



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2022



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City of Middleton, Wisconsin

City of Middleton

Annual Comprehensive Financial Report

December 31, 2022

Prepared by:

Finance Department
William Burns, Finance Director

City of Middleton

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CITY OF MIDDLETON

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June 8, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Middleton:

The Annual Comprehensive Financial Report for the City of Middleton (City) for the year ended December 31, 2022, is hereby submitted. This report consists of management's representations concerning the finances of the City of Middleton. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurances that the financial statements are free of any material misstatements.

The City Council retained the accounting firm of Baker Tilly US to perform an audit of the City's financial statements. Baker Tilly US concluded based on its audit procedures that the City's financial statements are presented fairly, in all material respects, in accordance with Generally Accepted Accounting Principles (GAAP). They have issued an unmodified opinion regarding the fair presentation of the financial statements for the year ended December 31, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of Middleton

The City of Middleton is located in Dane County, approximately six miles from the state capitol in Madison, Wisconsin. Incorporated in 1963, the City of Middleton covers 9.1 square miles and has a population of 23,031 according to the Wisconsin Department of Administration. The City operates under a mayor-council form of government. Policymaking and legislative authority is vested with the city council, which consists of a mayor and an eight-member council.

The governing body is responsible, among other things, for passing resolutions and ordinances, adopting the budget, setting the property tax levy, and hiring the City's administrator. The city administrator is responsible for carrying out the policies of the council and overseeing the day-to-day operations of City government. The mayor presides at city council meetings and is responsible for appointing committees, boards, and commissions, subject to the approval of the city council. The mayor and council are elected on a non-partisan basis. Council members are elected from within individual districts to staggered two-year terms with four members up for election each year. The mayor is elected at large to three-year terms.

The area that is now the City of Middleton was first platted in 1856. In 1856 a railroad line was built connecting Madison to the Mississippi River at Prairie du Chien. A rail depot, Middleton Station, was established in what is now downtown Middleton. In 1905 the Village of Middleton was incorporated and in 1963 Middleton was incorporated as a city. Today the City of Middleton has a thriving downtown core with significant business and office park development and a variety of housing options.

The City provides a full range of local government services including police protection, paramedic level ambulance service, street construction and maintenance, sanitation, recreation, library, and other cultural and general government services. Middleton's parks, recreation, and forestry department, as well as other city departments, manages over 1,400 acres of parks, conservancy areas and other permanent public open spaces

representing in total approximately 25% of the City's total land area. In addition, the City operates a municipal airport, golf course, water, sewer, and storm water utilities. The city council exercises control over a Community Development Authority that is reported in the City's financial statements as a component unit. Fire protection is provided by the Middleton Fire District which is reported as a fiduciary fund in the City's financial statements.

The annual budget process serves as the basis for financial planning and control. Operating and capital budget requests are prepared by department heads and are submitted in August of each year. The initial review of the budget requests is conducted by the city administrator and finance department. The requests are then presented to mayor and finance committee by department heads along with recommendations from finance and administration. The finance committee approves a recommended budget for consideration by the council. A public hearing on the proposed budget is held prior to approval by the council, which typically occurs in mid to late November. The level of budgetary control is established at the department level. Budget to actual comparisons for the general fund are presented as part of the required supplementary information in the financial statements.

Factors Affecting the City's Economic Condition

Local Economy

Middleton benefits from its proximity to the City of Madison which is the location of the state capital and the flagship University of Wisconsin campus. Over the past five years, Middleton's total equalized value has increased by an average of 8.4% per year adding \$1.4 billion in additional value. The City has made a commitment to the diversification of its tax base with significant non-residential development including corporate headquarters and major facilities for Capital Brewery, Electronic Theatre Controls (ETC), Fiskars, Pharmaceutical Product Development, Spectrum Brands, and Standard Imaging. The Dane County unemployment rate was 1.6% in December 2022, which was lower than state and federal levels. The City maintains an Aa1 bond rating from Moody's Investors Service.

On March 17, 2020 the Middleton City Council approved a declaration of emergency in response to the COVID-19 pandemic. Most City revenues remained stable in 2020 and 2021 including property tax collections and intergovernmental aids. Hotel room tax revenue was down \$1.4 million in 2020 compared to the prior year. In 2021 collections increased by 103% and by 2022 they had returned to pre-pandemic levels. The Middleton City Council officially declared an end to the public emergency effective May 1, 2023.

The City of Middleton received \$2.1 million in federal State and Local Fiscal Recover Funds authorized under the American Rescue Plan Act (ARPA). These funds must be obligated by 2024 with all payments made by 2026. The City Council has approved a plan for the use of these funds for several projects including providing assistance to populations impacted by the pandemic, sustainability and stormwater enhancements, premium pay for public safety employees, and capital equipment and other one-time costs. As of the end of 2022, the City had expended \$340,262 in ARPA funds.

The City has utilized Tax Incremental Financing (TIF) extensively to help promote both new development and redevelopment in the community. Middleton has two active TIF Districts. TID #3 encompasses much of the City's business parks and the historic downtown core. As of January 1, 2022, TID #3 had a value increment of \$572 million making it the one of the largest active TIDs in Wisconsin. Due to the success of the district the City has been able to use subtraction amendments to remove over \$480 million of value from the TID to increase the City's general tax base.

TID #5 was created in 2009 to help facilitate redevelopment between the Highway 12 and Parmenter Street corridors, in the Allen Boulevard commercial area as well as in Middleton's urban greenway. It had an incremental value of \$175 million in 2022. An addition/subtraction amendment was approved in 2021 to remove properties unlikely to be redeveloped during the life of the TID and to extend the district to include a portion of the University Avenue corridor and the Belle Farm development on the City's north side. That mixed-use development is projected to add over \$200 million in value at full build out.

State imposed property tax levy limits restrict the growth of the City's operating levy to the percentage increase in net new construction. Between 2019 and 2022 this increase averaged 2.1%. In November 2022, Middleton voters approved a referendum allowing for a \$770,000 ongoing increase to the City's levy limit. The additional funds will be used increase staffing to help meet the needs of the growing community and to continue to offer competitive wages and benefits to retain staff in a challenging labor market.

Financial Planning

The City of Middleton is committed to sound community and financial planning. Each year the City updates its five-year capital improvement plan as part of the budget process. This plan identifies capital needs for all the City's funds and lists priorities and financing sources. In conjunction with the plan, the City maintains capital equipment and vehicle replacement schedules that project future capital needs up to twenty years in the future. Financial models for the City's operating funds, debt service, and tax increment financing districts assist the City in evaluating the long-term impacts of budgetary decisions. The budgetary philosophy of the City has been one of stability in budgets, tax rates, and user fees.

In March of 2021, the City Council approved an update to the City's Comprehensive Plan. The City went through a comprehensive strategic planning process in 2021 and 2022 culminating in adoption of a plan by the City Council in November 2022. Staff and elected officials continue to work through implementation of the plan including incorporation of the City's strategic goals and objectives in the annual budget process.

Financial Policies

The Middleton Common Council has adopted several financial policies related to general fund balance, capital assets, debt management, and overall budget development to provide guidance for the City's financial management. For example, Middleton's fund balance policy sets a target for unassigned fund balance of two to four months of subsequent year general fund budgeted expenditures excluding transfers (16.7% to 33.3%). In 2022 the City increased its unassigned fund balance by \$282,410 to \$6,947,598. This represents 28.0% of the subsequent year's budgeted expenditures. The City's general fund also had \$4,022,584 in assigned fund balance at the end of 2022 for future compensated absence payments as well as fire and EMS capital reserves.

The City of Middleton's debt management policy provides guidance to help ensure that long-term debt is utilized in a fiscally prudent manner. Included in the policy is an objective of above average principal retirement and limiting the term of non-facility debt to maintain the flexibility to meet future long-term needs. Currently 98.4% of the City's debt is scheduled to be paid within ten years. In addition, the City has only utilized 15.8% of its legally available general obligation debt capacity. Finally, the City's policies establish a goal of maintaining structurally balanced budgets with appropriate contingency and reserve funds for unexpected needs. This helps to ensure that resources will be available to address future budget challenges from changes in the economy or limitations imposed by the State of Wisconsin.

Award and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Middleton for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the fourth year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible through the dedicated services of the finance department staff with the advice of our independent auditors Baker Tilly US. We express our appreciation to all City staff that assisted and contributed to the preparation of this report. We also thank the mayor, the city council, and the city administrator for their continued interest and support in the financial operations of the City.

Respectfully submitted,



William Burns, CPFO
Assistant City Administrator/Finance Director
City of Middleton

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2022



City of Middleton, Wisconsin

7426 Hubbard Avenue
Middleton, Wisconsin 53562

ELECTED OFFICIALS

Gurdip Brar	Mayor
Kathy Olson	Aldersperson, District 1 (Council President)
Kendra Wochos	Aldersperson, District 2
Katy Nelson	Aldersperson, District 3
Emily Kuhn	Aldersperson, District 4
Luke Fuszard	Aldersperson, District 5
Lisa Janairo	Aldersperson, District 6
Dan Ramsey	Aldersperson, District 7
Randall Crow	Aldersperson, District 8

ADMINISTRATION

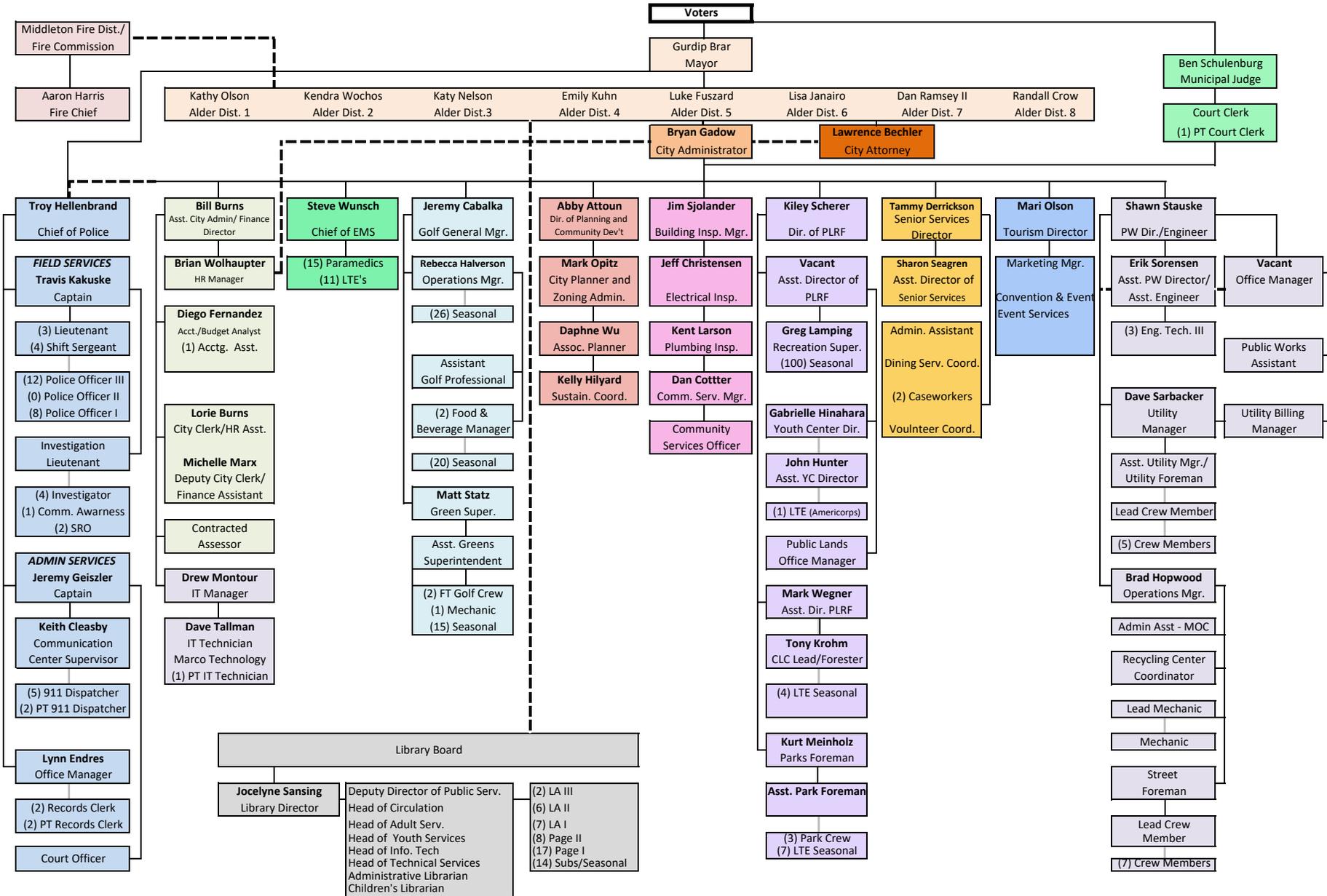
Bryan Gadow	City Administrator
Bill Burns	Assistan Administrator/Finance Director
Kiley Scherer	Director of Public Lands, Recreation & Forestry
Abby Attoun	Director of Planning and Community Development
Jeremy Calbaka	Golf Course General Manager
Drew Montour	Information Technology Manager
Troy Hellenbrand	Chief of Police
Tammy Derrickson	Senior Center Director
Jim Sjolander	Building Inspection Manager
Mari Olson	Director of Tourism
Jocelyne Sansing	Library Director
Shawn Stauske	Public Works Director / City Engineer
Steve Wunsch	Chief of EMS
Aaron Harris	Fire Chief, Middleton Fire District

