City of Stoughton's net position by \$1,415,822. The investment in capital assets net of related debt increased by approximately 4% or \$1,690,537. This is due primarily to the fact the each of the utilities had more capital asset additions than debt issued to acquire capital assets.

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

Revenues by Source - Business Type Activities

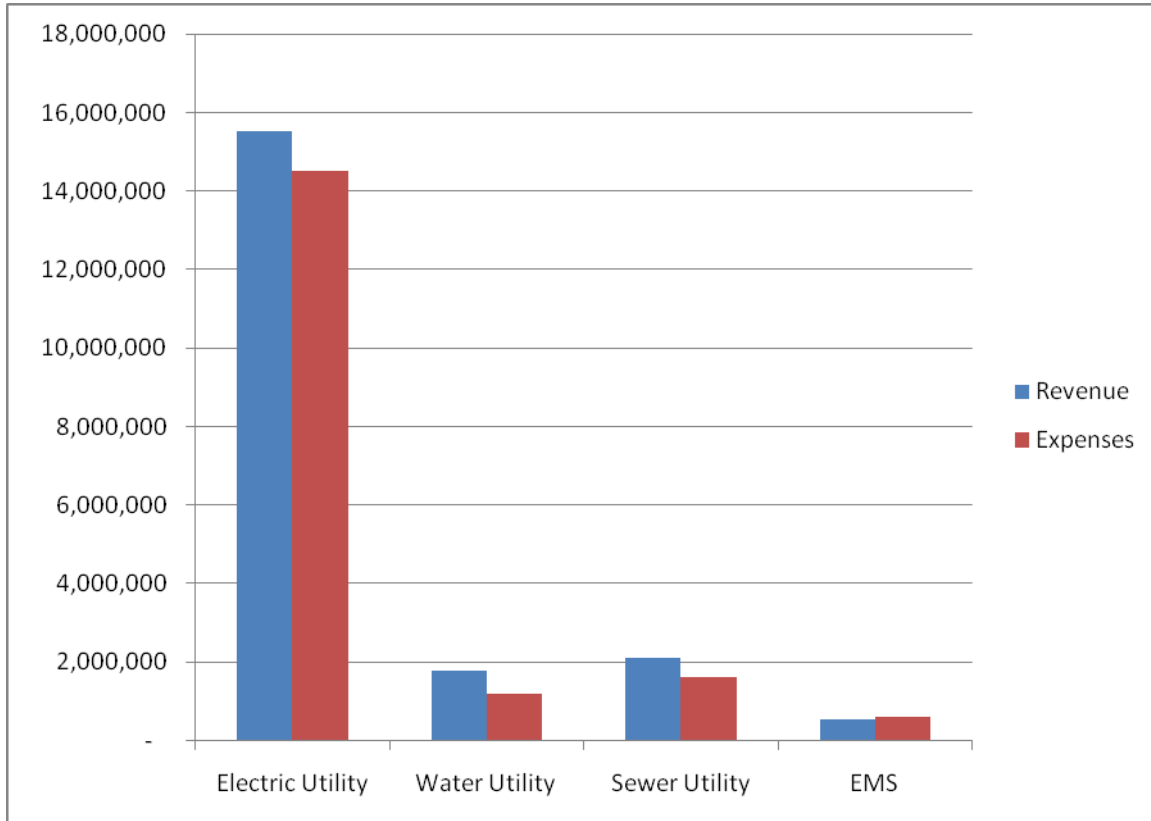


CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2012

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

Operating Expenses and Revenues - Business-type Activities



Governmental Funds

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

At December 31, 2012, the city's governmental funds reported combined fund balances of \$8,329,282. Approximately 26% of this amount, \$2,146,935, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional \$5,237,065 is included in the restricted, committed, or assigned category which has been designated for specific projects or expenditures. The remaining \$945,282 is non-spendable for prepaid expenditures, long-term receivables, non-current assets, or CVMIC equity.

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.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Year Ended December 31, 2012

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 \$435,231 or 11%. These changes are primarily due to an overall savings in the 2012 operating budget. See the following General Fund Budgetary Highlights section for further details.

The city evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2012, unassigned fund balance is \$2,767,691 and the 2013 general fund expenditure budget is \$11,042,164, resulting in an unassigned fund balance percentage of 25%.

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 \$150,754, which is an increase of \$30,137 from the prior year, is reserved for future debt service.

Construction Capital Projects Fund

The city's construction capital projects fund accounts for the funds accumulated for the purpose of obtaining capital assets or for capital projects and other expenditures that are unique and are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds. The total fund balance as of December 31, 2012 is \$1,380,794, all of which is assigned for the completion of projects that were begun but were not fully complete by year end.

Non-Major Governmental Funds

Fund balance of all other governmental funds is \$2,262,554, a increase of \$215,017 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 \$513,175 as of December 31, 2012, which represents the amount to be paid to the Electric Utility and funded through future years' charges to governmental activities.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations, including those for transfers out, of \$11,159,034. Actual expenditures and transfers out were \$10,967,196, resulting in a \$191,838 favorable variance. Total revenues and other sources were \$11,402,427, \$350,393 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 2012, the city had invested a total of \$77,170,019 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	Governmental		Business Type		Totals	
	Activities		Activities			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land and other assets						
not being depreciated	\$ 8,584,118	\$ 8,488,118	\$ 867,387	\$ 867,841	\$ 9,451,505	\$ 9,355,959
Buildings & improvements	14,597,600	14,460,020	1,240,308	1,240,308	15,837,908	15,700,328
Machinery & equipment	8,473,594	8,381,288	655,091	636,617	9,128,685	9,017,905
Infrastructure	27,123,954	26,513,513		-	27,123,954	26,513,513
Utility plant	-	-	66,326,860	63,918,603	66,326,860	63,918,603
Total Capital Assets	<u>58,779,266</u>	<u>57,842,939</u>	<u>69,089,646</u>	<u>66,663,369</u>	<u>127,868,912</u>	<u>124,506,308</u>
Less: Accumulated depreciation	<u>(25,706,455)</u>	<u>(24,711,640)</u>	<u>(24,992,438)</u>	<u>(23,099,885)</u>	<u>(50,698,893)</u>	<u>(47,811,525)</u>
NET CAPITAL ASSETS	<u>\$ 33,072,811</u>	<u>\$ 33,131,299</u>	<u>\$ 44,097,208</u>	<u>\$ 43,563,484</u>	<u>\$ 77,170,019</u>	<u>\$ 76,694,783</u>

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

Governmental Activities

- Infrastructure reconstruction projects of sidewalks throughout the city and storm water additions on Jefferson Street and North Page Street.
- 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)

For the Year Ended December 31, 2012

LONG-TERM DEBT

At December 31, 2012, the city had \$30,782,815 of long-term bonds and notes outstanding. \$11,720,315 of this is revenue debt and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2012 decreased by \$612,237. 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, 2012 was \$45,913,530. Total general obligation debt outstanding at year end was \$19,062,500. Therefore, the city was at 42% of the legal debt limit.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2013 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, 2012

	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	\$ 7,660,647	\$ 8,136,660	\$ 15,797,307	\$ 212,672
Receivables	9,381,213	2,173,547	11,554,760	41
Internal balances	155,113	(155,113)	-	-
Inventories and prepaid items	49,018	210,743	259,761	-
Investment in mutual insurance company	257,805	-	257,805	-
Restricted cash and investments	-	3,071,413	3,071,413	348,047
Other assets	218,663	359,489	578,152	10,268
Land held for resale	224,573	-	224,573	-
Capital assets				
Capital assets not being depreciated	8,584,118	867,387	9,451,505	117,191
Capital assets net of depreciation	<u>24,488,693</u>	<u>43,229,821</u>	<u>67,718,514</u>	<u>1,033,476</u>
Total Assets	<u>51,019,843</u>	<u>57,893,947</u>	<u>108,913,790</u>	<u>1,721,695</u>
LIABILITIES				
Accounts payable and accrued expenses	959,142	1,608,182	2,567,324	8,963
Unearned revenue	8,515,937	-	8,515,937	33,854
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	1,234,647	1,234,647	-
Accrued interest	-	99,350	99,350	-
Noncurrent liabilities				
Due within one year	2,404,894	80,000	2,484,894	35,816
Due in more than one year	<u>17,176,993</u>	<u>11,669,732</u>	<u>28,846,725</u>	<u>1,652,835</u>
Total Liabilities	<u>29,056,966</u>	<u>14,691,911</u>	<u>43,748,877</u>	<u>1,731,468</u>
NET POSITION				
Net investment in capital assets (deficit)	16,961,378	31,384,092	48,345,470	(537,984)
Restricted for				
Debt service	259,375	1,943,926	2,203,301	348,047
Equipment replacement	-	1,028,014	1,028,014	-
TID activities	1,012,141	-	1,012,141	-
Library	178,609	-	178,609	-
Parks	76,976	-	76,976	-
Unrestricted	<u>3,474,398</u>	<u>8,846,004</u>	<u>12,320,402</u>	<u>180,164</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 21,962,877</u>	<u>\$ 43,202,036</u>	<u>\$ 65,164,913</u>	<u>\$ (9,773)</u>