OFFICIALS ISSUING REPORT

Bill Burns	Assistant Administrator/Finance Director
Diego Fernandez	Accountant/Budget Analyst

Officials as of December 31, 2022

City of Middleton Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Middleton
Wisconsin**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditors' Report

To the City Council of
City of Middleton

Opinions

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 Middleton (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections included in the annual comprehensive financial report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Baker Tilly US, LLP

Madison, Wisconsin
June 8, 2023

City of Middleton

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

This section of the City of Middleton's (City) annual financial statements provides the reader with management's narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, and (4) identify any changes in the City's financial plan (approved budget). The financial discussion and analysis presented in the section is intended to be used in conjunction with the accompanying financial statements.

Financial Highlights

- The assets and deferred outflows of the City of Middleton exceeded its liabilities and deferred inflows by \$185,768,844 (net position) as of December 31, 2022. Of this amount, \$136,543,811 represents the City's net investment in capital assets and \$43,999,339 is restricted for various purposes. The City's unrestricted net position is \$5,225,694.
- At the end of 2022, the City's governmental activities reported a negative balance in unrestricted net position of \$5,222,420. This is due in part to expenditures for project costs in Tax Increment Financing Districts (TIDs) #3 and #5. These costs include significant noncapitalized redevelopment expenditures, which will be recovered through future tax increments.
- In 2021 and 2022, the City received a total of \$2,096,930 in general federal American Rescue Plan funds. The City has allocated these funds for several projects to address the impact of the COVID-19 pandemic, enhance sustainability, and make stormwater improvements. These funds are accounted for in a special revenue fund. At the end of 2022, there was \$1,756,668 remaining in unexpended funds.
- At the end of the current fiscal year, the general fund had \$6,947,598 of unassigned fund balance which is equal to 28.0% of the subsequent year's budgeted general fund expenditures excluding transfers.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Middleton's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The City's basic financial statements include two government-wide financial statements, the Statement of Net Position and the Statement of Activities. These financial statements are designed to provide the reader with a broad overview of the City of Middleton's finances. Financial reporting at this level uses a perspective similar to that found in the private sector, utilizing full accrual accounting and the elimination or reclassification of internal activities.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City, as a whole, is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of the timing of related cash flows.

City of Middleton

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs from fees and charges. Governmental activities include general government, public safety, public works, health and human services, leisure activities, and conservation and development. Business-type activities include water, sewer, golf course, storm water utility, utility district, and airport funds.

The government-wide financial statements include not only funds of the City of Middleton (primary government), but also a legally separate Community Development Authority (component unit) for which the City of Middleton is financially accountable. Financial information for this component unit is presented in a discrete column in the financial statements. The Middleton Community Development Authority does not issue separate financial statements. See Note 1 of the Notes to Financial Statements for more information.

Fund Financial Statements

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 of Middleton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant (major) funds rather than the City as a whole. Major funds are separately reported while other funds are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of the report. All of the funds of the City of Middleton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus of fund financial statements is on the short-term use of spendable resources and balances of spendable resources available at the end of the year. Such information may be useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the focus of governmental funds is narrower than that of government-wide financial statements, comparisons of the information for governmental funds presented in the fund financial statements with similar information for governmental activities presented in the government-wide statements may provide insight into the long-term impact of short-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.

In 2022, the City of Middleton utilized twenty-one 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, Tax Increment Financing Districts #3 and #5 funds, and Capital Projects Fund, which are considered to be major funds. Data from the other sixteen nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Middleton adopts annual budgets for its various funds in accordance with state statutes. Budgetary comparison statements and schedules are included in the Required Supplementary Information section for the General Fund. Budgetary comparison statements and schedules for other funds are included in the Supplementary Information section.

City of Middleton

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

Proprietary funds

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two types of proprietary funds, enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Services are provided to customers external to the City. The proprietary fund financial statements provide separate information on the City's three major enterprise funds: Water Utility, Sewer Utility, and Pleasant View Golf Course. Individual fund information for the City's other enterprise funds is provided in the form of combining statements in a later section of this report.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City has one internal service fund for Risk Management Activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties other than the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support City programs. The City of Middleton maintains fiduciary funds to record the tax roll and collections for other taxing governmental agencies and for the Middleton Fire District. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the notes to the financial statements. A detailed budgetary comparison schedule for the General Fund is presented to demonstrate compliance with the budget.

Government-wide Financial Analysis

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

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole. At the close of 2022, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$185,768,844.

City of Middleton

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

General capital assets (e.g. land, construction in progress, land improvements, buildings, machinery, infrastructure, and equipment) for governmental activities of the City (less any outstanding debt to acquire those assets) equals \$82,234,041 or 68.3% of governmental net position. Including governmental and business-type activities, \$136,543,811 or 73.5% of total net position is represented by capital assets. The percentage of governmental activities net position represented by capital assets increased from 68.0% to 68.3% from 2021 to 2022. This increase is primarily due to land and right-of-way acquisition for a future park and the expansion and reconstruction of Pleasant View Road. For business-type activities there was a decrease from 84.1% to 83.2% primarily due to increases in the total net position of the Pleasant View Golf Course and Nonmajor Enterprise Funds.

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 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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position (\$43,999,339 or 23.7%) represents resources that are subject to external restrictions in how they may be used. This portion increased from the prior year due to the continued accumulation of resources in the City's TID activities to fund future project plan payments.

Financial Analysis of the City as a Whole

The City as a whole had a positive unrestricted net position of \$5,225,694 at the close of 2022. Included in this total is a negative unrestricted net position for governmental activities of \$5,222,420. The primary reason for the negative net position is the issuance of debt to finance noncapitalized improvements and development incentives in the City's TIDs that will be repaid through future tax increment collections. Business-type activities had a positive unrestricted net position of \$10,448,114 at the close of 2022.

City of Middleton

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The following table provides a summary of the City's net position:

Statement of Net Position
Years Ended December 31, 2022 and 2021
(Amounts expressed in thousands)

	Governmental		Business Type		Total Primary	
	Activities		Activities		Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 95,861	\$ 90,330	\$ 13,514	\$ 11,394	\$ 109,375	\$ 101,724
Capital assets	108,889	102,132	54,310	50,973	163,199	153,105
Total assets	<u>204,750</u>	<u>192,463</u>	<u>67,824</u>	<u>62,367</u>	<u>272,574</u>	<u>254,830</u>
Deferred outflows of resources	<u>13,022</u>	<u>8,772</u>	<u>1,084</u>	<u>734</u>	<u>14,105</u>	<u>9,506</u>
Current and other liabilities	5,956	4,901	1,234	937	7,190	5,839
Non-current liabilities	<u>42,439</u>	<u>44,025</u>	<u>564</u>	<u>599</u>	<u>43,003</u>	<u>44,623</u>
Total liabilities	<u>48,396</u>	<u>48,926</u>	<u>1,798</u>	<u>1,536</u>	<u>50,193</u>	<u>50,462</u>
Deferred inflows of resources	<u>48,894</u>	<u>42,770</u>	<u>1,823</u>	<u>947</u>	<u>50,717</u>	<u>43,717</u>
Net position:						
Net investment in capital assets	82,234	74,458	54,310	50,973	136,544	125,431
Restricted	43,471	40,826	528	412	43,999	41,238
Unrestricted	<u>(5,222)</u>	<u>(5,745)</u>	<u>10,448</u>	<u>9,233</u>	<u>5,226</u>	<u>3,487</u>
Total net position	<u>\$ 120,483</u>	<u>\$ 109,539</u>	<u>\$ 65,286</u>	<u>\$ 60,617</u>	<u>\$ 185,769</u>	<u>\$ 170,156</u>

City of Middleton

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Changes in Net Position

Net position of the City of Middleton increased by \$15,613,053 (9.2%) in 2022. Of this increase, 70.1% was from governmental activities and 29.9% was from business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$10,944,196. This increase was primarily a result of additional property tax collections for the City's TIDs in excess of TID expenditures.

Business-Type Activities

Business-type activities increased the City's net position by \$4,668,857. A significant portion of this increase is from \$1,804,432 in capital grants and contributions received for the City's water, stormwater, and airport funds.

The following table provides a summary of the changes in net position for the City of Middleton:

Change in Net Position
Years Ended December 31, 2022 and 2021
(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 4,238	\$ 3,475	\$ 11,544	\$ 11,134	\$ 15,782	\$ 14,610
Operating grants	1,855	1,438	-	-	1,855	1,438
Capital grants/ contributions	3,270	2,445	1,804	11	5,074	2,455
General Revenues:						
Property taxes, levied for general purposes	19,292	18,440	-	-	19,292	18,440
Property taxes, levied for tax increment districts	12,776	14,144	-	-	12,776	14,144
Room taxes	1,966	1,175	-	-	1,966	1,175
Intergovernmental, not for specific programs	2,382	2,544	-	-	2,382	2,544
Investments	(206)	434	(24)	59	(230)	493
Gain on sale of property	7	68	19	-	26	68
Miscellaneous	40	179	30	177	70	357
Total revenues	\$ 45,620	\$ 44,342	\$ 13,373	\$ 11,382	\$ 58,993	\$ 55,723

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	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Expenses:						
General government	\$ 2,968	\$ 3,051	\$ -	\$ -	\$ 2,968	\$ 3,051
Public safety	9,187	9,371	-	-	9,187	9,371
Public works	9,778	7,092	-	-	9,778	7,092
Health & human services	540	501	-	-	540	501
Leisure activities	4,237	4,094	-	-	4,237	4,094
Conservation/development	7,127	7,176	-	-	7,127	7,176
Interest on long-term debt	1,084	864	-	-	1,084	864
Water utility	-	-	2,050	2,195	2,050	2,195
Sewer utility	-	-	3,381	3,337	3,381	3,337
Pleasant View Golf Course	-	-	2,525	2,546	2,525	2,546
Nonmajor enterprise funds	-	-	504	373	504	373
Total expenses	<u>34,920</u>	<u>32,150</u>	<u>8,460</u>	<u>8,451</u>	<u>43,380</u>	<u>40,601</u>
Increase (decrease) in net position before transfers						
	10,700	12,192	4,913	2,931	15,613	15,122
Net Transfers	<u>244</u>	<u>(686)</u>	<u>(244)</u>	<u>686</u>	<u>-</u>	<u>-</u>
Change in net position	10,944	11,505	4,669	3,617	15,613	15,122
Net position-beginning	<u>109,539</u>	<u>98,033</u>	<u>60,617</u>	<u>57,000</u>	<u>170,156</u>	<u>155,033</u>
Net position-ending	<u>\$ 120,483</u>	<u>\$ 109,539</u>	<u>\$ 65,286</u>	<u>\$ 60,617</u>	<u>\$ 185,769</u>	<u>\$ 170,156</u>

Financial Analysis of the City's Funds

Fund Financial Analysis

As noted earlier, the City of Middleton uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Fund financial reporting focuses on short-term spendable resources and balances of spendable resources available at year-end.

Governmental Funds

As of December 31, 2022, the City's governmental funds had a combined ending fund balance of \$49,210,795. Of this balance, \$259,828 is nonspendable and \$39,058,098 is restricted. The remaining balance of \$9,892,869 includes \$4,022,584 assigned for specific purposes and \$5,870,285 that is unassigned.