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Housing Authority
\$ (1,314,707)	\$ -	\$ (1,314,707)	\$ -
(3,272,789)	-	(3,272,789)	-
(1,708,448)	-	(1,708,448)	-
(1,706,671)	-	(1,706,671)	-
(9,133)	-	(9,133)	-
<u>(540,538)</u>	<u>-</u>	<u>(540,538)</u>	<u>-</u>
<u>(8,552,286)</u>	<u>-</u>	<u>(8,552,286)</u>	<u>-</u>
-	558,022	558,022	-
-	499,706	499,706	-
-	993,020	993,020	-
-	<u>(74,889)</u>	<u>(74,889)</u>	<u>-</u>
-	<u>1,975,859</u>	<u>1,975,859</u>	<u>-</u>
<u>(8,552,286)</u>	<u>1,975,859</u>	<u>(6,576,427)</u>	<u>-</u>
-	-	-	53,215
7,144,707	-	7,144,707	-
593,022	-	593,022	-
97,430	-	97,430	-
767,873	-	767,873	-
39,491	121,233	160,724	687
<u>401,787</u>	<u>-</u>	<u>401,787</u>	<u>-</u>
<u>9,044,310</u>	<u>121,233</u>	<u>9,165,543</u>	<u>687</u>
<u>681,270</u>	<u>(681,270)</u>	<u>-</u>	<u>-</u>
1,173,294	1,415,822	2,589,116	53,902
<u>20,789,583</u>	<u>41,786,214</u>	<u>62,575,797</u>	<u>(63,675)</u>
<u>\$ 21,962,877</u>	<u>\$ 43,202,036</u>	<u>\$ 65,164,913</u>	<u>\$ (9,773)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Construction</u>
ASSETS			
Cash and investments	\$ 2,602,804	\$ 157,747	\$ 1,467,057
Receivables			
Taxes	7,919,413	-	-
Delinquent personal property tax	7,856	-	-
Accounts	310,158	-	4,942
Special assessments	-	-	-
Delinquent special assessments	13,392	-	-
Leases	-	284,106	-
Due from other governments	318	-	-
Due from other funds	1,113,844	-	-
Advances to other funds	575,411	-	-
Other investments	257,805	-	-
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 12,801,001</u>	<u>\$ 441,853</u>	<u>\$ 1,471,999</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 279,060	\$ 6,993	\$ 91,205
Accrued liabilities	116,282	-	-
Deposits	2,456	-	-
Other liabilities	-	-	-
Due to other funds	37,230	-	-
Deferred revenues	7,830,793	284,106	-
Advances from other funds	-	-	-
Total Liabilities	<u>8,265,821</u>	<u>291,099</u>	<u>91,205</u>
Fund Balances			
Nonspendable for prepaid expenditures	-	-	-
Nonspendable for long-term receivables	617,211	-	-
Nonspendable for non-current assets	21,248	-	-
Nonspendable for CVMIC Equity	257,805	-	-
Restricted	-	150,754	-
Committed	-	-	-
Assigned	871,225	-	1,380,794
Unassigned (deficit)	<u>2,767,691</u>	<u> </u>	<u> </u>
Total Fund Balances	<u>4,535,180</u>	<u>150,754</u>	<u>1,380,794</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,801,001</u>	<u>\$ 441,853</u>	<u>\$ 1,471,999</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 3,433,039	\$ 7,660,647
685,538	8,604,951
-	7,856
51,621	366,721
103,869	103,869
-	13,392
-	284,106
-	318
-	1,113,844
-	575,411
-	257,805
<u>49,018</u>	<u>49,018</u>
<u>\$ 4,323,085</u>	<u>\$ 19,037,938</u>

\$ 92,767	\$ 470,025
19,372	135,654
-	2,456
175,522	175,522
408,326	445,556
789,133	8,904,032
<u>575,411</u>	<u>575,411</u>
<u>2,060,531</u>	<u>10,708,656</u>

49,018	49,018
-	617,211
-	21,248
-	257,805
1,272,061	1,422,815
1,094,681	1,094,681
467,550	2,719,569
<u>(620,756)</u>	<u>2,146,935</u>
<u>2,262,554</u>	<u>8,329,282</u>
<u>\$ 4,323,085</u>	<u>\$ 19,037,938</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, 2012

Total Fund Balances - Governmental Funds	\$	8,329,282
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.		33,297,384
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Special assessments receivable		103,989
Lease receivable		284,106
Internal service funds are reported in the statement of net position as governmental activities.		(513,175)
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>(19,538,709)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>21,962,877</u>

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	General	Debt Service	Construction
REVENUES			
Taxes	\$ 7,190,100	\$ -	\$ -
Intergovernmental	1,649,452	34,808	108,857
Licenses and permits	145,374	-	-
Fines, forfeitures and penalties	107,159	-	-
Public charges for services	1,212,026	-	-
Intergovernmental charges for services	-	48,783	-
Special assessments	14,549	-	-
Investment income	31,792	54	948
Miscellaneous	309,375	55,128	23,000
Total Revenues	10,659,827	138,773	132,805
EXPENDITURES			
Current			
General government	1,513,012	-	-
Public safety	3,198,001	-	-
Public works	1,957,773	-	-
Culture, recreation and education	1,162,513	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	1,666,863
Debt Service			
Principal	-	2,985,000	-
Interest and fiscal charges	-	544,763	43,572
Total Expenditures	7,831,299	3,529,763	1,710,435
Excess (deficiency) of revenues over expenditures	2,828,528	(3,390,990)	(1,577,630)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	1,035,000	2,510,000
Property sales	-	-	-
Transfers in	742,600	2,386,127	286,000
Transfers out	(3,135,897)	-	-
Total Other Financing Sources (Uses)	(2,393,297)	3,421,127	2,796,000
Net Change in Fund Balances	435,231	30,137	1,218,370
FUND BALANCES - Beginning of Year	4,099,949	120,617	162,424
FUND BALANCES - END OF YEAR	\$ 4,535,180	\$ 150,754	\$ 1,380,794

See accompanying notes to financial statements.

Nonmajor Governmental Funds		Totals
\$ 645,059	\$ 7,835,159	
414,967	2,208,084	
-	145,374	
-	107,159	
529,343	1,741,369	
-	48,783	
90,762	105,311	
6,697	39,491	
<u>576,285</u>	<u>963,788</u>	
<u>2,263,113</u>	<u>13,194,518</u>	
-	1,513,012	
75,720	3,273,721	
13,280	1,971,053	
1,570,432	2,732,945	
37,502	37,502	
885,171	2,552,034	
-	2,985,000	
<u>22,131</u>	<u>610,466</u>	
<u>2,604,236</u>	<u>15,675,733</u>	
<u>(341,123)</u>	<u>(2,481,215)</u>	
77,500	3,622,500	
19,417	19,417	
1,097,026	4,511,753	
<u>(637,803)</u>	<u>(3,773,700)</u>	
<u>556,140</u>	<u>4,379,970</u>	
215,017	1,898,755	
<u>2,047,537</u>	<u>6,430,527</u>	
<u>\$ 2,262,554</u>	<u>\$ 8,329,282</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, 2012

Net change in fund balances - total governmental funds	\$	1,898,755
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		2,552,034
Some items reported as capital outlay were not capitalized		(925,410)
Depreciation is reported in the government-wide financial statements		(1,553,345)
Net book value of assets retired		(74,984)
Capital asset contributions to business-type activities.		(56,783)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
Special assessments		(8,882)
Loan activity		(45,604)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt issued		(3,622,500)
Principal repaid		2,985,000
<p>Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Debt discount and issuance costs		62,932
Amortization		(32,949)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		(68,266)
Compensated absences - retirees		14,178
Self insurance auto and general liability		(35,806)
Self insurance health liability		38,218
Accrued interest on debt		5,137
<p>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</p>		
		41,569
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,173,294</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

ASSETS	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
Current Assets				
Cash and investments	\$ 405,347	\$ 1,088,123	\$ 5,082,813	\$ 251,068
Receivables				
Other receivables	172,287	223,364	1,643,372	134,524
Due from other funds	6,341	5,971	24,918	-
Current portion of advance to municipality	-	-	31,250	-
Inventories	35,244	-	139,181	-
Prepaid items	7,064	8,829	20,425	-
Restricted Assets				
Redemption account	<u>147,233</u>	<u>456,417</u>	<u>377,610</u>	<u>-</u>
Total Current Assets	<u>773,516</u>	<u>1,782,704</u>	<u>7,319,569</u>	<u>385,592</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	274,005	-	704,728	-
Depreciation account	25,000	33,283	25,000	-
Replacement account	-	1,028,014	-	-
Construction account	-	123	-	-
Capital Assets				
Land and land rights	24,841	-	220,797	-
Construction in progress	24,233	215,757	29,095	-
Plant in service	17,662,500	23,251,907	25,412,454	1,895,399
Property held for future use	-	-	352,664	-
Less: Accumulated depreciation	(5,174,407)	(8,446,186)	(10,854,101)	(517,745)
Other Assets				
Plant and maintenance reserve account	447,481	-	504,498	-
Sick leave reserve account	88,632	97,782	170,916	-
Advance to municipality	-	-	481,925	-
Investment in ATC	-	-	282,798	-
Non-utility property (net of amortization)	<u>47,758</u>	<u>-</u>	<u>28,933</u>	<u>-</u>
Total Noncurrent Assets	<u>13,420,043</u>	<u>16,180,680</u>	<u>17,359,707</u>	<u>1,377,654</u>
Total Assets	<u>14,193,559</u>	<u>17,963,384</u>	<u>24,679,276</u>	<u>1,763,246</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<u>Totals</u>	<u>Service Fund</u>
\$ 6,827,351	\$ -
2,173,547	-
37,230	-
31,250	-
174,425	-
36,318	-
<u>981,260</u>	<u>-</u>
<u>10,261,381</u>	<u>-</u>
978,733	-
83,283	-
1,028,014	-
123	-
245,638	-
269,085	-
68,222,260	-
352,664	-
(24,992,439)	-
951,979	-
357,330	-
481,925	-
282,798	-
<u>76,691</u>	<u>-</u>
<u>48,338,084</u>	<u>-</u>
<u>58,599,465</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 48,977	\$ 151,503	\$ 1,056,225	\$ 18,662
Accrued liabilities	12,190	15,588	158,820	25,431
Public benefits	-	-	(24,064)	-
Deposits	591	-	144,259	-
Due to other funds	342,159	-	363,359	-
Current portion of GO notes	-	-	-	80,000
Current portion of advance	-	-	-	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	184,910	649,737	400,000	-
Accrued interest	15,170	16,419	67,761	-
Total Current Liabilities	603,997	833,247	2,166,360	124,093
Noncurrent Liabilities				
Long-Term Debt				
Customer advances for construction	-	-	8,082	-
Revenue bonds payable	2,077,213	2,903,455	5,505,000	-
General obligation debt payable	-	-	-	820,000
Compensated absences	92,446	91,717	171,819	-
Advances from other funds	-	-	-	-
Total Noncurrent Liabilities	2,169,659	2,995,172	5,684,901	820,000
Total Liabilities	2,773,656	3,828,419	7,851,261	944,093
NET POSITION				
Net investment in capital assets	10,275,044	11,468,409	8,903,245	737,394
Restricted for				
Restricted for debt service	431,068	473,281	1,039,577	-
Restricted for equipment replacement	-	1,028,014	-	-
Unrestricted (deficit)	713,791	1,165,261	6,885,193	81,759
TOTAL NET POSITION	\$ 11,419,903	\$ 14,134,965	\$ 16,828,015	\$ 819,153

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
<u>Totals</u>	<u>Funds</u>
\$ 1,275,367	\$ -
212,029	-
(24,064)	-
144,850	-
705,518	-
80,000	-
-	31,250
1,234,647	-
99,350	-
<u>3,727,697</u>	<u>31,250</u>
8,082	-
10,485,668	-
820,000	-
355,982	-
-	481,925
<u>11,669,732</u>	<u>481,925</u>
<u>15,397,429</u>	<u>513,175</u>
31,384,092	-
1,943,926	-
1,028,014	-
<u>8,846,004</u>	<u>(513,175)</u>
<u>\$ 43,202,036</u>	<u>\$ (513,175)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
OPERATING REVENUES	<u>\$ 1,756,878</u>	<u>\$ 2,062,606</u>	<u>\$ 15,385,267</u>	<u>\$ 465,634</u>
OPERATING EXPENSES				
Operation and maintenance	745,471	877,033	13,336,299	449,617
Depreciation	<u>364,679</u>	<u>630,188</u>	<u>910,353</u>	<u>95,818</u>
Total Operating Expenses	<u>1,110,150</u>	<u>1,507,221</u>	<u>14,246,652</u>	<u>545,435</u>
Operating Income (Loss)	<u>646,728</u>	<u>555,385</u>	<u>1,138,615</u>	<u>(79,801)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	10,718	9,763	100,685	67
Interest and fiscal charges	(93,433)	(104,934)	(274,683)	(31,968)
Miscellaneous expenses	(4,273)	-	(1,473)	-
Intergovernmental grants	-	-	-	25,600
Interest subsidy	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,280</u>
Total Nonoperating Revenues (Expenses)	<u>(86,988)</u>	<u>(95,171)</u>	<u>(175,471)</u>	<u>4,979</u>
Income (Loss) Before Contributions and Transfers	<u>559,740</u>	<u>460,214</u>	<u>963,144</u>	<u>(74,822)</u>
CONTRIBUTIONS AND TRANSFERS				
Contributions in aid of construction	9,000	49,255	130,561	-
Contribution from municipality	-	-	-	56,783
Transfers out	<u>(349,094)</u>	<u>-</u>	<u>(388,959)</u>	<u>-</u>
Total Contributions and Transfers	<u>(340,094)</u>	<u>49,255</u>	<u>(258,398)</u>	<u>56,783</u>
Change in Net Position	219,646	509,469	704,746	(18,039)
NET POSITION (DEFICIT) - Beginning of Year	<u>11,200,257</u>	<u>13,625,496</u>	<u>16,123,269</u>	<u>837,192</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ 11,419,903</u></u>	<u><u>\$ 14,134,965</u></u>	<u><u>\$ 16,828,015</u></u>	<u><u>\$ 819,153</u></u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<u>Totals</u>	<u>Service Fund</u>
\$ 19,670,385	\$ 45,730
15,408,420	-
<u>2,001,038</u>	<u>-</u>
<u>17,409,458</u>	<u>-</u>
<u>2,260,927</u>	<u>45,730</u>
121,233	-
(505,018)	(4,161)
(5,746)	-
25,600	-
<u>11,280</u>	<u>-</u>
<u>(352,651)</u>	<u>(4,161)</u>
<u>1,908,276</u>	<u>41,569</u>
188,816	-
56,783	-
<u>(738,053)</u>	<u>-</u>
<u>(492,454)</u>	<u>-</u>
1,415,822	41,569
<u>41,786,214</u>	<u>(554,744)</u>
<u>\$ 43,202,036</u>	<u>\$ (513,175)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>	<u>Nonmajor Enterprise Fund-EMS</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,775,815	\$ 2,059,184	\$ 15,166,459	\$ 571,433
Received from municipality for services	-	-	132,550	-
Paid to suppliers for goods and services	(459,540)	(533,151)	(12,336,543)	(227,671)
Paid to employees for services	(256,822)	(324,062)	(917,915)	(248,182)
Customer deposit	-	-	18,345	-
Net Cash Flows From Operating Activities	<u>1,059,453</u>	<u>1,201,971</u>	<u>2,062,896</u>	<u>95,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	394,835	510,721	2,084,356	-
Investment income	16,777	23,135	171,926	67
Investments purchased	-	(246,000)	(1,855,546)	-
Investment in ATC	-	-	7,466	-
Net Cash Flows From Investing Activities	<u>411,612</u>	<u>287,856</u>	<u>408,202</u>	<u>67</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(301,135)	-	(322,881)	-
Received from municipality principal on Wisconsin Retirement UAAL advance	-	-	41,569	-
Received from municipality interest on Wisconsin Retirement UAAL advance	-	-	4,161	-
Transfers to other funds	(6,935)	-	(25,600)	-
Paid to utilities principal on Wisconsin Retirement UAAL advance	-	-	-	-
Paid to utilities interest on Wisconsin Retirement UAAL advance	-	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(308,070)</u>	<u>-</u>	<u>(302,751)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(179,263)	(630,474)	(375,000)	(65,000)
Interest paid	(94,742)	(108,149)	(278,243)	(32,228)
Acquisition and construction of capital assets	(586,893)	(752,227)	(847,627)	-
Capital contributions received	9,000	-	131,919	-
Received from the sale of capital assets	-	-	3,774	-
Net Cash Flows From Capital and Related Financing Activities	<u>(851,898)</u>	<u>(1,490,850)</u>	<u>(1,365,177)</u>	<u>(97,228)</u>
Net Change in Cash and Cash Equivalents	311,097	(1,023)	803,170	(1,581)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>702,356</u>	<u>2,242,732</u>	<u>2,022,472</u>	<u>252,649</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,013,453</u>	<u>\$ 2,241,709</u>	<u>\$ 2,825,642</u>	<u>\$ 251,068</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Fund
\$ 19,572,891	\$ -
132,550	45,730
(13,556,905)	-
(1,746,981)	-
<u>18,345</u>	<u>-</u>
<u>4,419,900</u>	<u>45,730</u>
2,989,912	-
211,905	-
(2,101,546)	-
<u>7,466</u>	<u>-</u>
<u>1,107,737</u>	<u>-</u>
(624,016)	-
41,569	-
4,161	-
(32,535)	-
-	(41,569)
<u>-</u>	<u>(4,161)</u>
<u>(610,821)</u>	<u>(45,730)</u>
(1,249,737)	-
(513,362)	-
(2,186,747)	-
140,919	-
<u>3,774</u>	<u>-</u>
<u>(3,805,153)</u>	<u>-</u>
1,111,663	-
<u>5,220,209</u>	<u>-</u>
<u>\$ 6,331,872</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 646,728	\$ 555,385	\$ 1,138,615	\$ (79,801)
Nonoperating revenue (expense)	-	-	(1,473)	36,880
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	364,679	630,188	910,353	95,818
Depreciation charged to other funds	27,007	-	39,600	-
Changes in assets and liabilities				
Customer accounts receivable	20,821	19,070	46,299	-
Other accounts receivable	4,457	(16,521)	(133,269)	30,528
Due from other funds	(6,341)	(5,971)	712	-
Inventories	(11,987)	-	(4,124)	-
Prepaid items	1,764	2,206	4,852	-
Accounts payable	11,163	25,775	87,308	11,849
Accrued wages	(2,652)	-	-	-
Compensated absences	3,814	(6,065)	903	-
Customer deposits	-	-	18,345	-
Other current liabilities	-	(2,096)	35,438	306
Public benefits	-	-	(80,663)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,059,453</u>	<u>\$ 1,201,971</u>	<u>\$ 2,062,896</u>	<u>\$ 95,580</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 405,347	\$ 1,088,123	\$ 5,082,813	\$ 251,068
Redemption account	147,233	456,417	377,610	-
Reserve account	274,005	-	704,728	-
Depreciation account	25,000	33,283	25,000	-
Construction account	-	123	-	-
Plant and maintenance reserve account	447,481	-	504,498	-
Sick leave reserve account	88,632	97,782	170,916	-
Replacement account	-	1,028,014	-	-
Total Cash and Investments	1,387,698	2,703,742	6,865,565	251,068
Less: Noncash equivalents	(374,245)	(462,033)	(4,039,923)	-
CASH AND CASH EQUIVALENTS	<u>\$ 1,013,453</u>	<u>\$ 2,241,709</u>	<u>\$ 2,825,642</u>	<u>\$ 251,068</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Unrealized gain (loss) on investments	\$ (8,914)	\$ (14,721)	\$ (107,331)	\$ -
Contributed capital assets	\$ -	\$ 49,255	\$ -	\$ 56,783
ATC earnings allocated	\$ -	\$ -	\$ 30,595	\$ -

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds <u>Totals</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
---	---

\$ 2,260,927	\$ 45,730
35,407	-

2,001,038	-
66,607	-

86,190	-
--------	---

(114,805)	-
-----------	---

(11,600)	-
----------	---

(16,111)	-
----------	---

8,822	-
-------	---

136,095	-
---------	---

(2,652)	-
---------	---

(1,348)	-
---------	---

18,345	-
--------	---

33,648	-
--------	---

<u>(80,663)</u>	<u>-</u>
-----------------	----------

<u>\$ 4,419,900</u>	<u>\$ 45,730</u>
---------------------	------------------

\$ 6,827,351	\$ -
--------------	------

981,260	-
---------	---

978,733	-
---------	---

83,283	-
--------	---

123	-
-----	---

951,979	-
---------	---

357,330	-
---------	---

<u>1,028,014</u>	<u>-</u>
------------------	----------

11,208,073	-
------------	---

<u>(4,876,201)</u>	<u>-</u>
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<u>\$ 6,331,872</u>	<u>\$ -</u>
---------------------	-------------

<u>\$ -</u>	<u>-</u>
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<u>\$ -</u>	<u>-</u>
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<u>\$ -</u>	<u>-</u>
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See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2012

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Investments	\$ 604,734	\$ 10,078,575
Tax roll receivable	-	4,618,022
Total Assets	<u>604,734</u>	<u>14,696,597</u>
LIABILITIES		
Due to other taxing units	-	14,696,597
Total Liabilities	<u>-</u>	<u>14,696,597</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 604,734</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, 2012

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 44,474
Total Contributions	<u>44,474</u>
Investment income	<u>1,422</u>
Total Additions	<u>45,896</u>
DEDUCTIONS	
Benefits and refunds	<u>27,781</u>
Total Deductions	<u>27,781</u>
Change in Net Position	18,115
NET POSITION - Beginning of Year	<u>586,619</u>
NET POSITION - END OF YEAR	<u><u>\$ 604,734</u></u>

CITY OF STOUGHTON

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Blended Component Units

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

City of Stoughton Housing Authority

The government-wide financial statements include the City of Stoughton Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the city. See Note IV.I. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. Separately issued financial statements of the City of Stoughton Housing Authority may be obtained from the Housing Authority's office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The city made the decision to implement this standard effective January 1, 2012.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Construction capital project fund - 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..