City of Middleton

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General Fund

The General Fund is the primary operating fund of the City and supports the majority of day-to-day services provided by the City. The total fund balance of the General Fund as of December 31, 2022 is \$11,230,010 of which \$259,828 was nonspendable, \$4,022,584 was assigned, and \$6,947,598 was unassigned. The General Fund assigned fund balance consisted of the following items as of December 31, 2022:

- Compensated absences (sick accrual) \$2,393,861
- Public safety reserve (Fire) \$1,248,723
- Public safety reserve (EMS) \$380,000

The General Fund had an increase in fund balance of \$58,425. There were several items that contributed to this increase which are described below in the General Fund Budgetary highlights section.

Debt Service Fund

Debt Service fund balance as of December 31, 2022, totaled \$430,670, an increase of \$82,211. The City levied \$5,250,000 in property taxes for debt service in 2022. Principal and interest payments totaled \$5,816,939. The debt service fund also recognized \$334,970 for the issuance premium on the 2022 general obligation note issue and received transfers from the City's safety impact fee and economic development grant funds totaling \$315,000. Debt service payments for the City's TIDs were reported in the individual funds rather than the debt service fund.

TIF District No. 3

The fund balance for the TID #3 fund increased from \$27,405,285 to \$28,255,267 in 2022. This increase in fund balance due to continued strong tax increment revenues in excess of project expenditures and a reduction in debt service. Total revenues of the TID were \$11,708,266 including \$10,372,202 in tax increment collections. Total expenditures of the district were \$10,651,884 in 2022. This includes \$924,302 for administration and professional services, \$4,292,863 for economic development incentive payments, and \$5,256,219 for capital outlay. There were also debt service payments totaling \$178,500 in 2022 which fully paid the remaining debt issued by the TID.

TIF District No. 5

The fund balance for the TID #5 fund decreased by \$18,054 to a deficit of \$1,077,313 in 2022. This decrease was due to additional project costs and debt service payments. TID #5 revenues were \$2,492,181 in 2022 including \$2,403,551 in tax increment collections. Expenditures in 2022 included \$1,794,830 for administration and economic development and \$61,232 for capital outlay. There were also debt service payments totaling \$654,173 in 2022.

Capital Projects Funds

The total fund balance for the City's Capital Projects Fund was \$1,849,536 as of December 31, 2022. Capital improvement projects expenditures for 2022 totaled \$4,546,308. Major expenditures for the year included the following projects:

- Middleton Beach Road Reconstruction \$1,262,867
- Pheasant Branch Creek Trails & Bridges \$734,116
- Street Resurfacing Projects \$463,122
- North Mendota Trail East Segment \$384,528
- Street Surface Treatments \$227,971

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Proprietary Funds

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

General Fund Budgetary Highlights

The 2022 General Fund final budget included revenues of \$21,411,445 and other financing sources of \$515,000, for a total of \$21,926,445. Budgeted expenditures were \$21,521,161 with \$1,480,284 of other financing uses for a total of \$23,001,445. There was a budgeted deficit of \$1,075,000 with a planned use of fund balance.

Actual revenues and other financing sources were \$22,229,000 which was \$302,555 above budget. There was a positive variance of \$830,870 from expenditures and other financing uses with an actual amount of \$22,170,575. The combined variances of actuals to budget were a positive \$1,133,425. While the final budget included the planned use of \$1,075,000 of fund balance, the actual result was an increase in fund balance of \$58,425.

The overall result of the general fund was a gain of \$58,425. Some of the significant variances in the General Fund were as follows:

Revenues and Other Financing Sources

- Taxes were \$122,844 over budget primarily due to higher than anticipated room tax collections. Room tax collections were up 67.3% compared to 2021 as hotel stays continued to rebound following a sharp reduction during the beginning of the COVID-19 pandemic. The general fund portion of room tax collections was \$114,740 above the 2022 budget estimate.
- Intergovernmental revenues were \$70,408 over the final budget. The City received \$13,502 in law enforcement aid and \$29,405 in pandemic relief payments that were not budgeted. State shared revenues were \$26,569 higher than budget due to an adjustment in the utility aid calculation.
- Licenses and permits were \$195,255 over budget. An increase in building activity in 2022 contributed to combined revenues over budget of \$152,881 for building, electrical, and plumbing permits and plan review fees. Park reservation permit revenue was also \$22,382 higher than budgeted due in part to the opening of a reconstructed park shelter at Lakeview Park.
- Fines and forfeitures revenue increased 6.5% from 2021 but was still \$31,261 under budget as court activity has not yet returned to pre-pandemic levels.
- Public charges for services were \$255,468 above budget due primarily due to increased ambulance billing fees which exceeded budget projections by \$176,302. Additional run volume and higher Medicaid reimbursement rates contributed to the increase. Recreation program revenue was \$55,877 above budget as program participation increased compared to 2021.
- Interdepartmental charges were on budget with \$1,150,984 in revenue.
- Special assessments revenue was \$16,209 above budget due to additional assessable costs in the sidewalk replacement project.
- Interest rates increased significantly in the second half of 2022 which contributed to interest income that was \$358,935 higher than budget. However, the City booked a negative GAAP adjustment to fair market value of \$679,014 due to the decline in value of fixed rate investments. Net general fund investment income was under budget by \$320,079 in 2022.
- Miscellaneous revenues were \$38,376 above budget. This includes \$18,950 for the sale of an easement to ATC that was not budgeted and a \$7,000 incentive payment from the City's insurance carrier for cyber security enhancements.

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- Transfer in from other funds was \$64,181 under budget due to a lower than anticipated Payment in Lieu of Taxes (PILOT) calculation for the City's water utility as a result in a reduction in local property tax rates.
- Sale of city property included a gain of \$19,516 from the sale of miscellaneous equipment.

Expenditures and Other Financing Uses

- General government expenditures were \$436,475 under budget. The 2022 approved budget included an emergency contingency of \$500,000 which was not spent contributing to expenditures that were under budget. HRA account transfers for the payment of accrued sick leave for former employees were \$182,133 higher than budgeted due to an increase in retirements in 2022.
- Expenditures for public safety were \$303,625 lower than budgeted. Personnel savings from vacancies in the police department were offset by additional overtime costs resulting in expenditures \$5,686 over budget. Capital expenditures for the Middleton Fire District and the EMS department were under budget by \$195,630 and \$80,000, respectively. These amounts were added to assigned fund balance for public safety capital reserves.
- Public works expenditures were \$110,204 under budget. Lower expenditures for sidewalk maintenance contributed to the savings with costs \$53,349 under budget. There were additional savings in several other areas including engineering and administration, storm sewers, and fleet maintenance.
- Expenditures for health and human services (senior center) were under budget by \$28,816. There were savings in personnel costs due to vacancies from employee turnover.
- Leisure activities expenditures were \$95,060 over budget. Several public lands costs were higher than budgeted including supplies & materials, equipment maintenance, utilities and janitorial services.
- Expenditures for conservation and development were \$46,810 lower than budgeted due to savings in forestry and conservancy lands from reduced trail maintenance and invasive species control activities.
- Transfers out to other funds were on budget at \$1,480,284.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had invested \$136,543,811 in capital assets net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment and furniture, infrastructure, and construction in progress.

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City of Middleton Capital Assets (Net of Accumulated Depreciation) (Amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land & Right-of-Way	\$30,388	\$26,301	\$6,416	\$6,416	\$36,805	\$32,718
Buildings & improvements	24,700	24,783	12,621	11,148	37,321	35,931
Equipment & furnishings	4,490	4,886	747	527	5,238	5,413
<i>Streets</i>	29,274	28,164	-	-	29,274	28,164
<i>Storm Sewers</i>	5,711	5,908	-	-	5,711	5,908
<i>Traffic Signals</i>	623	691	-	-	623	691
<i>Sidewalks</i>	4,365	3,121	-	-	4,365	3,121
<i>Bridges</i>	2,317	2,401	-	-	2,317	2,401
<i>Fiber Optic</i>	84	86	-	-	84	86
<i>Rail Spur</i>	225	218	-	-	225	218
<i>Water Utility</i>	-	-	20,977	21,167	20,977	21,167
<i>Sewer Utility</i>	-	-	10,236	10,564	10,236	10,564
Infrastructure	42,600	40,588	31,213	31,731	73,814	72,319
Construction in Progress	6,711	5,574	3,312	1,151	10,023	6,725
Total capital assets	<u>\$108,889</u>	<u>\$102,132</u>	<u>\$54,310</u>	<u>\$50,973</u>	<u>\$163,199</u>	<u>\$153,105</u>

Governmental Activities

Total capital assets net of depreciation from governmental activities increased by \$6,756,860 in 2022. Major capital assets events during the current fiscal year included the following:

- \$3,156,973 for right-of-way acquired for the Pleasant View Road reconstruction project.
- \$2,050,466 for street infrastructure improvements for the Hubbard, Mayflower, Violet, and Orchid street reconstruction project and resurfacing projects.
- \$1,376,938 for sidewalk infrastructure for the Northeast Connector/North Mendota Trail project.
- \$929,943 for land purchased for future park development.
- \$1,136,957 for the net increase in construction in progress for work on various projects including the Stone Horse Green downtown plaza and Pleasant View Road reconstruction design.

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Business-Type Activities

Total capital assets net of depreciation from business-type activities increased by \$3,336,788. This includes additions for the water utility (\$1,128,958), sewer utility (\$57,531), and the Pleasant View Golf Course (\$50,404). Capital assets net of depreciation increased for the nonmajor enterprise funds by \$2,099,895. Major capital assets events during the current fiscal year included the following:

- \$1,319,142 in water utility construction in progress additions for hydrants, transmission mains and services replaced as part of the Middleton Beach Road reconstruction project.
- \$385,162 in sewer utility construction in progress additions for main, force main, and pump station equipment including work as part of the Middleton Beach Road reconstruction project.
- \$236,219 in asset additions for the Pleasant View Golf Course including replacement mowers and tractors.
- \$1,021,549 in nonmajor funds for the improvement of the runway, taxiway, and end lighting project at the Middleton airport, and \$1,918,965 for stormwater utility land improvements and construction in progress for work in the Pheasant Branch Creek corridor.

Additional information on the City of Middleton's capital assets can be found in Note 4.

Long-Term Debt

At the end of the current fiscal year, the City of Middleton had total general obligation debt outstanding of \$37,680,314 which is all backed by the full faith and credit of the city.

City of Middleton Outstanding Debt For the Years Ended December 31, 2022 and 2021 (Amounts expressed in thousands)

	Governmental activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds and notes	\$ 37,680	\$ 39,187	\$ -	\$ -	\$ 37,680	\$ 39,187
Revenue bonds	-	-	-	-	-	-
Total outstanding debt	<u>\$ 37,680</u>	<u>\$ 39,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,680</u>	<u>\$ 39,187</u>

State Statutes limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The debt limit for the City of Middleton as of December 31, 2022, is \$238,751,180 of which the City has utilized 15.8% for its current outstanding general obligation debt.

The City of Middleton's total outstanding debt decreased by \$1,507,128 (3.8%) during the current fiscal year. The City issued \$4,000,000 of new general obligation debt and made principal payments totaling \$5,507,128 in 2022. See Note 4. for detailed information on the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

The City of Middleton is located in Dane County, Wisconsin approximately six miles from downtown Madison, the state capital. Over the past ten years, the City has experienced significant growth in its population and total equalized value. The City maintains two active TIDs, several office and business parks, retail shopping areas, and nine hotels with over 1,100 hotel rooms.

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Key Economic Factors

- The City's equalized property valuation has increased from \$2.8 billion to \$4.8 billion over the past ten years, an increase of 72.8%. Middleton's equalized property value is the second highest in Dane County, behind only the City of Madison.
- Middleton's estimated population has increased from 18,146 to 23,031 between 2013 and 2022, an increase of 26.9%.
- Unemployment remains low in Dane County at 1.6% in 2022, below the State of Wisconsin rate of 2.3% and the national rate of 3.5%.
- Per capita adjusted gross income in the City of Middleton was \$65,451 in 2021. That is an increase of \$8,185 (14.3%) since 2012.
- The City maintains an Aa1 bond rating from Moody's Investors Service, based in part on the strong economic climate of the City.

American Rescue Plan Act Funds

The federal American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. ARPA includes direct assistance to all municipal governments in the United States. The City of Middleton's allocation is \$2,096,930. These funds must be obligated by December 31, 2024, with final payments made by December 31, 2026. At the end of 2022 the City had spent \$340,262 of the general ARPA with additional expenditures of \$1,357,691 budgeted in 2023.

Since the City's total allocation is under \$10 million, the City is eligible to use the standard allowance for revenue loss allowing all the funds to be used for any non-prohibited public purpose. Treasury Department guidelines specify that ARPA funds may not be used for deposits to pension funds, debt service, legal settlements, or deposits to rainy day funds or financial reserves.

2023 Approved Budget

The City of Middleton adopts operating budgets for its governmental funds (general, special revenue, debt service, and capital projects), enterprise funds (water, sewer, and stormwater utilities, golf course, airport, and special utility district), and internal service fund. The 2023 fiscal year General Fund budget includes \$24,103,771 in projected revenues and other financing sources and \$24,853,771 in projected expenditures and other financing uses. There is the planned use of assigned fund balance and surplus funds in the amount of \$750,000 for the City's emergency contingency, in needed, and the use of assigned fund balance for compensated absences activity.

Funding for the operating budget of the City is provided from many sources, including property taxes, room taxes, grants and aids from the state and county, user fees, permits and licenses, fines, and other miscellaneous revenues. Several revenue sources are sensitive to economic factors, in particular building permits, room taxes, and investment earnings. Building permit revenues have remained strong due to the strength of the local economy and continued construction activity. Room tax collections continued to increase during 2022 returning to pre-pandemic levels by the end of the year. Due to the rapid rise in interest rates in the second half of the year, the City reported a negative fair market adjustment resulting in a net loss for investment income. With higher yields, interest earnings are increasing and the City anticipates net positive investment income in 2023.

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In November 2022, Middleton voters approved a referendum for an ongoing \$770,000 increase in the property tax levy limit for staffing and personnel costs. Funding from this referendum supports the addition of two police officers, a public lands crewmember, and a communication manger in the 2023 budget. The budget also includes a 4.0% increase in cost-of-living wage adjustments for non-union employees in addition to market adjustments based on the position of employees within pay ranges. All eligible City employees are contributing toward the cost of the pension program through the Wisconsin Retirement System. Health insurance premiums increased by 5.9% in 2023.

Request for Financial Information

This financial report is designed to provide users with a general overview of the City of Middleton's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the Finance Department, City of Middleton 7426 Hubbard Avenue, Middleton, WI 53562.

City of Middleton

 Statement of Net Position
 December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 52,381,722	\$ 9,522,493	\$ 61,904,215	\$ 696,498
Receivables (net):				
Taxes	33,667,290	-	33,667,290	-
Special assessments	126,370	1,985,590	2,111,960	-
Accounts	1,189,613	1,800,619	2,990,232	-
Lease receivable	352,841	527,035	879,876	-
Loans	176,333	-	176,333	27,490
Accrued interest	142,525	-	142,525	-
Internal balances	1,213,987	(1,213,987)	-	-
Inventories	-	63,150	63,150	-
Prepaid items	230,675	-	230,675	-
Restricted assets:				
Net pension asset	6,379,844	528,259	6,908,103	-
Property held for future use	-	301,087	301,087	-
Capital assets:				
Land	7,261,191	6,416,264	13,677,455	154,000
Construction in progress	6,710,653	3,312,023	10,022,676	-
Right of way	23,127,067	-	23,127,067	-
Land improvements	10,276,326	5,178,028	15,454,354	-
Improvements other than buildings	-	7,810,722	7,810,722	-
Buildings and improvements	30,635,224	2,252,500	32,887,724	2,933,497
Machinery and equipment	11,376,203	1,620,963	12,997,166	-
Infrastructure	59,941,005	-	59,941,005	-
Plant in service	-	51,627,682	51,627,682	-
Less accumulated depreciation	(40,438,447)	(23,908,412)	(64,346,859)	(1,423,296)
Total assets	<u>204,750,422</u>	<u>67,824,016</u>	<u>272,574,438</u>	<u>2,388,189</u>
Deferred Outflows of Resources				
Unamortized loss on refunding	602,711	-	602,711	-
Pension related amounts	12,418,871	1,083,541	13,502,412	-
Total deferred outflows of resources	<u>13,021,582</u>	<u>1,083,541</u>	<u>14,105,123</u>	<u>-</u>
Liabilities				
Accounts payable	2,398,952	1,138,731	3,537,683	28,953
Other accrued liabilities	491,728	38,900	530,628	-
Accrued interest	358,505	-	358,505	-
Due to other governments	44,141	-	44,141	-
Deposits	906,101	-	906,101	-
Unearned revenue	1,756,668	56,461	1,813,129	-
Noncurrent liabilities:				
Due within one year	6,425,604	104,161	6,529,765	-
Due in more than one year	36,013,844	459,681	36,473,525	-
Total liabilities	<u>48,395,543</u>	<u>1,797,934</u>	<u>50,193,477</u>	<u>28,953</u>
Deferred Inflows of Resources				
Property taxes levied for next period	33,574,978	-	33,574,978	-
Pension related amounts	14,965,941	1,297,938	16,263,879	-
Lease related amounts	352,841	525,542	878,383	-
Total deferred inflows of resources	<u>48,893,760</u>	<u>1,823,480</u>	<u>50,717,240</u>	<u>-</u>
Net Position				
Net investment in capital assets	82,234,041	54,309,770	136,543,811	1,664,201
Restricted for:				
Community development	28,513,169	-	28,513,169	-
Library	1,128,687	-	1,128,687	-
Impact fees	3,074,371	-	3,074,371	-
Tourism	2,824,131	-	2,824,131	-
Senior center	160,109	-	160,109	-
Debt service	72,165	-	72,165	-
Pension	6,379,844	528,259	6,908,103	-
Subdividers' deposits	1,161,734	-	1,161,734	-
Public safety	126,724	-	126,724	-
Youth activities	30,146	-	30,146	-
Unrestricted	(5,222,420)	10,448,114	5,225,694	695,035
Total net position	<u>\$ 120,482,701</u>	<u>\$ 65,286,143</u>	<u>\$ 185,768,844</u>	<u>\$ 2,359,236</u>

See notes to financial statements

City of Middleton

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 2,967,980	\$ 593,110	\$ 750	\$ -	\$ (2,374,120)	\$ -	\$ (2,374,120)	\$ -
Public safety	9,186,711	2,508,628	222,164	4,813	(6,451,106)	-	(6,451,106)	-
Public works	9,777,726	361,821	55,316	1,641,809	(7,718,780)	-	(7,718,780)	-
Health and human services	539,545	43,246	127,875	-	(368,424)	-	(368,424)	-
Leisure activities	4,237,379	522,190	1,056,947	1,276,073	(1,382,169)	-	(1,382,169)	-
Conservation and economic development	7,126,867	209,088	391,806	347,030	(6,178,943)	-	(6,178,943)	-
Interest and fiscal charges	1,083,922	-	-	-	(1,083,922)	-	(1,083,922)	-
Total governmental activities	34,920,130	4,238,083	1,854,858	3,269,725	(25,557,464)	-	(25,557,464)	-
Business-type activities:								
Water utility	2,050,010	2,937,241	-	406,225	-	1,293,456	1,293,456	-
Sewer utility	3,380,873	3,362,816	-	-	-	(18,057)	(18,057)	-
Pleasant View golf course	2,525,298	3,858,472	-	-	-	1,333,174	1,333,174	-
Stormwater utility	347,823	875,684	-	132,688	-	660,549	660,549	-
Middleton utility district	-	370,955	-	-	-	370,955	370,955	-
Airport	155,944	138,620	-	1,265,519	-	1,248,195	1,248,195	-
Total business-type activities	8,459,948	11,543,788	-	1,804,432	-	4,888,272	4,888,272	-
Total primary government	\$ 43,380,078	\$ 15,781,871	\$ 1,854,858	\$ 5,074,157	(25,557,464)	4,888,272	(20,669,192)	-
Component Unit, Business-Type Activities								
Community Development Authority	\$ 175,574	\$ -	\$ -	\$ -	-	-	-	(175,574)
General Revenues								
Taxes:								
Property taxes, levied for general purposes					14,042,426	-	14,042,426	-
Property taxes, levied for debt service					5,250,000	-	5,250,000	-
Property taxes, levied for TIF purposes					12,775,753	-	12,775,753	-
Room taxes					1,965,800	-	1,965,800	-
Intergovernmental revenues not restricted to specific programs					2,381,855	-	2,381,855	78,033
Investment income (loss)					(205,906)	(23,923)	(229,829)	(1,939)
Gain on sale of capital assets					7,374	18,950	26,324	-
Miscellaneous					39,939	29,977	69,916	24,320
Transfers					244,419	(244,419)	-	-
Total general revenues and transfers					36,501,660	(219,415)	36,282,245	100,414
Change in net position					10,944,196	4,668,857	15,613,053	(75,160)
Net Position, Beginning					109,538,505	60,617,286	170,155,791	2,434,396
Net Position, Ending					\$ 120,482,701	\$ 65,286,143	\$ 185,768,844	\$ 2,359,236

See notes to financial statements

City of Middleton

Balance Sheet
 Governmental Funds
 December 31, 2022

	General	Debt Service	Capital Projects Funds		Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
			TIF District No. 3	TIF District No. 5			
Assets							
Cash and investments	\$ 11,826,084	\$ 432,095	\$ 25,425,452	\$ 992,488	\$ 1,998,664	\$ 11,319,756	\$ 51,994,539
Receivables (net):							
Taxes	15,229,474	5,475,000	9,963,593	3,049,303	-	-	33,717,370
Special assessments	11,444	-	64,846	-	-	-	76,290
Loans	-	-	-	-	-	176,333	176,333
Accrued interest	142,525	-	-	-	-	-	142,525
Other	446,955	-	6,180	-	350,762	323,741	1,127,638
Lease receivable	352,841	-	-	-	-	-	352,841
Prepaid items	230,675	-	-	-	-	-	230,675
Advances to other funds	-	-	3,348,999	-	-	-	3,348,999
Total assets	\$ 28,239,998	\$ 5,907,095	\$ 38,809,070	\$ 4,041,791	\$ 2,349,426	\$ 11,819,830	\$ 91,167,210
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ 983,053	\$ 1,425	\$ 525,364	\$ 20,802	\$ 499,890	\$ 368,418	\$ 2,398,952
Other accrued liabilities	401,324	-	-	-	-	90,404	491,728
Deposits	719	-	-	-	-	905,382	906,101
Due to other governmental units	44,141	-	-	-	-	-	44,141
Due to other funds	86,013	-	-	-	-	-	86,013
Unearned revenue	-	-	-	-	-	1,756,668	1,756,668
Advances from other funds	-	-	-	2,048,999	-	-	2,048,999
Total liabilities	1,515,250	1,425	525,364	2,069,801	499,890	3,120,872	7,732,602
Deferred inflows of resources:							
Property tax levied for next period	15,087,082	5,475,000	9,963,593	3,049,303	-	-	33,574,978
Lease related amounts	352,841	-	-	-	-	-	352,841
Unavailable revenue	54,815	-	64,846	-	-	176,333	295,994
Total deferred inflows of resources	15,494,738	5,475,000	10,028,439	3,049,303	-	176,333	34,223,813
Fund balances:							
Nonspendable:							
Noncurrent receivables	29,153	-	-	-	-	-	29,153
Prepaid items	230,675	-	-	-	-	-	230,675
Restricted	-	430,670	28,255,267	-	1,849,536	8,522,625	39,058,098
Assigned	4,022,584	-	-	-	-	-	4,022,584
Unassigned (deficit)	6,947,598	-	-	(1,077,313)	-	-	5,870,285
Total fund balances	11,230,010	430,670	28,255,267	(1,077,313)	1,849,536	8,522,625	49,210,795
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,239,998	\$ 5,907,095	\$ 38,809,070	\$ 4,041,791	\$ 2,349,426	\$ 11,819,830	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	108,889,222
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note 4.	295,994
Internal service funds are reported in the statement of net position as governmental funds.	449,158
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 2.	(42,195,242)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	6,379,844
Deferred outflows of resources relate to pensions do not relate to current financial resources and are not reported in the governmental funds.	12,418,871
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(14,965,941)
Net Position of Governmental Activities	\$ 120,482,701