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, 2012

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

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

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

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

EMS

In addition, the city reports the following fund types:

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

Retirement fund

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

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

Firemen's Pension Trust

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

Tax Collections Fund

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

Government-Wide Financial Statements

The government-wide statement of net 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 unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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, 2012

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 revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

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

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

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

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

1. Deposits and Investments (cont.)

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

2. Receivables (cont.)

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

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

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, 2012

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

D. ASSETS, LIABILITIES, 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

6. Other Assets

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

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

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

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

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

Non-Utility Property

Electric utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,458 at December 31, 2012. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2012. The costs are being amortized on a straight-line basis over their useful life.

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave balances at December 31, 2012 are determined on the basis of current salary rates and include salary related payments.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

7. Compensated Absences (cont.)

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the general fund. Total expenditures for premiums during the year were \$28,539. Four participants are currently eligible to receive benefits. The total amount outstanding at year end to be paid in the future is \$59,507. The city does not incur an implicit rate subsidy on these benefits.

8. Long-Term Obligations/Conduit Debt

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

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

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

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

9. Claims and Judgments

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

10. 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."

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

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the finance director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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.

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 village believes it is in compliance with all significant restrictions. Net appreciation of \$18,115 was available for the year ended .

11. Basis for Existing Rates

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

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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	\$	8,584,118
Capital assets, net of depreciation		24,488,693
Land held for resale		<u>224,573</u>
Combined Adjustment for Capital Assets	\$	<u>33,297,384</u>

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

Bonds and notes payable	\$	18,162,500
Compensated absences		1,231,861
Compensated absences - retirees		59,507
Self-insurance auto and general liability		50,905
Self-insurance health liability		77,114
Accrued interest		175,485
Unamortized debt issuance costs		<u>(218,663)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>19,538,709</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the general, debt service, opera house, construction, ambulance, library, building maintenance and outlay 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. BUDGETARY INFORMATION (cont.)

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$35,400. Budgets are adopted at the object level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service	\$ 2,623,270	\$ 3,529,763	\$ 906,493
Opera House	439,330	452,259	12,929
Library	737,539	797,051	59,512
Outlay	260,647	747,102	486,455

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

C. DEFICIT BALANCES

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

As of December 31, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special revenue - Opera House	\$ 7,341	Expenditures in excess of revenues
Capital projects - TIF District No. 5	564,397	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. Opera House fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 21,869,910	\$ 18,257,320	Custodial credit
US agencies	2,874,519	2,874,519	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	507,280	507,280	Credit, custodial credit, concentration of credit, interest rate
Mutual funds	42,121	42,121	Credit, interest rate
LGIP	1,268,130	1,268,130	Credit
Negotiable certificates of deposit	2,988,089	2,988,089	Credit, custodial credit, concentration of credit, interest rate
Petty cash	1,980	-	N/A
Total Deposits and Investments	\$ 29,552,029	\$ 25,937,459	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 15,747,307		
Restricted cash and investments	3,071,413		
Per statement of net position - fiduciary funds			
Pension trust	604,734		
Agency Fund	10,078,575		
Total Deposits and Investments	\$ 29,502,029		

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

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

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

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$265,397 of the city's investments are covered by SIPC.

The city maintains collateral agreements with its banks. At December 31, 2012, the banks had pledged various government securities in the amount of \$11,794,735 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2012, \$642,211 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>642,211</u>
Total	\$ <u><u>642,211</u></u>

Investments

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

U.S. Agencies

Neither insured nor registered and held by counterparty \$ 2,874,519

Corporate Bonds

Neither insured nor registered and held by counterparty \$ 507,280

Negotiable Certificates of Deposit

Neither insured nor registered and held by counterparty \$ 255,152

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, 2012, 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	
Corporate Bonds	AA+	A1	
Negotiable Certificates of Deposit	not rated		
Mutual Fund - Fidelity Puritan			4 star

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

Local Government Investment Pool

Concentration of Credit Risk

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2012, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
GNMA	U.S. Agencies	8.90%

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, 2012, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	3 or more
US agencies	\$ 2,874,519	\$ 176,657	\$ 215,299	\$ 2,482,563
Corporate bonds	507,280	507,280	-	-
Negotiable certificates of deposit	<u>2,988,089</u>	<u>1,742,739</u>	<u>735,118</u>	<u>510,232</u>
Totals	<u>\$ 6,369,888</u>	<u>\$ 2,426,676</u>	<u>\$ 950,417</u>	<u>\$ 2,992,795</u>

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, 2012

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:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Receivables								
Taxes	\$ 7,919,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685,538	\$ 8,604,951
Delinquent personal property tax	7,856	-	-	-	-	-	-	7,856
Accounts	310,158	-	4,942	172,287	223,364	1,643,372	334,668	2,688,791
Special assessments	-	-	-	-	-	-	103,869	103,869
Delinquent special assessments	13,392	-	-	-	-	-	-	13,392
Leases	-	284,106	-	-	-	-	-	284,106
Due from other governments	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318</u>
Gross receivables	8,251,137	284,106	4,942	172,287	223,364	1,643,372	1,124,075	11,703,283
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,523)</u>	<u>(148,523)</u>
Net Total Receivables	<u>\$ 8,251,137</u>	<u>\$ 284,106</u>	<u>\$ 4,942</u>	<u>\$ 172,287</u>	<u>\$ 223,364</u>	<u>\$ 1,643,372</u>	<u>\$ 975,552</u>	<u>\$ 11,554,760</u>
Amounts not expected to be collected within one year	<u>\$ 21,248</u>	<u>\$ 239,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,869</u>	<u>\$ 364,223</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 8,515,937	\$ 8,515,937
Special assessments not yet due	103,989	-	103,989
Lease receivable	<u>284,106</u>	<u>-</u>	<u>284,106</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 388,095</u>	<u>\$ 8,515,937</u>	<u>\$ 8,904,032</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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, 2012:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 981,260	\$ 99,350	\$ 881,910
Bond reserve account	978,733		978,733
Bond depreciation account	83,283	-	83,283
Construction account	123	-	n/a
Equipment replacement account	1,028,014	-	1,028,014
Total	\$ 3,071,413	\$ 99,350	\$ 2,971,940

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,111,699	\$ 96,000	\$ -	\$ 7,207,699
Inexhaustible portion of streets	<u>1,376,419</u>	<u>-</u>	<u>-</u>	<u>1,376,419</u>
Total Capital Assets Not Being Depreciated	<u>8,488,118</u>	<u>96,000</u>	<u>-</u>	<u>8,584,118</u>
Capital assets being depreciated				
Buildings and improvements	14,460,020	137,580	-	14,597,600
Machinery and equipment	8,381,288	346,262	253,956	8,473,594
Streets	14,043,139	404,766	170,127	14,277,778
Storm sewers	6,057,872	458,666	192,782	6,323,756
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	4,333,991	126,567	16,649	4,443,909
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>49,354,821</u>	<u>1,473,841</u>	<u>633,514</u>	<u>50,195,148</u>
Total Capital Assets	<u>57,842,939</u>	<u>1,569,841</u>	<u>633,514</u>	<u>58,779,266</u>
Less: Accumulated depreciation for				
Buildings and improvements	(4,785,293)	(361,988)	-	(5,147,281)
Machinery and equipment	(6,101,967)	(385,905)	178,972	(6,308,900)
Streets	(8,971,173)	(475,450)	170,126	(9,276,497)
Storm sewers	(2,389,290)	(210,581)	192,782	(2,407,089)
Street lighting	(29,023)	(3,034)	-	(32,057)
Bridges	(142,926)	(11,280)	-	(154,206)
Sidewalks	(2,156,795)	(88,878)	16,650	(2,229,023)
Traffic signals	(117,383)	(10,299)	-	(127,682)
Dams	<u>(17,790)</u>	<u>(5,930)</u>	<u>-</u>	<u>(23,720)</u>
Total Accumulated Depreciation	<u>(24,711,640)</u>	<u>(1,553,345)</u>	<u>558,530</u>	<u>(25,706,455)</u>
Net Capital Assets Being Depreciated	<u>24,643,181</u>	<u>(79,504)</u>	<u>74,984</u>	<u>24,488,693</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 33,131,299</u>	<u>\$ 16,496</u>	<u>\$ 74,984</u>	<u>\$ 33,072,811</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 91,614
Public safety	324,624
Public works, which includes the depreciation of infrastructure	1,001,709
Culture, recreation and education	<u>135,398</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,553,345</u></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	\$ 24,841	\$ -	\$ -	\$ 24,841
Construction in progress	<u>228,507</u>	<u>582,673</u>	<u>786,947</u>	<u>24,233</u>
Total Capital Assets Not Being Depreciated	<u>253,348</u>	<u>582,673</u>	<u>786,947</u>	<u>49,074</u>
Capital assets being depreciated				
Source of supply	570,123	-	-	570,123
Pumping	1,407,275	21,683	-	1,428,958
Treatment	90,763	-	-	90,763
Transmission and distribution	13,891,213	502,758	6,777	14,387,194
Administrative and general assets	<u>914,078</u>	<u>271,384</u>	<u>-</u>	<u>1,185,462</u>
Total Capital Assets Being Depreciated	<u>16,873,452</u>	<u>795,825</u>	<u>6,777</u>	<u>17,662,500</u>
Total Capital Assets	<u>17,126,800</u>	<u>1,378,498</u>	<u>793,724</u>	<u>17,711,574</u>
Less: Accumulated depreciation for				
Source of supply	(285,930)	(16,534)	-	(302,464)
Pumping	(988,708)	(55,351)	-	(1,044,059)
Treatment	(85,576)	(1,316)	-	(86,892)
Transmission and distribution	(2,939,773)	(261,187)	2,566	(3,198,394)
Administrative and general assets	<u>(485,098)</u>	<u>(57,500)</u>	<u>-</u>	<u>(542,598)</u>
Total Accumulated Depreciation	<u>(4,785,085)</u>	<u>(391,888)</u>	<u>2,566</u>	<u>(5,174,407)</u>
Net Capital Assets Being Depreciated	<u>12,088,367</u>	<u>403,937</u>	<u>4,211</u>	<u>12,488,093</u>
Net Water Capital Assets	<u><u>\$ 12,341,715</u></u>	<u><u>\$ 986,610</u></u>	<u><u>\$ 791,158</u></u>	<u><u>\$ 12,537,167</u></u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 361,261	\$ 864,542	\$ 1,010,046	\$ 215,757
Total Capital Assets Not Being Depreciated	361,261	864,542	1,010,046	215,757
Capital assets being depreciated				
Collection system	8,277,782	520,682	9,318	8,789,146
Collection system pumping	397,412	-	-	397,412
Treatment and disposal	12,786,069	132,658	4,000	12,914,727
Administrative and general assets	841,480	309,142	-	1,150,622
Total Capital Assets Being Depreciated	22,302,743	962,482	13,318	23,251,907
Total Capital Assets	22,664,004	1,827,024	1,023,364	23,467,664
Less: Accumulated depreciation for				
Wastewater	(7,816,519)	(642,985)	13,318	(8,446,186)
Total Accumulated Depreciation	(7,816,519)	(642,985)	13,318	(8,446,186)
Net Capital Assets Being Depreciated	14,486,224	319,497	-	14,805,721
Net Wastewater Capital Assets	\$ 14,847,485	\$ 1,184,039	\$ 1,010,046	\$ 15,021,478