See notes to financial statements

City of Middleton

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended December 31, 2022

	General	Debt Service	Capital Projects TIF District No. 3	Capital Projects TIF District No. 5	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 14,694,607	\$ 5,250,000	\$ 10,372,202	\$ 2,403,551	\$ -	\$ 1,376,060	\$ 34,096,420
Intergovernmental	2,494,398	-	1,057,728	87,254	432,333	1,810,013	5,881,726
Licenses and permits	1,173,167	-	-	1,000	-	115,351	1,289,518
Fines, forfeitures and penalties	223,739	-	-	-	-	-	223,739
Public charges for services	1,908,364	-	-	-	-	1,280,319	3,188,683
Interdepartmental charges for services	1,150,984	-	-	-	-	-	1,150,984
Special assessments	136,209	-	-	-	-	-	136,209
Investment income (loss)	(119,279)	(820)	(68,694)	(3,381)	-	(42,106)	(234,280)
Contributions	835	-	-	-	-	81,402	82,237
Miscellaneous	95,641	-	347,030	3,757	-	135,453	581,881
Total revenues	21,758,665	5,249,180	11,708,266	2,492,181	432,333	4,756,492	46,397,117
Expenditures							
Current:							
General government	3,393,207	-	924,302	-	-	152,759	4,470,268
Public safety	9,833,375	-	-	-	-	90,696	9,924,071
Public works	4,202,684	-	-	-	-	-	4,202,684
Health and human services	491,154	-	-	-	-	71,485	562,639
Leisure activities	1,784,125	-	-	-	-	2,501,401	4,285,526
Conservation and development	985,746	-	4,292,863	1,794,830	-	1,025,695	8,099,134
Capital outlay	-	-	5,256,219	61,232	4,546,308	1,575,250	11,439,009
Debt service:							
Principal retirement	-	4,777,128	175,000	555,000	-	-	5,507,128
Interest and fiscal charges	-	1,039,811	3,500	99,173	-	-	1,142,484
Total expenditures	20,690,291	5,816,939	10,651,884	2,510,235	4,546,308	5,417,286	49,632,943
Excess (deficiency) of revenues over expenditures	1,068,374	(567,759)	1,056,382	(18,054)	(4,113,975)	(660,794)	(3,235,826)
Other Financing Sources (Uses)							
Long-term debt issued	-	-	-	-	4,000,000	-	4,000,000
Premium on debt	-	334,970	-	-	-	-	334,970
Sale of capital assets	19,516	-	-	-	16,177	332	36,025
Transfers in	450,819	315,000	-	-	-	1,517,895	2,283,714
Transfers out	(1,480,284)	-	(206,400)	-	-	(352,611)	(2,039,295)
Total other financing sources (uses)	(1,009,949)	649,970	(206,400)	-	4,016,177	1,165,616	4,615,414
Net change in fund balance	58,425	82,211	849,982	(18,054)	(97,798)	504,822	1,379,588
Fund Balances (Deficit), Beginning	11,171,585	348,459	27,405,285	(1,059,259)	1,947,334	8,017,803	47,831,207
Fund Balances (Deficit), Ending	\$ 11,230,010	\$ 430,670	\$ 28,255,267	\$ (1,077,313)	\$ 1,849,536	\$ 8,522,625	\$ 49,210,795

See notes to financial statements

City of Middleton

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 1,379,588

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	11,439,009
Some items are reported as capital outlay but are not capitalized	(1,071,662)
Depreciation is reported in the government-wide statements	(3,601,117)
Net book value of assets retired	(9,370)

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.	(78,866)
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The internal service funds are used by management to charge the cost of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	(13,589)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	4,306,206
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(4,238,039)
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Debt and lease issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(4,000,000)
Debt retired	5,507,128
Landfill post-closure liability	10,368
Premium debt issued	(334,970)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	126,891
Amortization of loss on refunding	(56,497)
Amortization of debt premium	275,785
Accrued interest on debt	(160,726)
Net pension asset	1,464,057

Change in Net Position of Governmental Activities \$ 10,944,196

City of Middleton

 Statement of Net Position
 Proprietary Funds
 December 31, 2022

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise		
Assets and Deferred						
Outflows of Resources						
Current assets:						
Cash and investments	\$ 4,081,553	\$ 1,951,528	\$ 1,649,460	\$ 1,839,952	\$ 9,522,493	\$ 387,183
Accounts receivable	719,327	833,612	9,605	238,075	1,800,619	61,975
Lease receivable	41,334	-	-	21,992	63,326	-
Due from other funds	61,325	16,596	-	8,092	86,013	-
Inventories	-	-	63,150	-	63,150	-
Total current assets	4,903,539	2,801,736	1,722,215	2,108,111	11,535,601	449,158
Noncurrent assets:						
Restricted Assets:						
Net pension asset	149,981	149,981	228,297	-	528,259	-
Capital assets:						
Land	222,277	66,830	1,476,500	4,650,657	6,416,264	-
Construction in progress	1,319,142	385,162	70,597	1,537,122	3,312,023	-
Land improvements	-	-	-	5,178,028	5,178,028	-
Improvements other than buildings	-	-	7,810,722	-	7,810,722	-
Buildings and improvements	-	-	1,507,208	745,292	2,252,500	-
Machinery and equipment	-	-	1,186,255	434,708	1,620,963	-
Plant in service	34,129,359	17,498,323	-	-	51,627,682	-
Accumulated depreciation	(13,152,341)	(7,261,888)	(1,854,702)	(1,639,481)	(23,908,412)	-
Other assets:						
Lease receivable	93,841	-	-	369,868	463,709	-
Special assessments	-	1,985,590	-	-	1,985,590	-
Property held for future use	301,087	-	-	-	301,087	-
Total noncurrent assets	23,063,346	12,823,998	10,424,877	11,276,194	57,588,415	-
Total assets	27,966,885	15,625,734	12,147,092	13,384,305	69,124,016	449,158
Deferred outflows of resources:						
Pension related amounts	351,292	253,727	478,522	-	1,083,541	-
Total deferred outflows of resources	351,292	253,727	478,522	-	1,083,541	-
Total assets and deferred outflows of resources	\$ 28,318,177	\$ 15,879,461	\$ 12,625,614	\$ 13,384,305	\$ 70,207,557	\$ 449,158
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities:						
Accounts payable	\$ 35,801	\$ 640,800	\$ 95,366	\$ 366,764	\$ 1,138,731	\$ -
Other accrued liabilities	12,272	7,203	19,425	-	38,900	-
Compensated absences	40,896	19,932	43,333	-	104,161	-
Unearned revenue	-	-	-	56,461	56,461	-
Current portion of advances from other funds	-	-	400,000	-	400,000	-
Total current liabilities	88,969	667,935	558,124	423,225	1,738,253	-
Noncurrent liabilities:						
Compensated absences	204,487	108,170	147,024	-	459,681	-
Advances from other funds	-	-	900,000	-	900,000	-
Total noncurrent liabilities	204,487	108,170	1,047,024	-	1,359,681	-
Total liabilities	293,456	776,105	1,605,148	423,225	3,097,934	-
Deferred inflows of resources:						
Pension related amounts	442,620	297,332	557,986	-	1,297,938	-
Lease related amounts	134,372	-	-	391,170	525,542	-
Total deferred inflows of resources	576,992	297,332	557,986	391,170	1,823,480	-
Net position:						
Net investment in capital assets	22,518,437	10,688,427	10,196,580	10,906,326	54,309,770	-
Restricted for pension	149,981	149,981	228,297	-	528,259	-
Unrestricted (deficit)	4,779,311	3,967,616	37,603	1,663,584	10,448,114	449,158
Total net position	27,447,729	14,806,024	10,462,480	12,569,910	65,286,143	449,158
Total liabilities, deferred inflows of resources and net position	\$ 28,318,177	\$ 15,879,461	\$ 12,625,614	\$ 13,384,305	\$ 70,207,557	\$ 449,158

See notes to financial statements

City of Middleton

 Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise		
Operating Revenues						
Charges for services	\$ 2,803,770	\$ 3,360,491	\$ 3,858,472	\$ 1,014,304	\$ 11,037,037	\$ 393,450
Special assessments	-	-	-	370,955	370,955	-
Miscellaneous operating income	133,471	2,325	-	-	135,796	-
Total operating revenues	2,937,241	3,362,816	3,858,472	1,385,259	11,543,788	393,450
Operating Expenses						
Operations and maintenance	1,357,371	3,003,720	2,339,483	203,468	6,904,042	604,082
Depreciation	692,639	377,153	185,815	300,299	1,555,906	-
Total operating expenses	2,050,010	3,380,873	2,525,298	503,767	8,459,948	604,082
Operating income (loss)	887,231	(18,057)	1,333,174	881,492	3,083,840	(210,632)
Nonoperating Revenues						
Investment income (loss)	(11,660)	(5,716)	(4,615)	(1,932)	(23,923)	74,786
Miscellaneous nonoperating income	21,572	-	-	8,405	29,977	122,257
Gain on sale of capital assets	-	-	18,950	-	18,950	-
Total nonoperating revenues	9,912	(5,716)	14,335	6,473	25,004	197,043
Income before contributions and transfers	897,143	(23,773)	1,347,509	887,965	3,108,844	(13,589)
Contributions and Transfers						
Capital contributions	406,225	-	-	1,398,207	1,804,432	-
Transfers in	14,666	-	206,400	-	221,066	-
Transfers (out)	-	(14,666)	-	-	(14,666)	-
Transfers (out), tax equivalent	(450,819)	-	-	-	(450,819)	-
Change in net position	867,215	(38,439)	1,553,909	2,286,172	4,668,857	(13,589)
Total Net Position, Beginning	26,580,514	14,844,463	8,908,571	10,283,738	60,617,286	462,747
Total Net Position, Ending	\$ 27,447,729	\$ 14,806,024	\$ 10,462,480	\$ 12,569,910	\$ 65,286,143	\$ 449,158

See notes to financial statements

City of Middleton

 Statement of Cash Flows -
 Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise Funds		
Cash Flows From Operating Activities						
Received from customers	\$ 2,953,064	\$ 3,373,248	\$ 3,852,307	\$ 1,413,311	\$ 11,591,930	\$ 460,397
Paid to suppliers for good and services	(883,718)	(2,706,379)	(1,393,960)	(204,903)	(5,188,960)	(610,751)
Paid to employees	(530,234)	(279,451)	(990,594)	-	(1,800,279)	-
Net cash flows from operating activities	<u>1,539,112</u>	<u>387,418</u>	<u>1,467,753</u>	<u>1,208,408</u>	<u>4,602,691</u>	<u>(150,354)</u>
Cash Flows From Noncapital Financing Activities						
Advances for cash deficits	-	-	(844,290)	-	(844,290)	-
Paid to municipality for tax equivalent	(450,819)	-	-	-	(450,819)	-
Transfers in (out)	14,666	(14,666)	206,400	-	206,400	-
Net cash flows from noncapital financing activities	<u>(436,153)</u>	<u>(14,666)</u>	<u>(637,890)</u>	<u>-</u>	<u>(1,088,709)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities						
Acquisition of and construction of capital assets	(2,006,609)	(393,234)	(217,269)	(865,035)	(3,482,147)	-
Capital contributions	406,225	-	-	197,687	603,912	-
Net cash flows from capital and related financing activities	<u>(1,600,384)</u>	<u>(393,234)</u>	<u>(217,269)</u>	<u>(667,348)</u>	<u>(2,878,235)</u>	<u>-</u>
Cash Flows From Investing Activities						
Investment income (loss)	(11,660)	(5,716)	(4,615)	(7,112)	(29,103)	74,786
Net cash flows from investing activities	<u>(11,660)</u>	<u>(5,716)</u>	<u>(4,615)</u>	<u>(7,112)</u>	<u>(29,103)</u>	<u>74,786</u>
Net increase (decrease) in cash and cash equivalents	(509,085)	(26,198)	607,979	533,948	606,644	(75,568)
Cash and Cash Equivalents, Beginning	<u>4,590,638</u>	<u>1,977,726</u>	<u>1,041,481</u>	<u>1,306,004</u>	<u>8,915,849</u>	<u>462,751</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,081,553</u>	<u>\$ 1,951,528</u>	<u>\$ 1,649,460</u>	<u>\$ 1,839,952</u>	<u>\$ 9,522,493</u>	<u>\$ 387,183</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities						
Operating income (loss)	\$ 887,231	\$ (18,057)	\$ 1,333,174	\$ 881,492	\$ 3,083,840	\$ (210,632)
Adjustments to reconcile operating income (loss) to net cash provided from operating activities:						
Nonoperating income	21,571	-	-	8,405	29,976	122,257
Depreciation expense	692,639	377,153	185,815	300,299	1,555,906	-
Depreciation charged to clearing and other utilities	41,450	(41,450)	-	-	-	-
Changes in assets, liabilities and deferred inflows and outflows:						
Materials and supplies	-	-	(13,897)	-	(13,897)	-
Accounts receivable	(66,419)	52,174	-	(7,160)	(21,405)	(55,310)
Other accounts receivable	18,530	-	(6,165)	-	12,365	-
Lease receivable	(135,175)	-	-	(391,860)	(527,035)	-
Due from other funds	1,493	(292)	-	1,142	2,343	-
Accounts payable	(28,337)	60,810	50,196	(1,435)	81,234	(6,669)
Compensated absences	3,875	(6,884)	(31,908)	-	(34,917)	-
Other current liabilities	1,234	(2,686)	(534)	-	(1,986)	-
Unearned revenues	-	-	-	26,355	26,355	-
Lease related deferred inflow of resources	134,372	-	-	391,170	525,542	-
Pension related deferrals and liabilities	(33,352)	(33,350)	(48,928)	-	(115,630)	-
Net cash flows from operating activities	<u>\$ 1,539,112</u>	<u>\$ 387,418</u>	<u>\$ 1,467,753</u>	<u>\$ 1,208,408</u>	<u>\$ 4,602,691</u>	<u>\$ (150,354)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds						
Cash and investments	<u>\$ 4,081,553</u>	<u>\$ 1,951,528</u>	<u>\$ 1,649,460</u>	<u>\$ 1,839,952</u>	<u>\$ 9,522,493</u>	<u>\$ 387,183</u>
Noncash Investing, Capital and Financing Activities						
Capital contributions from state	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,520</u>	<u>\$ 1,200,520</u>	<u>\$ -</u>