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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	32,435	790,125	793,465	29,095
Property held for future use	352,664	-	-	352,664
Total Capital Assets Not Being Depreciated	605,896	790,125	793,465	602,556
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	20,767,065	736,803	121,251	21,382,617
Administrative and general assets	3,960,324	54,494	-	4,014,818
Total Capital Assets Being Depreciated	24,742,408	791,297	121,251	25,412,454
Total Capital Assets	25,348,304	1,581,422	914,716	26,015,010
Less: Accumulated depreciation for				
Transmission	(19,366)	-	-	(19,366)
Distribution	(7,988,476)	(766,568)	137,672	(8,617,372)
Administrative and general assets	(2,030,203)	(187,160)	-	(2,217,363)
Total Accumulated Depreciation	(10,038,045)	(953,728)	137,672	(10,854,101)
Net Capital Assets Being Depreciated	14,704,363	(162,431)	(16,421)	14,558,353
Net Electric Capital Assets	\$ 15,310,259	\$ 627,694	\$ 777,044	\$ 15,160,909

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>EMS</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 1,240,308	\$ -	\$ -	\$ 1,240,308
Equipment	<u>636,617</u>	<u>56,783</u>	<u>38,309</u>	<u>655,091</u>
Total Capital Assets Being Depreciated	<u>1,876,925</u>	<u>56,783</u>	<u>38,309</u>	<u>1,895,399</u>
Less: Accumulated depreciation for				
Buildings and improvements	(153,656)	(25,226)	-	(178,882)
Equipment	<u>(306,580)</u>	<u>(63,170)</u>	<u>30,887</u>	<u>(338,863)</u>
Total Accumulated Depreciation	<u>(460,236)</u>	<u>(88,396)</u>	<u>30,887</u>	<u>(517,745)</u>
Net Capital Assets Being Depreciated	<u>1,416,689</u>	<u>(31,613)</u>	<u>7,422</u>	<u>1,377,654</u>
Net Other Enterprise Capital Assets	<u>\$ 1,416,689</u>	<u>\$ (31,613)</u>	<u>\$ 7,422</u>	<u>\$ 1,377,654</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,916,148</u>	<u>\$ 2,766,730</u>	<u>\$ 2,585,670</u>	<u>\$ 44,097,208</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 364,679
Waste water	630,188
Electric	910,353
EMS	<u>95,818</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 2,001,038</u>

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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	\$ 1,215	\$ -
General	TIF District No. 4	360,802	-
General	Water Utility	342,159	-
General	Electric Utility	363,359	-
General	TIF District No. 5	4,509	-
General	Redevelopment Authority	41,800	41,800
Water Utility	General	6,341	-
Wastewater Utility	General	5,971	-
Electric Utility	General	24,918	-
Total - Fund Financial Statements		1,151,074	
Less: Fund eliminations		(482,786)	
Less: Interfund advances		(513,175)	
Total Internal Balances - Government-Wide Statement of Net Position		\$ 155,113	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 192,343	
Business-type Activities	Governmental Activities	(37,230)	
Total Government-Wide Financial Statements		\$ 155,113	

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

Advances

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

In December 2011, the Electric Utility provided an advance to the Internal Service Fund in the amount of \$554,744 for the purpose of full payment of the Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The Internal Service Fund will repay the Electric Utility over a period of fourteen years at 3%. A repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 5	\$ 575,411	\$ 545,349
Electric Utility	Internal service fund	513,175	481,925
Total - Fund Financial Statements		1,088,586	
Less: Fund eliminations		(575,411)	
Total - Interfund Advances		\$ 513,175	

Years	TIF Advance	Internal Service Fund Advance	
	Principal	Principal	Interest
2013	\$ 7,931	\$ 31,250	\$ 15,395
2014	8,803	33,119	14,458
2015	9,724	35,065	13,464
2016	10,697	37,088	12,412
2017	11,724	39,190	11,300
2018-2022	76,154	230,493	37,512
2023-2027	111,830	106,970	4,987
2028-2032	152,294	-	-
2033-2036	186,254	-	-
Totals	\$ 575,411	\$ 513,175	\$ 109,528

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Tourism	\$ 4,547	Room tax revenue
General	Water utility	349,094	Payment in lieu of taxes and dividend
General	Electric utility	388,959	Payment in lieu of taxes and dividend
Debt service	General	2,040,871	Payments on non-TID debt
Debt service	TIF District No. 3	217,548	Payments on TIF District debt
Debt service	TIF District No. 4	127,708	Payments on TIF District debt
Construction	General	125,000	Fund capital projects
Construction	Special Assessments	66,500	Fund capital projects
Construction	Park Acquisition	41,000	Fund capital projects
Construction	Building Maintenance	53,500	Fund capital projects
Opera House	General	58,101	Fund annual operations
CDBG	Redevelopment Authority	10,000	Fund expenditures
Outlay	General	253,732	Fund capital projects
Outlay	Building Maintenance	17,000	Fund capital projects
Redevelopment Authority	General	30,000	Fund annual operations
Library	General	478,193	Fund annual operations
Equipment Replacement	Outlay	100,000	Equipment replacement
Equipment Replacement	General	100,000	Equipment replacement
Economic Development	General	<u>50,000</u>	Fund operations
Total - Fund Financial Statements		4,511,753	
Less: Fund eliminations		(3,773,250)	
Capital assets contributions from governmental activities to business-type activities		<u>(56,783)</u>	Capital contributions to EMS fund
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 681,720</u></u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 738,053	
Business-type Activities	Governmental Activities	<u>(56,333)</u>	
Total Government-wide Financial Statements		<u><u>\$ 681,720</u></u>	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Transfers (cont.)

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

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 17,525,000	\$ 3,622,500	\$ 2,985,000	\$ 18,162,500	\$ 2,241,390
Other Liabilities					
Compensated absences (Note I.D.7)	1,163,595	68,266	-	1,231,861	10,931
Compensated absences - retirees (See Note I.D.7)	73,685	14,361	28,539	59,507	24,554
Self-insurance auto and general liability (Note V.B)	15,099	35,806	-	50,905	50,905
Self-insurance health liability (Note V.B)	<u>115,332</u>	<u>-</u>	<u>38,218</u>	<u>77,114</u>	<u>77,114</u>
Total Other Liabilities	<u>1,367,711</u>	<u>118,433</u>	<u>66,757</u>	<u>1,419,387</u>	<u>163,504</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 18,892,711</u>	<u>\$ 3,740,933</u>	<u>\$ 3,051,757</u>	<u>\$ 19,581,887</u>	<u>\$ 2,404,894</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 965,000	\$ -	\$ 65,000	\$ 900,000	\$ 80,000
Revenue bonds	<u>12,905,052</u>	<u>-</u>	<u>1,184,737</u>	<u>11,720,315</u>	<u>1,234,647</u>
Sub-totals	<u>13,870,052</u>	<u>-</u>	<u>1,249,737</u>	<u>12,620,315</u>	<u>1,314,647</u>
Other Liabilities					
Vested compensated absences	357,330	51,276	52,624	355,982	-
Customer advances for construction	<u>9,440</u>	<u>62,884</u>	<u>64,242</u>	<u>8,082</u>	<u>-</u>
Total Other Liabilities	<u>366,770</u>	<u>114,160</u>	<u>116,866</u>	<u>364,064</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 14,236,822</u>	<u>\$ 114,160</u>	<u>\$ 1,366,603</u>	<u>\$ 12,984,379</u>	<u>\$ 1,314,647</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2012, was \$45,913,530. Total general obligation debt outstanding at year end was \$19,062,500.

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

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
2002 General Obligation Refunding Bonds	9/16/02	10/1/13	3.00 - 3.75%	\$ 2,025,000	\$ 350,000
2003 General Obligation Notes	6/15/03	6/13/13	3.00 - 3.38	1,110,000	135,000
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50	485,000	315,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	650,000
2008 General Obligation Bonds	2/13/08	4/1/26	3.25 - 3.75	5,530,000	4,570,000
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	5,060,000	3,180,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	2,760,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	2,580,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	3,420,000	3,420,000
2012 State Trust Fund Loan	5/25/12	3/15/15	2.75	202,500	<u>202,500</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 18,162,500</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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, 2012</u>
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	\$ 1,015,000	<u>\$ 900,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 900,000</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>
2013	\$ 2,241,390	\$ 499,016	\$ 80,000	\$ 30,868
2014	2,042,132	432,932	95,000	28,864
2015	1,963,978	383,566	100,000	26,225
2016	1,990,000	331,324	115,000	22,795
2017	2,025,000	277,302	120,000	18,620
2018-2022	6,360,000	653,497	390,000	25,540
2023-2026	<u>1,540,000</u>	<u>116,605</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 18,162,500</u>	<u>\$ 2,694,242</u>	<u>\$ 900,000</u>	<u>\$ 152,912</u>

Revenue Debt

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

The utilities has pledged future revenues to repay \$11,720,315 in revenue bonds issued in between 1994-2010. Proceeds from the bonds provided financing for the utility construction, improvements, and additions. The bonds are payable solely from utility revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 4.2%, 15.5%, and 35.6%, respectively, of electric, water and wastewater of gross revenues. The total principal and interest remaining to be paid on the bonds is \$14,486,549. Principal and interest paid for the current year and total customer gross revenues were \$1,665,871 and \$19,325,917, respectively.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2012, 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, 2012</u>
<u>Water Utility</u>					
2003 Water Utility Revenue Bonds	3/25/03	5/1/2013	3.50 - 4.80%	\$ 520,000	\$ 85,000
2006 Water Utility Revenue Bonds	11/15/06	5/1/2023	4.00 - 4.50	1,925,000	1,650,000
2010 Water Utility Revenue Bonds	1/27/10	5/1/2029	2.67	575,018	<u>527,123</u>
				Total Water Utility	<u>2,262,123</u>
<u>Wastewater Utility</u>					
1994 Wastewater Utility Clean Water Fund Loan	3/9/94	5/1/2013	3.224%	5,472,357	399,962
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/2019	3.049	623,465	264,823
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/2020	3.049	1,116,259	530,113
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/2023	2.766	1,670,624	1,036,622
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/2027	2.475	1,539,762	<u>1,321,672</u>
				Total Wastewater Utility	<u>3,553,192</u>
<u>Electric Utility</u>					
2003 Electric Utility Revenue Bonds	4/1/03	4/1/2023	2.25 - 5.10%	4,580,000	3,580,000
2006 Electric Utility Revenue Bonds	11/15/06	4/1/2023	4.00 - 4.50	2,550,000	<u>2,325,000</u>
				Total Electric Utility	<u>5,905,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 11,720,315</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2013	\$ 1,234,647	\$ 439,103
2014	857,310	402,329
2015	865,148	369,970
2016	923,205	334,212
2017	956,486	295,733
2018-2022	5,159,651	848,622
2023-2027	1,648,933	74,253
2028-2029	<u>74,935</u>	<u>2,012</u>
Totals	<u>\$ 11,720,315</u>	<u>\$ 2,766,234</u>

Capital Leases

Refer to Note IV. G.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability, 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.

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

The water and electric mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenues. The city was in compliance with funding requirements in all material respects at December 31, 2012.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On April 15, 2012, the city issued \$1,035,000 in general obligation notes with an average interest rate of 1.40% to current refund \$1,000,000 of outstanding notes with an average interest rate of 4.33%. The net proceeds of \$1,015,640 (after payment of \$19,360 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old notes.

The cash flow requirements on the refunded notes prior to the current refunding was \$1,173,115 from 2012 through 2018. The cash flow requirements on the refunding notes are \$1,066,772 from 2013 through 2018. 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 \$105,835.

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>
2013	\$ 49,795	\$ 8,063	\$ 57,858
2014	50,593	6,529	57,122
2015	54,590	5,016	59,606
2016	55,160	3,436	58,596
2017	58,961	1,883	60,844
2018	<u>15,007</u>	<u>271</u>	<u>15,278</u>
Totals	<u>\$ 284,106</u>	<u>\$ 25,198</u>	<u>\$ 309,304</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 7,207,699
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	24,488,693
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(17,305,605)
Plus: Noncapital debt proceeds	975,510
Plus: Unamortized debt discount and issuance costs	<u>218,662</u>
Total Net Investment in Capital Assets	<u>16,961,378</u>
Restricted	
Debt service	\$ 259,375
Library	178,609
Impact fees	76,976
TID activities	<u>1,012,141</u>
Total Restricted	<u>1,527,101</u>
Unrestricted	<u>3,474,398</u>
Total Governmental Activities Net Position	<u>\$ 21,962,877</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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, 2012, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ 49,018	\$ 49,018
Delinquent items	21,248	-	-	-	21,248
CVMIC equity	257,805	-	-	-	257,805
Noncurrent interfunds	617,211	-	-	-	617,211
Restricted for:					
Debt service	-	150,754	-	-	150,754
Library	-	-	-	178,609	178,609
Impact fees	-	-	-	76,976	76,976
TID activities	-	-	-	1,012,141	1,012,141
CDBG	-	-	-	4,335	4,335
Committed to:					
K9 unit	-	-	-	20,275	20,275
Ambulance	-	-	-	13,117	13,117
Opera house repair	-	-	-	12,115	12,115
Township outreach	-	-	-	6,737	6,737
Tourism	-	-	-	19,598	19,598
Seniors in need	-	-	-	35,148	35,148
Holiday	-	-	-	22,334	22,334
Food pantry	-	-	-	61,530	61,530
Landmarks	-	-	-	3,869	3,869
Fire department special	-	-	-	22,613	22,613
Senior center wood shop	-	-	-	3,532	3,532
Senior center special	-	-	-	418,870	418,870
Economic development	-	-	-	149,366	149,366
Redevelopment	-	-	-	49,251	49,251
Special assessments	-	-	-	252,447	252,447
River trail	-	-	-	3,879	3,879
Assigned to:					
Utility payment in lieu of taxes	705,518	-	-	-	705,518
Safety camp	20,009	-	-	-	20,009
Youth gift	6,169	-	-	-	6,169
Bryant grant	58,319	-	-	-	58,319
Liability insurance loss	70,000	-	-	-	70,000
Arts council	210	-	-	-	210
Capital projects	-	-	1,380,794	-	1,380,794
Storm sewer	-	-	-	5,644	5,644
Capital outlay	-	-	-	165,079	165,079
Fire equipment	-	-	-	8,087	8,087
Subsequent year expenditures	11,000	-	-	-	11,000
Equipment replacement	-	-	-	200,012	200,012
Building replacement	-	-	-	88,728	88,728
Unassigned (deficit):	<u>2,767,691</u>	<u>-</u>	<u>-</u>	<u>(620,756)</u>	<u>2,146,935</u>
Total Fund Balances	<u>\$ 4,535,180</u>	<u>\$ 150,754</u>	<u>\$ 1,380,794</u>	<u>\$ 2,262,554</u>	<u>\$ 8,329,282</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 245,638
Construction in progress	269,085
Other capital assets, net of depreciation	43,229,821
Less: Long-term debt outstanding	(12,620,315)
Plus: Unspent capital related debt proceeds	<u>259,863</u>
Total Net Investment in Capital Assets	<u>31,384,092</u>
Restricted	
Equipment replacement	1,028,014
Debt service	<u>1,943,926</u>
Total Restricted	<u>2,971,940</u>
Unrestricted	<u>8,846,004</u>
Total Business-type Activities Net Position	<u>\$ 43,202,036</u>

I. COMPONENT UNIT

CITY OF STOUGHTON HOUSING AUTHORITY

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

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

a. Basis of Accounting/Measurement Focus

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

b. Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 560,459	\$ 558,938	Custodial
Petty cash	260	-	N/A
 Total Deposits and Investments	 \$ 560,719	 \$ 558,938	

Custodial Credit Risk

Deposits

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

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

The Housing Authority does not have an investment policy.

c. Restricted Assets

The following represent the balances of the restricted assets:

Replacement Reserve Accounts and Reserve Accounts

Provisions in the loan agreement require establishment of various cash accounts. All receipts must be deposited into the General Fund Account. Monthly, cash is to be transferred into an Operation and Maintenance Account to cover necessary expenses. Any balance remaining in the General Fund Account is to be transferred to the Debt Service Account until the amount in this account equals the amount of the next installment due on the mortgage. The housing authority is permitted to retain operating reserves equal to 10% of the current approved operating budget. Any balance still remaining in the General Fund Account in excess of allowable reserves is to be transferred to the Reserve Account until the Reserve Account reaches \$265,000 for Greenspire I and \$97,400 for Greenspire III. Any funds which exceed the required reserves and not approved by FmHA for other authorized uses shall be applied promptly against the loan obligations, or made as additional contributions to the reserve funds. At December 31, 2012, Greenspire I and Greenspire III had excess funds in the general account.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

c. Restricted Assets (cont.)

Following is a list of restricted assets at December 31, 2012:

	Restricted Assets
Reserve account - Greenspire I	\$ 248,972
Reserve account - Greenspire III	99,075
Total	\$ 348,047

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 117,191	\$ -	\$ -	\$ 117,191	N/A
Land improvements	156,423	-	-	156,423	10-20
Buildings	2,411,322	-	-	2,411,322	40
Building improvements	734,971	12,662	-	747,633	10-20
Furniture and fixtures	132,548	42,985	-	175,533	5-10
Equipment	47,167	2,373	-	49,540	5-10
Less: Accumulated depreciation/ amortization	(2,387,610)	(119,365)	-	(2,506,975)	
Totals	\$ 1,212,012	\$ (61,345)	\$ -	\$ 1,150,667	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Mortgage notes	\$ 1,728,153	\$ -	\$ 39,502	\$ 1,688,651	\$ 35,816
Totals	<u>\$ 1,728,153</u>	<u>\$ -</u>	<u>\$ 39,502</u>	<u>\$ 1,688,651</u>	<u>\$ 35,816</u>

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

\$712,600 loan for Greenspire I construction, at 8%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,510 including principal and interest. Due December 6, 2028.	\$ 452,203
\$819,000 loan for Greenspire II construction, at 9%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,735 including principal and interest. Due May 15, 2030.	364,534
\$427,802 loan for Greenspire III - Phase I construction, at 9%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$911 including principal and interest. Due October 1, 2037.	386,141
\$535,180 loan for Greenspire III - Phase II construction, at 8.75%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$1,144 including principal and interest. Due July 21, 2039.	<u>485,773</u>
Total Mortgage Notes Payable	<u>\$ 1,688,651</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

I. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 35,816	\$ 147,456	\$ 183,272
2014	36,236	144,370	180,606
2015	36,663	141,246	177,909
2016	37,096	138,085	175,181
2017	37,534	134,886	172,420
2039-2022	194,458	625,099	819,557
2023-2027	206,342	539,201	745,543
2028-2032	358,242	382,950	741,192
2038-2037	353,097	328,573	681,670
2038-2039	<u>393,167</u>	<u>70,331</u>	<u>463,498</u>
Totals	<u>\$ 1,688,651</u>	<u>\$ 2,652,197</u>	<u>\$ 4,340,848</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 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.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to the fund the remaining projected cost of future benefits.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same 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. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for city employees covered by the WRS for the year ended December 31, 2012 was \$5,229,200; the employer's total payroll was \$5,869,914. The total required contribution for the year ended December 31, 2012 was \$689,265 or 13.2% of covered payroll. Of this amount, 74 percent was contributed by the employer and 26 was contributed by the employee for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$732,588 and \$683,171, respectively, equal to the required contributions for each year.