See notes to financial statements

City of Middleton

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Custodial Funds
Assets	
Cash and investments	\$ 21,247,270
Taxes receivable	<u>28,969,909</u>
Total assets	<u>50,217,179</u>
Liabilities	
Accounts payable	41,219
Accrued liabilities	56,704
Due to other governmental units	<u>49,792,534</u>
Total liabilities	<u>49,890,457</u>
Net Position	
Restricted	<u><u>\$ 326,722</u></u>

See notes to financial statements

City of Middleton

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2022

	Custodial Funds
Additions	
Property taxes collected for other governments	\$ 33,202,925
Contributions	1,593,050
Miscellaneous	68,089
	<hr/>
Total additions	34,864,064
	<hr/>
Deductions	
Property taxes distributed to other governments	33,202,925
Public fire protection	1,602,540
	<hr/>
Total deductions	34,805,465
	<hr/>
Change in fiduciary net position	58,599
	<hr/>
Total Net Position, Beginning	268,123
	<hr/>
Total Net Position, Ending	<u>\$ 326,722</u>

See notes to financial statements

City of Middleton

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December 31, 2022

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City of Middleton

Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the City of Middleton, Wisconsin (City) 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).

Reporting Entity

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

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

Discretely Presented Component Unit

Middleton Community Development Authority

The government-wide financial statements include the Middleton Community Development Authority (Authority) as a component unit. The Authority is a legally separate organization. The board of the Authority is appointed by the mayor of Middleton. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the Authority and also create a potential financial benefit to or burden on the City. See Note 4. As a component unit, the 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, 2022. Separate financial statements of the Middleton Community Development Authority are not issued.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, Leases. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022 for lessor-type leases. The applicable lessee-type leases were not material to the financial statements.

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

Fund Financial Statements

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

Funds are organized as major funds or nonmajor funds within the governmental, proprietary and fiduciary 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 fund 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.

City of Middleton

Notes to Financial Statements
December 31, 2022

Separate financial statements are provided for governmental funds, proprietary funds and custodial 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 and enterprise funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt, other than TIF or enterprise fund debt.

Capital Projects Funds

Capital Projects Fund accounts for proceeds from long-term borrowing and other resources to be used for the acquisition or construction of capital assets.

Tax Incremental Financing District (TIF) No. 3 Capital Projects Fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

Tax Incremental Financing District (TIF) No. 5 Capital Projects Fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system.

Sewer Utility accounts for operations of the sewer system.

Pleasant View Golf Course accounts for operations of the Pleasant View Golf Course.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

Special Revenue Funds are 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).

Subdividers' Deposits	Economic Development Grant
Lost and Damaged Books	Tourism Commission
Library Gift	Police Activities
SCLS Foundation	EMS Activities
Library Endowment	Public Land Activities
Next Chapter	Youth Center Activities
Library Fund	Senior Center Activities
Safety Impact Fee and Other	American Rescue Plan

City of Middleton

Notes to Financial Statements
December 31, 2022

Stormwater Utility

Stormwater Utility is used to account for the operations of the stormwater system.

Middleton Utility District

Middleton Utility District is used to account for the operations of the utility district.

Airport

Airport is used to account for the operations of the municipal airport.

In addition, the City reports the following fund types:

Internal Service Fund

Internal Service Fund is used to record risk management expenditures for the purchase of liability, workers compensation, property and related insurance as well as to report claims activity. Costs will be charged to other City funds based on an allocation of insurance premiums and claims costs.

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Roll Fund is used to account for the amount of tax collections and disbursements by the City on behalf of the City's overlying districts.

Fire District Fund is used to account for comprehensive fire related services to the City of Middleton, the Town of Middleton, the Town of Westport and the Town of Springfield. Each entity contributes a pro rata population based contribution to the District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The water utility records an annual payment in lieu of taxes (PILOT) expense based on the value of its plant and the current assessment ratio and local and school portion of the mill rate. Municipal utilities are exempt from federal and state income taxes. Taxes include the employer's share of social security and Medicare, PSCW remainder assessment and tax equivalent.

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, sewer, Pleasant View golf course, stormwater utility district and airport funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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 state statutes. Available investments are limited to:

Time deposits in any credit union, bank, savings bank or trust company.

- a. 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.
- b. Bonds or securities issued or guaranteed by the federal government.
- c. The local government investment pool.
- d. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures. Additional restrictions may arise from local charters, ordinances, resolutions and grant regulations.

The City believes it is in compliance with all restrictions.

As described in Note 4, the City is exposed to the following deposit and investment risks: custodial credit risk (deposits and investments), credit risk, interest rate risk and concentration of credit risk.

The City's investment policy addresses each of these risks in the following manner:

Custodial Credit Risk - The risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits that are in possession of an outside party. The City will seek to collateralize certificates of deposit or any other time deposit in an amount equal to 100% of the investment less the amount insured by the FDIC or guaranteed by the State of Wisconsin with appropriate collateral instruments. Marketable securities will be held in the City's name by a third-party custodian.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. To minimize credit risk, investments are limited to government agencies, the highest rated commercial paper, AAA rated money market funds, state and local government obligations and certifications of deposit.

Interest Rate Risk - The risk that changes in interest rates will adversely affect the fair market value of an investment resulting in losses if the investment was liquidated prior to maturity. The investment portfolio may be laddered with staggered maturities to meet cash flow needs and to allow the opportunity for reinvestment. Staggered investment maturities maximize liquidity to meet ongoing operations and also allow the opportunity for reinvestment. Continual reinvestment allows City funds to ride the yield curve, minimizing interest rate risk for any given period. Investments should be held to maturity eliminating losses and risk from early liquidations.

Concentration of Credit Risk - The risk of loss attributable to the magnitude of the City's investment in a single issuer. City policy is to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss and balance sheet effect of interest rate changes affecting different types of securities. Investments will be diversified by limiting investments to avoid over-concentration in securities from a specific issuer or business sector.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. 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 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, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. At December 31, 2022, the City's share of the WISC's assets was substantially equal to the amount reported in these statements.

City of Middleton

Notes to Financial Statements

December 31, 2022

The Madison Community and Southern Central Library System Foundations (the Foundations) are community endowment funds. The Foundations are not registered with the Securities and Exchange Commission. They constitute a contractual agreement between the City and the Foundations with respect to investment of City assets. The Foundations reports the fair value of its underlying assets annually. At December 31, 2022, the fair value of each Foundation's assets were substantially equal to the City's share as reported in Note 4.

See Note 4. for further information.

Receivables

Property Taxes

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 county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

Uncollectible Accounts

Accounts and loans 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 utility accounts receivable has been made for the water, sewer and stormwater 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.

Interfund Transactions

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 government-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, committed or assigned fund balance account, if the funds will ultimately be restricted, committed or assigned when the advance is repaid.

Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Proprietary fund inventories are generally used for construction and for operation and maintenance work, but also consist of merchandise held for resale at the Pleasant View Golf Course. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used. Year-end inventory was not material.

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 using the consumption method.

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.

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 \$25,000 for infrastructure assets and an estimated useful life in excess of one year. Capital assets are generally defined by the utilities as assets with an initial, individual cost of more than \$1,000 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, donated works of art and similar items and capital assets received in a service concession arrangement are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. 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.

City of Middleton

Notes to Financial Statements

December 31, 2022

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 of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings	40
Land improvements	30
Machinery and equipment	3-15
Infrastructure	20-50
Water plant:	
Source of supply	34
Pumping	22-31
Water treatment	22-30
Transmission and distribution	18-77
General	4-17
Sewer plant:	
Collecting system	30-77
Collecting system pumping	20-40
General	7-40

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 as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of the debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Basis for Existing Rates - Proprietary Funds

Water Utility

In January 2022, the Public Service Commission approved new water rates which became effective on March 15, 2022.

Sanitary Sewer

Current wastewater rates were approved by the Common Council on November 15, 2022 and became effective December 15, 2022.

Stormwater Utility

Current stormwater rates were approved by the Common Council and effective April 1, 2019.

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 or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, a landfill post-closure liability and accrued compensated absences. Other postemployment benefits were determined to not be material to the financial statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

The City has approved the issuance of industrial development revenue bonds (IDRB) for the benefit of private business enterprises. IDRBS 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. The total amount of IDRBS outstanding at the end of the year is \$4,558,924, made up of two issuances.

Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government. The City does not have a policy for lease receivables.

Claims and Judgements

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

Deferred Inflows of Resources

A deferred inflow of resources represent an acquisition of net assets that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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 the 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 definition 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 balances are displayed as follows:

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

City of Middleton

Notes to Financial Statements
December 31, 2022

- 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 Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has, by resolution, adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. The assignment of General Fund balances shall be reviewed and confirmed annually by the Finance Committee and City Council. 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 has established a fund balance policy for the General Fund to maintain an unassigned fund balance of between two and four months of operating expenditures, defined as 16.7% to 33.3% of subsequent year General Fund budgeted expenditures, excluding transfers for debt service and one-time transfers to other funds. At December 31, 2022, the General Fund maintained \$6,947,598 or 28% of the subsequent year's budgeted expenditures excluding transfers.

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 4 for further information.

Pension

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

City of Middleton

Notes to Financial Statements
December 31, 2022

2. Reconciliation of Government-Wide and Fund Financial Statements

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. One element of that reconciliation explains that "some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$42,195,242 difference in liabilities are as follows:

Bonds and notes payable	\$ 37,680,314
Landfill post-closure liability	363,597
Compensated absences	3,058,020
Accrued interest	358,505
Unamortized debt premiums	1,337,517
Unamortized loss on refunding	<u>(602,711)</u>
Net adjustment to reduce fund balance, total governmental funds to arrive at net position, governmental activities	<u>\$ 42,195,242</u>

3. Stewardship, Compliance and Accountability

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 1. A budget has been adopted for all of the funds other than the SCLS Foundation and the Economic Development Grant special revenue funds. Wisconsin Statute Section 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The City Administrator may authorize transfers of budgeted amounts between departments up to \$1,000. Transfers exceeding \$1,000 between departments and changes in the overall budget must be approved by a two-thirds vote of the City Council. Appropriations lapse at year-end unless specifically carried over.