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

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

As of December 31, 2012 there was no pension related debt for the city.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2012, the balance in the Firemen's Pension Fund is \$604,734 and is recorded as a pension trust fund of the city. The plan has not had an actuarial valuation.

B. RISK MANAGEMENT

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

Self Insurance

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

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

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

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 50,879	\$ 115,332
Current year claims and changes in estimates	1,646,570	727,925
Claim payments	(1,582,117)	(766,143)
Unpaid Claims - End of Year	\$ 115,332	\$ 77,114

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

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

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

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

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

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2012. A total liability of approximately \$50,905 at December 31, 2012, was recorded as claims payable in the governmental activities column of government-wide statements of net position. Changes in the fund's claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2012	\$ 15,099	\$ 51,386	\$ 15,580	\$ 50,905
2011	43,577	4,617	33,095	15,099

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

The city has active construction projects as of December 31, 2012. 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 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI

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 \$390 million as of December 31, 2012.

D. SUBSEQUENT EVENTS

On February 21, 2013 the electric utility issued revenue debt in the amount of \$3,170,000 with an interest rate of 2-2.25%. This amount will be used to refund 2003 electric revenue bonds.

On March 26, 2013 the city council authorized borrowing of approximately \$1,400,000 from Wisconsin State Trust Fund. This amount will be used for land acquisition.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. 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 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Taxes	\$ 7,173,881	\$ 7,173,881	\$ 7,190,100	\$ 16,219
INTERGOVERNMENTAL REVENUES				
Intergovernmental	1,502,677	1,502,677	1,649,452	146,775
LICENSES AND PERMITS				
Business and occupational licenses	41,165	41,165	54,210	13,045
Dog and cat licenses	2,000	2,000	3,212	1,212
Building permits	61,500	61,500	85,408	23,908
Plan review fees	-	-	2,544	2,544
Total Licenses and Permits	<u>104,665</u>	<u>104,665</u>	<u>145,374</u>	<u>40,709</u>
FINES, FORFEITURES AND PENALTIES				
Fines, forfeitures and penalties	127,750	127,750	107,159	(20,591)
PUBLIC CHARGES FOR SERVICES				
Public charges for services	1,172,736	1,172,736	1,212,026	39,290
SPECIAL ASSESSMENTS				
Special assessments	-	-	14,549	14,549
INVESTMENT INCOME				
Investment income	20,000	20,000	31,792	11,792
MISCELLANEOUS				
Miscellaneous	282,500	282,500	309,375	26,875
Total Revenues	<u>10,384,209</u>	<u>10,384,209</u>	<u>10,659,827</u>	<u>275,618</u>

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
Council/Board	\$ 47,505	\$ 47,505	\$ 45,686	\$ 1,819
Legislative and executive	89,397	89,397	86,526	2,871
Judicial	84,935	84,935	85,313	(378)
General administration	230,269	230,269	231,547	(1,278)
Financial administration	802,111	809,111	779,935	29,176
Legal	113,500	113,500	87,022	26,478
City buildings	63,615	63,615	58,579	5,036
Assessor	43,700	43,700	39,059	4,641
Contingency	80,000	174,000	-	174,000
Other general government	-	-	99,345	(99,345)
Total General Government	<u>1,555,032</u>	<u>1,656,032</u>	<u>1,513,012</u>	<u>143,020</u>
PUBLIC SAFETY				
Police department	2,458,540	2,458,540	2,454,558	3,982
Fire department	443,220	443,220	464,228	(21,008)
Planning/Inspection	<u>272,512</u>	<u>278,512</u>	<u>279,215</u>	<u>(703)</u>
Total Public Safety	<u>3,174,272</u>	<u>3,180,272</u>	<u>3,198,001</u>	<u>(17,729)</u>
PUBLIC WORKS				
Highway and street maintenance and construction	121,581	121,581	105,270	16,311
Highway and street maintenance for local	1,018,013	1,018,013	1,050,321	(32,308)
Snow and ice control	65,000	65,000	52,171	12,829
Other sanitation	663,151	663,151	680,337	(17,186)
Buildings and grounds operations	<u>72,308</u>	<u>72,308</u>	<u>69,674</u>	<u>2,634</u>
Total Public Works	<u>1,940,053</u>	<u>1,940,053</u>	<u>1,957,773</u>	<u>(17,720)</u>
CULTURE, RECREATION AND EDUCATION				
Park maintenance	184,491	184,491	180,692	3,799
Senior Center	466,557	466,557	410,212	56,345
Culture	229,794	229,794	258,005	(28,211)
Recreation	229,154	229,154	263,720	(34,566)
Cemetery	31,000	31,000	35,542	(4,542)
Cable television	<u>17,560</u>	<u>17,560</u>	<u>14,342</u>	<u>3,218</u>
Total Culture, Recreation and Education	<u>1,158,556</u>	<u>1,158,556</u>	<u>1,162,513</u>	<u>(3,957)</u>
Total Expenditures	<u>7,827,913</u>	<u>7,934,913</u>	<u>7,831,299</u>	<u>103,614</u>

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	<u>\$ 2,556,296</u>	<u>\$ 2,449,296</u>	<u>2,828,528</u>	<u>\$ 379,232</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	667,825	667,825	742,600	74,775
Transfers out	<u>(3,224,121)</u>	<u>(3,224,121)</u>	<u>(3,135,897)</u>	<u>88,224</u>
Total Other Financing Sources (Uses)	<u>(2,556,296)</u>	<u>(2,556,296)</u>	<u>(2,393,297)</u>	<u>162,999</u>
Net Change in Fund Balance	-	(107,000)	435,231	542,231
FUND BALANCE - Beginning of Year	<u>4,099,949</u>	<u>4,099,949</u>	<u>4,099,949</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 4,099,949</u>	<u>\$ 3,992,949</u>	<u>\$ 4,535,180</u>	<u>\$ 542,231</u>

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

CITY OF STOUGHTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2012

BUDGETARY INFORMATION

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

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Public safety	\$ 3,180,272	\$ 3,198,001	\$ 17,729
Public works	1,940,053	1,957,773	17,720
Culture, recreation and education	1,158,556	1,162,513	3,957

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

	Special Revenue Funds				
	Library	Ambulance	Opera House	Opera House Repair	Township Outreach Fund
ASSETS					
Cash and investments	\$ 223,015	\$ 16,856	\$ 117,291	\$ 12,115	\$ 6,794
Receivables					
Taxes	-	-	-	-	-
Accounts	100	-	9,632	-	-
Special assessments	-	-	-	-	-
Prepaid items	-	-	49,018	-	-
TOTAL ASSETS	<u>\$ 223,115</u>	<u>\$ 16,856</u>	<u>\$ 175,941</u>	<u>\$ 12,115</u>	<u>\$ 6,794</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 27,884	\$ 3,289	\$ 5,517	\$ -	\$ -
Accrued liabilities	16,622	450	2,243	-	57
Other liabilities	-	-	175,522	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>44,506</u>	<u>3,739</u>	<u>183,282</u>	<u>-</u>	<u>57</u>
Fund Balances					
Nonspendable	-	-	49,018	-	-
Restricted	178,609	-	-	-	-
Committed	-	13,117	-	12,115	6,737
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	(56,359)	-	-
Total Fund Balances (Deficit)	<u>178,609</u>	<u>13,117</u>	<u>(7,341)</u>	<u>12,115</u>	<u>6,737</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 223,115</u>	<u>\$ 16,856</u>	<u>\$ 175,941</u>	<u>\$ 12,115</u>	<u>\$ 6,794</u>

Special Revenue Funds

Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special	Senior Center Wood Shop
\$ 19,598	\$ 36,392	\$ 25,762	\$ 64,517	\$ 3,949	\$ 22,653	\$ 3,582
-	-	-	-	-	-	-
12,148	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 31,746</u>	<u>\$ 36,392</u>	<u>\$ 25,762</u>	<u>\$ 64,517</u>	<u>\$ 3,949</u>	<u>\$ 22,653</u>	<u>\$ 3,582</u>
\$ 10,933	\$ 1,244	\$ 3,428	\$ 2,987	\$ 80	\$ 40	\$ 50
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,215	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>12,148</u>	<u>1,244</u>	<u>3,428</u>	<u>2,987</u>	<u>80</u>	<u>40</u>	<u>50</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,598	35,148	22,334	61,530	3,869	22,613	3,532
-	-	-	-	-	-	-
<u>19,598</u>	<u>35,148</u>	<u>22,334</u>	<u>61,530</u>	<u>3,869</u>	<u>22,613</u>	<u>3,532</u>
<u>\$ 31,746</u>	<u>\$ 36,392</u>	<u>\$ 25,762</u>	<u>\$ 64,517</u>	<u>\$ 3,949</u>	<u>\$ 22,653</u>	<u>\$ 3,582</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

Special Revenue Funds

	<u>Senior Center Special Fund</u>	<u>Economic Development Fund</u>	<u>Redevelop- ment Authority</u>	<u>Special Assessments</u>	<u>CDBG</u>
ASSETS					
Cash and investments	\$ 419,160	\$ 149,985	\$ 92,464	\$ 252,173	\$ 8,116
Receivables					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Special assessments	-	-	-	103,869	-
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ 419,160</u>	<u>\$ 149,985</u>	<u>\$ 92,464</u>	<u>\$ 356,042</u>	<u>\$ 8,116</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 290	\$ 619	\$ 1,413	\$ -	\$ 3,781
Accrued liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	41,800	-	-
Deferred revenues	-	-	-	103,595	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>290</u>	<u>619</u>	<u>43,213</u>	<u>103,595</u>	<u>3,781</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	4,335
Committed	418,870	149,366	49,251	252,447	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	<u>418,870</u>	<u>149,366</u>	<u>49,251</u>	<u>252,447</u>	<u>4,335</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 419,160</u>	<u>\$ 149,985</u>	<u>\$ 92,464</u>	<u>\$ 356,042</u>	<u>\$ 8,116</u>