Excess Expenditures and Other Financing Uses Over Appropriations

The following individual funds had an excess of expenditures and other financing uses over appropriations at the legal level of budgetary control for the year ended December 31, 2022.

	<u>Excess</u>
Debt service	\$ 145,392
Library Gift	23,036
Next Chapter Project	46,089
Police activities	14,835
Public Land Activities	1,070,528
Senior Center Activities	46,485

The legal level of budget control is at the department level in the General Fund and total expenditures in all other funds. The City controls expenditures at the department level for management purposes. The detail of those items can be found in the City's year-end budget to actual report.

City of Middleton

Notes to Financial Statements
December 31, 2022

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 5	\$ 1,077,313	Expenditures exceeding funding

The TIF District deficit is anticipated to be funded with future incremental taxes levied over the life of the district, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created 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.

Limitations on the City's Tax Levy

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to net new construction or 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

City of Middleton

Notes to Financial Statements
December 31, 2022

4. Detailed Notes on All Funds

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The City's cash and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risk</u>
Deposits and cash on hand	\$ 46,149,697	\$ 47,257,489	Custodial credit
Certificates of deposit (negotiable)	6,148,123	6,148,123	Custodial credit, credit, interest rate, concentration of credit
State and local bonds	1,125,012	1,125,012	Custodial credit, credit, interest rate, concentration of credit
U.S. agencies implicitly guaranteed	16,113,160	16,113,160	Custodial credit, credit, interest rate, concentration of credit
U.S. treasuries	3,874,780	3,874,780	Custodial credit, interest rate
External investment pools	426,451	426,451	Credit
LGIP	9,310,094	9,310,094	Credit, interest rate
Wisconsin Investment Services: Cooperative Investment Pool (WISC)	4,168	4,168	Credit
Total cash and investments	<u>\$ 83,151,485</u>	<u>\$ 84,259,277</u>	
Reconciliation to financial statements:			
Per statement of net position			
Unrestricted cash and investments	\$ 61,904,215		
Per statement of fiduciary net position, Fiduciary Funds	<u>21,247,270</u>		
Total cash and investments	<u>\$ 83,151,485</u>		

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

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

The City's library had \$371,362 and 55,089 in endowment funds at the Madison Community Foundation and South Central Library System Foundation, respectively, which are pooled with all other investments of the Foundations. The City, at its discretion, has the ability to transact with the Foundations for deposit and withdrawal of funds.

City of Middleton

Notes to Financial Statements
December 31, 2022

As of December 31, 2022, the City maintains letters of credit in the amount of \$14,000,000.

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

Investment Type	December 31, 2022			Total
	Level 1	Level 2	Level 3	
U.S. treasuries	\$ 3,874,780	\$ -	\$ -	\$ 3,874,780
State and local bonds	-	1,125,012	-	1,125,012
U.S. agencies implicitly guaranteed	-	16,113,160	-	16,113,160
Certificates of deposit (negotiable)	-	6,148,123	-	6,148,123
Total	\$ 3,874,780	\$ 23,386,295	\$ -	\$ 27,261,075

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

Investment Type	Valuation Method
U.S. treasuries	Value by a pricing service that uses matrix pricing or a yield of a similar investment type
State and local bonds	Value by a pricing service that uses matrix pricing or a yield of a similar investment type
U.S. agencies, implicitly guaranteed	Value by a pricing service that uses matrix pricing or a yield of a similar investment type
Certificates of deposit (negotiable)	Value by a pricing service that uses matrix pricing or a yield of a similar investment type

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.

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

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.

The City does not have any investments exposed to custodial credit risk.

City of Middleton

Notes to Financial Statements
December 31, 2022

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, 2022, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
U.S. Agencies Implicitly Guaranteed	AA+	Aaa
State and Local Bonds	AA, AA-	Aa1, Aa2, Aa3
Wisconsin Investment Series Cooperative Investment Pool (WISC)	AAAm	

The City also had investments which are not rated:

LGIP
Madison Community Foundation
Certificates of Deposit (negotiable)

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, 2022, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>
U.S. agencies implicitly guaranteed	\$ 16,113,160	\$ -	\$ 16,113,160
U.S. treasuries	3,874,780	1,946,960	1,927,820
Certificates of deposit (negotiable)	6,148,123	1,707,275	4,440,848
State and local bonds	1,125,012	301,074	823,938
Total	<u>\$ 27,261,075</u>	<u>\$ 3,955,309</u>	<u>\$ 23,305,766</u>

As of December 31, 2022, the LGIP investments have an average maturity of 15 days.

Concentration of Credit Risk

Concentration of credit risk is the risk that the City has a high percentage of its investments invested in one type of investment. At December 31, 2022, of the City's total portfolio, 15.9% was invested in a Federal Farm Credit Banks government issue and 25.1% was invested in a Federal Home Loan Bank government issue.

City of Middleton

Notes to Financial Statements
December 31, 2022

Receivables

All receivable balances are expected to be collected within one year with the exception of, \$97,734 in special assessments, \$29,153 of delinquent personal property taxes, \$176,333 in loan receivables and \$316,385 in lease receivables.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ -	\$ 33,574,978
Special assessments/special charges not yet due	119,661	-
Loan receivable	176,333	-
Lease receivable	-	352,841
American Rescue Plan Act grant	-	1,756,668
	<hr/>	<hr/>
Total unavailable/unearned revenue for governmental funds	<u>\$ 295,994</u>	<u>\$ 35,684,487</u>
Unearned revenue included in liabilities		\$ 1,756,668
Unearned revenue included in deferred inflows		33,574,978
Unearned revenue related to leases		<u>352,841</u>
Total unearned revenue for governmental funds		<u>\$ 35,684,487</u>

City of Middleton

Notes to Financial Statements
December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022 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	\$ 6,331,248	\$ 929,943	\$ -	\$ 7,261,191
Right-of-ways	19,970,094	3,156,973	-	23,127,067
Construction in progress	5,573,795	8,108,931	6,972,073	6,710,653
	<u>31,875,137</u>	<u>12,195,847</u>	<u>6,972,073</u>	<u>37,098,911</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements	9,770,509	505,817	-	10,276,326
Buildings	30,072,752	562,472	-	30,635,224
Machinery and equipment	10,894,775	614,445	133,017	11,376,203
Streets, infrastructure	36,148,810	2,050,466	600,812	37,598,464
Storm sewers, infrastructure	9,831,261	-	-	9,831,261
Traffic signals, infrastructure	1,922,579	9,680	-	1,932,259
Sidewalks, infrastructure	5,244,410	1,376,938	-	6,621,348
Bridges, infrastructure	3,355,742	-	-	3,355,742
Fiber optic, infrastructure	96,013	-	-	96,013
Rail spur, infrastructure	482,163	23,755	-	505,918
	<u>107,819,014</u>	<u>5,143,573</u>	<u>733,829</u>	<u>112,228,758</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Land improvements	(5,948,857)	(366,979)	-	(6,315,836)
Buildings	(9,111,210)	(784,623)	-	(9,895,833)
Machinery and equipment	(6,008,952)	(1,000,533)	123,647	(6,885,838)
Streets, infrastructure	(7,985,107)	(939,962)	600,812	(8,324,257)
Storm sewers, infrastructure	(3,923,545)	(196,625)	-	(4,120,170)
Traffic signals, infrastructure	(1,231,588)	(77,290)	-	(1,308,878)
Sidewalks, infrastructure	(2,123,581)	(132,427)	-	(2,256,008)
Bridges, infrastructure	(955,037)	(83,894)	-	(1,038,931)
Fiber optic, infrastructure	(10,233)	(1,920)	-	(12,153)
Rail spur, infrastructure	(263,679)	(16,864)	-	(280,543)
	<u>(37,561,789)</u>	<u>(3,601,117)</u>	<u>724,459</u>	<u>(40,438,447)</u>
Total accumulated depreciation				
Capital assets being depreciated, net of depreciation	<u>70,257,225</u>	<u>1,542,456</u>	<u>9,370</u>	<u>71,790,311</u>
Total capital assets, net of depreciation	<u>\$ 102,132,362</u>	<u>\$ 13,738,303</u>	<u>\$ 6,981,443</u>	<u>\$ 108,889,222</u>

City of Middleton

Notes to Financial Statements

December 31, 2022

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 146,159
Public safety	660,944
Public works	1,999,375
Conservation and economic development	163,418
Leisure activities	631,221
	<u>3,601,117</u>

Total governmental activities depreciation expense \$ 3,601,117

Business-Type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water Utility</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 222,277	\$ -	\$ -	\$ 222,277
Construction in progress	-	1,319,142	-	1,319,142
	<u>222,277</u>	<u>1,319,142</u>	<u>-</u>	<u>1,541,419</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Source of supply	781,509	-	-	781,509
Pumping	2,788,464	-	-	2,788,464
Treatment	343,242	-	-	343,242
Transmission and distribution	27,347,904	494,813	39,806	27,802,911
Administrative and general assets	2,399,086	49,092	34,945	2,413,233
	<u>33,660,205</u>	<u>543,905</u>	<u>74,751</u>	<u>34,129,359</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Source of supply	(571,885)	(22,664)	-	(594,549)
Pumping	(2,202,588)	(110,185)	-	(2,312,773)
Treatment	(343,242)	-	-	(343,242)
Transmission and distribution	(8,139,782)	(490,970)	39,806	(8,590,946)
Administrative and general assets	(1,235,506)	(110,270)	34,945	(1,310,831)
	<u>(12,493,003)</u>	<u>(734,089)</u>	<u>74,751</u>	<u>(13,152,341)</u>
Total accumulated depreciation				
Capital assets being depreciated, net of depreciation	<u>21,167,202</u>	<u>(190,184)</u>	<u>-</u>	<u>20,977,018</u>
Total capital assets, net of depreciation	<u>\$ 21,389,479</u>	<u>\$ 1,128,958</u>	<u>\$ -</u>	<u>\$ 22,518,437</u>

City of Middleton

Notes to Financial Statements
December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer Utility</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 66,830	\$ -	\$ -	\$ 66,830
Construction in progress	-	385,162	-	385,162
Total capital assets not being depreciated	66,830	385,162	-	451,992
Capital assets being depreciated:				
Collection system	14,731,148	-	8,372	14,722,776
Collection system pumping	1,726,367	-	-	1,726,367
Administrative and general assets	1,041,108	8,072	-	1,049,180
Total capital assets being depreciated	17,498,623	8,072	8,372	17,498,323
Less accumulated depreciation	(6,934,557)	(335,703)	8,372	(7,261,888)
Capital assets being depreciated, net of depreciation	10,564,066	(327,631)	-	10,236,435
Total capital assets, net of depreciation	\$ 10,630,896	\$ 57,531	\$ -	\$ 10,688,427
<u>Pleasant View Golf Course</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 1,476,500	\$ -	\$ -	\$ 1,476,500
Construction in progress	-	70,597	-	70,597
Total capital assets not being depreciated	1,476,500	70,597	-	1,547,097
Capital assets being depreciated:				
Land improvements	7,799,949	10,773	-	7,810,722
Buildings	1,507,208	-	-	1,507,208
Equipment	1,159,268	154,849	127,862	1,186,255
Total capital assets being depreciated	10,466,425	165,622	127,862	10,504,185
Less accumulated depreciation for:				
Land improvements	(480,741)	(45,121)	-	(525,862)
Buildings	(621,335)	(49,951)	-	(671,286)
Equipment	(694,673)	(90,743)	127,862	(657,554)
Total accumulated depreciation	(1,796,749)	(185,815)	127,862	(1,854,702)
Capital assets being depreciated, net of depreciation	8,669,676	(20,193)	-	8,649,483
Total capital assets, net of depreciation	\$ 10,146,176	\$ 50,404	\$ -	\$ 10,196,580

City of Middleton

Notes to Financial Statements
December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nonmajor Enterprise Funds				
Capital assets not being depreciated:				
Land and land rights	\$ 4,650,657	\$ -	\$ -	\$ 4,650,657
Construction in progress	1,150,851	1,363,899	977,628	1,537,122
Total capital assets not being depreciated	5,801,508	1,363,899	977,628	6,187,779
Capital assets being depreciated:				
Land improvements	3,343,076	1,834,952	-	5,178,028
Buildings	745,292	-	-	745,292
Vehicles and equipment	255,737	178,971	-	434,708
Total capital assets being depreciated	4,344,105	2,013,923	-	6,358,028
Less accumulated depreciation for:				
Land improvements	(996,776)	(258,902)	-	(1,255,678)
Buildings	(149,056)	(18,632)	-	(167,688)
Vehicles and equipment	(193,350)	(22,765)	-	(216,115)
Total accumulated depreciation	(1,339,182)	(300,299)	-	(1,639,481)
Capital assets being depreciated, net of depreciation	3,004,923	1,713,624	-	4,718,547
Total capital assets, net of depreciation	\$ 8,806,431	\$ 3,077,523	\$ 977,628	\$ 10,906,326
Total business-type activities capital assets, net of depreciation	\$ 50,972,982	\$ 4,314,416	\$ 977,628	\$ 54,309,770

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 692,639
Sewer utility	377,153
Pleasant View Golf Course	185,815
Nonmajor enterprise funds	<u>300,299</u>

Total business-type activities depreciation expense \$ 1,555,906

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

City of Middleton

Notes to Financial Statements
December 31, 2022

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
Enterprise fund, water utility	General	\$ 61,325
Enterprise fund, sewer utility	General	16,596
Nonmajor enterprise fund	General	<u>8,092</u>
Subtotal, fund financial statements		86,013
Less interfund advances		<u>(1,300,000)</u>
Total, government-wide financial statements		<u>\$ (1,213,987)</u>
Governmental activities	Business-type activities	\$ (1,300,000)
Business-type activities	Governmental activities	<u>86,013</u>
Total, government-wide financial statements		<u>\$ (1,213,987)</u>

All of these amounts are due within one year.