Special Revenue Fund	Capital Projects Funds					
K9 Unit	Fire Equipment	Park Acquisition	Storm Sewer	River Trail	TIF District No. 3	TIF District No. 4
\$ 24,471	\$ 8,087	\$ 76,976	\$ 5,686	\$ 3,879	\$ 515,886	\$ 857,489
-	-	-	-	-	383,151	272,240
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 24,471</u>	<u>\$ 8,087</u>	<u>\$ 76,976</u>	<u>\$ 5,686</u>	<u>\$ 3,879</u>	<u>\$ 899,037</u>	<u>\$ 1,129,729</u>
\$ 4,196	\$ -	\$ -	\$ 42	\$ -	\$ 432	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	360,802
-	-	-	-	-	383,151	272,240
-	-	-	-	-	-	-
<u>4,196</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>383,583</u>	<u>633,042</u>
-	-	-	-	-	-	-
20,275	-	76,976	-	-	515,454	496,687
-	8,087	-	5,644	3,879	-	-
-	-	-	-	-	-	-
<u>20,275</u>	<u>8,087</u>	<u>76,976</u>	<u>5,644</u>	<u>3,879</u>	<u>515,454</u>	<u>496,687</u>
<u>\$ 24,471</u>	<u>\$ 8,087</u>	<u>\$ 76,976</u>	<u>\$ 5,686</u>	<u>\$ 3,879</u>	<u>\$ 899,037</u>	<u>\$ 1,129,729</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

	Capital Projects Funds				Total Nonmajor Governmental Funds
	TIF District No. 5	Outlay	Equipment Replacement	Building Maintenance	
ASSETS					
Cash and investments	\$ -	\$ 191,552	\$ 200,012	\$ 74,579	\$ 3,433,039
Receivables					
Taxes	30,147	-	-	-	685,538
Accounts	15,523	-	-	14,218	51,621
Special assessments	-	-	-	-	103,869
Prepaid items	-	-	-	-	49,018
TOTAL ASSETS	\$ 45,670	\$ 191,552	\$ 200,012	\$ 88,797	\$ 4,323,085
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 26,473	\$ -	\$ 69	\$ 92,767
Accrued liabilities	-	-	-	-	19,372
Other liabilities	-	-	-	-	175,522
Due to other funds	4,509	-	-	-	408,326
Deferred revenues	30,147	-	-	-	789,133
Advances from other funds	575,411	-	-	-	575,411
Total Liabilities	610,067	26,473	-	69	2,060,531
Fund Balances					
Nonspendable	-	-	-	-	49,018
Restricted	-	-	-	-	1,272,061
Committed	-	-	-	-	1,094,681
Assigned	-	165,079	200,012	88,728	467,550
Unassigned (deficit)	(564,397)	-	-	-	(620,756)
Total Fund Balances (Deficit)	(564,397)	165,079	200,012	88,728	2,262,554
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,670	\$ 191,552	\$ 200,012	\$ 88,797	\$ 4,323,085

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	230,462	-	-	-
Public charges for services	27,315	-	490,739	-
Special assessments	-	-	-	-
Investment income	84	4	2	4
Miscellaneous	62,870	80,549	4,743	520
Total Revenues	320,731	80,553	495,484	524
EXPENDITURES				
Current				
Public safety	-	26,916	-	-
Public works	-	-	-	-
Culture, recreation and education	797,051	-	452,259	-
Conservation and development	-	-	-	-
Capital Outlay	-	56,783	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	797,051	83,699	452,259	-
Excess (deficiency) of revenues over expenditures	(476,320)	(3,146)	43,225	524
OTHER FINANCING SOURCES (USES)				
Proceeds of long term debt	-	-	-	-
Property sales	-	-	-	-
Transfers in	478,193	-	58,101	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	478,193	-	58,101	-
Net Change in Fund Balances	1,873	(3,146)	101,326	524
FUND BALANCES (DEFICIT) - Beginning of Year	176,736	16,263	(108,667)	11,591
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 178,609	\$ 13,117	\$ (7,341)	\$ 12,115

Special Revenue Funds

Township Outreach Fund	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special
\$ -	\$ 52,037	\$ -	\$ -	\$ -	\$ -	\$ -
3,557	-	-	-	-	-	-
-	-	-	-	-	-	-
-	15	9	9	14	-	3
3,213	-	21,545	15,855	92,040	-	40,617
<u>6,770</u>	<u>52,052</u>	<u>21,554</u>	<u>15,864</u>	<u>92,054</u>	<u>-</u>	<u>40,620</u>
-	-	-	-	-	-	26,655
-	-	-	-	-	-	-
11,276	46,590	33,552	11,713	101,656	370	-
-	-	-	-	-	-	-
-	-	-	-	-	-	7,356
-	-	-	-	-	-	-
<u>11,276</u>	<u>46,590</u>	<u>33,552</u>	<u>11,713</u>	<u>101,656</u>	<u>370</u>	<u>34,011</u>
<u>(4,506)</u>	<u>5,462</u>	<u>(11,998)</u>	<u>4,151</u>	<u>(9,602)</u>	<u>(370)</u>	<u>6,609</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(4,547)	-	-	-	-	-
-	(4,547)	-	-	-	-	-
(4,506)	915	(11,998)	4,151	(9,602)	(370)	6,609
<u>11,243</u>	<u>18,683</u>	<u>47,146</u>	<u>18,183</u>	<u>71,132</u>	<u>4,239</u>	<u>16,004</u>
<u>\$ 6,737</u>	<u>\$ 19,598</u>	<u>\$ 35,148</u>	<u>\$ 22,334</u>	<u>\$ 61,530</u>	<u>\$ 3,869</u>	<u>\$ 22,613</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	Special Revenue Funds		
	Senior Center Wood Shop	Senior Center Special Fund	Economic Development Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Public charges for services	-	-	-
Special assessments	-	-	-
Investment income	-	225	43
Miscellaneous	4,728	10,391	1,000
Total Revenues	4,728	10,616	1,043
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	2,424	22,392	-
Conservation and development	-	-	16,187
Capital Outlay	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	2,424	22,392	16,187
Excess (deficiency) of revenues over expenditures	2,304	(11,776)	(15,144)
OTHER FINANCING SOURCES (USES)			
Proceeds of long term debt	-	-	-
Property sales	-	-	-
Transfers in	-	-	50,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	50,000
Net Change in Fund Balances	2,304	(11,776)	34,856
FUND BALANCES (DEFICIT) - Beginning of Year	1,228	430,646	114,510
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 3,532	\$ 418,870	\$ 149,366

Special Revenue Funds				Capital Projects Funds	
Redevelopment Authority	Special Assessments	CDBG	K9 Unit	Fire Equipment	Park Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,418	-	85,484	-	-	-
-	-	-	-	-	5,760
-	75,239	-	-	-	-
25	5,183	-	-	-	46
-	-	-	42,424	27,500	1,200
<u>29,443</u>	<u>80,422</u>	<u>85,484</u>	<u>42,424</u>	<u>27,500</u>	<u>7,006</u>
-	-	-	22,149	-	-
-	-	-	-	-	-
-	-	91,149	-	-	-
21,315	-	-	-	-	-
-	-	-	-	25,706	1,176
-	-	-	-	-	-
<u>21,315</u>	<u>-</u>	<u>91,149</u>	<u>22,149</u>	<u>25,706</u>	<u>1,176</u>
<u>8,128</u>	<u>80,422</u>	<u>(5,665)</u>	<u>20,275</u>	<u>1,794</u>	<u>5,830</u>
-	-	-	-	-	-
-	-	-	-	-	-
30,000	-	10,000	-	-	-
(10,000)	(66,500)	-	-	-	(41,000)
<u>20,000</u>	<u>(66,500)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(41,000)</u>
28,128	13,922	4,335	20,275	1,794	(35,170)
<u>21,123</u>	<u>238,525</u>	<u>-</u>	<u>-</u>	<u>6,293</u>	<u>112,146</u>
<u>\$ 49,251</u>	<u>\$ 252,447</u>	<u>\$ 4,335</u>	<u>\$ 20,275</u>	<u>\$ 8,087</u>	<u>\$ 76,976</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Capital Projects Funds			
	Storm Sewer	River Trail	TIF District No. 3	TIF District No. 4
REVENUES				
Taxes	\$ -	\$ -	\$ 328,354	\$ 260,505
Intergovernmental	-	-	1,723	2,006
Public charges for services	5,529	-	-	-
Special assessments	-	-	-	-
Investment income	3	-	803	92
Miscellaneous	-	7,000	-	-
Total Revenues	5,532	7,000	330,880	262,603
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	13,280	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	8,057	41,503	97,338
Interest and fiscal charges	-	-	-	-
Total Expenditures	13,280	8,057	41,503	97,338
Excess (deficiency) of revenues over expenditures	(7,748)	(1,057)	289,377	165,265
OTHER FINANCING SOURCES (USES)				
Proceeds of long term debt	-	-	-	-
Property sales	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(217,548)	(127,708)
Total Other Financing Sources (Uses)	-	-	(217,548)	(127,708)
Net Change in Fund Balances	(7,748)	(1,057)	71,829	37,557
FUND BALANCES (DEFICIT) - Beginning of Year	13,392	4,936	443,625	459,130
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 5,644	\$ 3,879	\$ 515,454	\$ 496,687

Capital Projects Funds

TIF District No. 5	Outlay	Equipment Replacement	Building Maintenance	Total Nonmajor Governmental Funds
\$ 4,163	\$ -	\$ -	\$ -	\$ 645,059
1,256	61,061	-	-	414,967
-	-	-	-	529,343
15,523	-	-	-	90,762
-	121	12	-	6,697
-	862	-	159,228	576,285
<u>20,942</u>	<u>62,044</u>	<u>12</u>	<u>159,228</u>	<u>2,263,113</u>
-	-	-	-	75,720
-	-	-	-	13,280
-	-	-	-	1,570,432
-	-	-	-	37,502
150	647,102	-	-	885,171
22,131	-	-	-	22,131
<u>22,281</u>	<u>647,102</u>	<u>-</u>	<u>-</u>	<u>2,604,236</u>
<u>(1,339)</u>	<u>(585,058)</u>	<u>12</u>	<u>159,228</u>	<u>(341,123)</u>
-	77,500	-	-	77,500
-	19,417	-	-	19,417
-	270,732	200,000	-	1,097,026
-	(100,000)	-	(70,500)	(637,803)
-	<u>267,649</u>	<u>200,000</u>	<u>(70,500)</u>	<u>556,140</u>
(1,339)	(317,409)	200,012	88,728	215,017
<u>(563,058)</u>	<u>482,488</u>	<u>-</u>	<u>-</u>	<u>2,047,537</u>
<u>\$ (564,397)</u>	<u>\$ 165,079</u>	<u>\$ 200,012</u>	<u>\$ 88,728</u>	<u>\$ 2,262,554</u>