The principal purpose of these interfunds is for delinquent utility bills placed on the tax roll.

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
TIF District No. 3	TIF District No. 5	\$ 2,048,999	\$ 2,048,999
TIF District No. 3	Pleasant View Golf Course	<u>1,300,000</u>	<u>400,000</u>
Subtotal, fund financial statements		3,348,999	<u>\$ 2,898,999</u>
Less eliminations		<u>(2,048,999)</u>	
Total, government-wide financial statements		<u>\$ 1,300,000</u>	

City of Middleton

Notes to Financial Statements

December 31, 2022

TIF District No. 3 has provided internal financing to the Pleasant View Golf Course and TIF District No. 5. The Pleasant View Golf Course began repaying the advances in 2017. The outstanding advance due to TIF District No. 3 is intended to be fully repaid by 2025. The principal purpose of these advances is to finance costs internally rather than borrowing externally. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated. A formal repayment schedule has not been established.

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>
Nonmajor governmental fund	General fund	\$ 1,480,284	Operating budget support
Nonmajor governmental funds	Nonmajor governmental funds	3,271	Transfer of ARPA funds for operations
Nonmajor governmental funds	Nonmajor governmental funds	34,340	To set up SCLS foundation
Debt service fund	Nonmajor governmental funds	100,000	Transfer of loan collections for debt service
Debt service fund	Nonmajor governmental fund	215,000	Transfer impact fees for debt service
Water utility	Sewer utility	14,666	Tax equivalent charged to sewer
Pleasant view golf course	TIF District No. 3	206,400	Transfer for capital purchase
General fund	Water utility	450,819	Tax equivalent
	Total, fund financial statements	2,504,780	
	Less fund eliminations	(1,847,561)	
	Less government-wide eliminations	(412,800)	
	Total transfers, government-wide statement of activities	<u>\$ 244,419</u>	
Governmental activities	Business-type activities	\$ 450,819	
Business-type activities	Governmental activities	<u>(206,400)</u>	
	Total, government-wide financial statements	<u>\$ 244,419</u>	

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

City of Middleton

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 38,435,000	\$ 4,000,000	\$ 5,290,000	\$ 37,145,000	\$ 5,420,000
General obligation debt from direct borrowings and direct placements	752,442	-	217,128	535,314	225,192
Debt premium	1,278,332	334,970	275,785	1,337,517	-
Landfill post-closure liability	373,965	-	10,368	363,597	90,230
Subtotal	<u>40,839,739</u>	<u>4,334,970</u>	<u>5,793,281</u>	<u>39,381,428</u>	<u>5,735,422</u>
Other liabilities:					
Vested compensated absences	<u>3,184,911</u>	<u>1,306,663</u>	<u>1,433,554</u>	<u>3,058,020</u>	<u>690,182</u>
Total governmental activities long-term liabilities	<u>\$ 44,024,650</u>	<u>\$ 5,641,633</u>	<u>\$ 7,226,835</u>	<u>\$ 42,439,448</u>	<u>\$ 6,425,604</u>
Business-Type Activities					
Other liabilities:					
Vested compensated absences	<u>\$ 598,759</u>	<u>\$ 69,726</u>	<u>\$ 104,643</u>	<u>\$ 563,842</u>	<u>\$ 104,161</u>
Total business-type activities long-term liabilities	<u>\$ 598,759</u>	<u>\$ 69,726</u>	<u>\$ 104,643</u>	<u>\$ 563,842</u>	<u>\$ 104,161</u>

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.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of \$4,775,023,600. The debt limit as of December 31, 2022, was \$238,751,180. Total general obligation debt outstanding at year-end was \$37,680,314.

City of Middleton

Notes to Financial Statements
December 31, 2022

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/22</u>
Governmental Activities					
General obligation debt:					
2013 General Obligation Promissory Notes	12/23/13	02/01/23	2.00-3.00%	\$ 4,000,000	\$ 515,000
2015 General Obligation Promissory Notes	12/08/15	09/01/30	2.00-3.00%	6,500,000	6,000,000
2015 General Obligation Promissory Notes	12/08/15	02/01/23	2.00%	3,000,000	450,000
2016 General Obligation Refunding Bonds	05/23/16	02/01/27	2.00%	3,900,000	2,210,000
2017 General Obligation Promissory Notes	04/11/17	03/01/27	2.00-3.00%	4,000,000	2,110,000
2018 General Obligation Promissory Notes	06/05/18	09/01/26	3.00%	3,500,000	1,850,000
2019 General Obligation Promissory Notes	05/30/19	03/01/27	1.65-2.00%	3,490,000	2,225,000
2019 General Obligation Refunding Bonds	11/15/19	09/01/29	3.00-4.00%	5,560,000	4,445,000
2019 State Trust Fund Loan Direct borrowing/placement	12/30/19	03/15/24	3.25%	590,000	306,421
2020 State Trust Fund Loan Direct borrowing/placement	12/15/20	03/15/25	2.50%	300,000	228,893
2020 Taxable General Obligation Refunding Bonds	07/28/20	09/01/35	0.43-2.15%	7,055,000	6,540,000
2020 General Obligation Promissory Note	07/28/20	03/01/28	2.00-3.00%	4,270,000	3,330,000
2021 General Obligation Promissory Note	08/17/21	03/01/29	2.00-3.00%	3,750,000	3,470,000
2022 General Obligation Promissory Note	03/17/22	03/01/30	3.00-4.00%	4,000,000	<u>4,000,000</u>
Total governmental activities, general obligation debt					<u>\$ 37,680,314</u>

City of Middleton

Notes to Financial Statements
December 31, 2022

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt From Direct Placement or Borrowing		Governmental Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2023	\$ 225,192	\$ 15,681	\$ 5,420,000	\$ 962,835
2024	231,929	8,945	5,225,000	818,425
2025	78,193	1,955	5,355,000	660,430
2026	-	-	5,225,000	504,093
2027	-	-	4,870,000	363,378
2028-2032	-	-	10,430,000	624,290
2033-2035	-	-	620,000	23,758
Total	\$ 535,314	\$ 26,581	\$ 37,145,000	\$ 3,957,209

Other Debt Information

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

See Note 5 for information regarding the landfill liability.

The City's outstanding State Trust Fund Loans from direct borrowings related to governmental activities of \$535,314 contain clauses that any delinquent payments are subject to a penalty of 1% per month and shall be deducted from any state payments that are due to the City.

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of December 31, 2022, \$4,620,000 of the bonds outstanding are considered defeased.

Years ending December 31:	
2023	\$ 595,000
2024	615,000
2025	635,000
2026	660,000
2027	680,000
2028	705,000
2029	730,000
Total	\$ 4,620,000

City of Middleton

Notes to Financial Statements
December 31, 2022

Lease Disclosures

Lessor – Lease Receivables

<u>General Fund</u>				<u>Receivable Balance 12/31/22</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
American Tower	01/11/2010	04/10/2034	1.54 %	\$ 352,841

The General Fund recognized \$25,111 of lease revenue during the fiscal year.

The General Fund recognized \$5,526 of interest revenue during the fiscal year.

<u>Airport</u>				<u>Receivable Balance 12/31/22</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Morey Field Farmland	01/01/2022	12/31/2024	0.43 %	\$ 11,504
Solar Agreement	07/08/2019	12/31/2045	1.68	303,186
Terminal Land	01/01/2004	12/31/2028	0.98	77,170
Total				<u>\$ 391,860</u>

The Airport recognized \$27,046 of lease revenue during the fiscal year.

The Airport recognized \$784 of interest revenue during the fiscal year.

<u>Water Utility</u>				<u>Receivable Balance 12/31/22</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
AT&T cell tower	03/13/2001	03/12/2026	0.55 %	\$ 135,175

The Water Utility recognized \$41,188 of lease revenue during the fiscal year.

The Water Utility recognized \$788 of interest revenue during the fiscal year.

Regulated Leases

The City maintains certain regulated leases that, in accordance with GASB No. 87, do not recognize a lease receivable or a deferred inflow of resources. Regulated leases are subject to external laws, regulations or legal rulings. The following summarizes these regulated leases:

Hangars

On various dates, the City entered into four 15-year and thirty-six 25-year lease agreements with tenants for the use of the airport's hangars. In 2022, \$109,924 in hangar revenue was recorded in the Airport fund.

City of Middleton

Notes to Financial Statements
December 31, 2022

Governmental Activities Net Position/Fund Balances

Governmental activities net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 7,261,191
Right-of-way	23,127,067
Construction work in progress	6,710,653
Other capital assets, net of accumulated depreciation	71,790,311
Less related long-term debt outstanding	(27,492,455)
Less unamortized debt premium	(1,337,517)
Add unamortized loss on debt refunding	602,711
Add unspent debt proceeds	1,572,080
	<u>1,572,080</u>

Total net investment in capital assets	<u>\$ 82,234,041</u>
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Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Debt Service	TIF District No. 3	TIF District No. 5	Capital Projects	Nonmajor	Total
Governmental Funds							
Nonspendable:							
Prepaid items	\$ 230,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,675
Noncurrent receivables	29,153	-	-	-	-	-	29,153
Subtotal	<u>259,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,828</u>
Restricted:							
EMS	-	-	-	-	-	82,660	82,660
Police activities	-	-	-	-	-	44,064	44,064
Subdividers' deposits	-	-	-	-	-	1,161,734	1,161,734
Debt service	-	430,670	-	-	-	-	430,670
Community development	-	-	28,255,267	-	-	1,850,226	30,105,493
Library	-	-	-	-	-	1,128,687	1,128,687
Capital improvements	-	-	-	-	1,849,536	-	1,849,536
Safety impact fees	-	-	-	-	-	1,240,868	1,240,868
Tourism	-	-	-	-	-	2,824,131	2,824,131
Youth activities	-	-	-	-	-	30,146	30,146
Senior Center	-	-	-	-	-	160,109	160,109
Subtotal	<u>-</u>	<u>430,670</u>	<u>28,255,267</u>	<u>-</u>	<u>1,849,536</u>	<u>8,522,625</u>	<u>39,058,098</u>
Assigned:							
Compensated absences	2,393,861	-	-	-	-	-	2,393,861
Public safety, Fire	1,248,723	-	-	-	-	-	1,248,723
Public safety, EMS	380,000	-	-	-	-	-	380,000
Subtotal	<u>4,047,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,047,584</u>
Unassigned (deficit)	6,947,598	-	-	(1,077,313)	-	-	5,845,285
Total fund balances	<u>\$ 11,230,010</u>	<u>\$ 430,670</u>	<u>\$ 28,255,267</u>	<u>\$ (1,077,313)</u>	<u>\$ 1,849,536</u>	<u>\$ 8,522,625</u>	<u>\$ 49,210,795</u>

City of Middleton

Notes to Financial Statements
December 31, 2022

Business-Type Activities/Net Position

The following calculation supports the enterprise fund net investment in capital assets:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Pleasant View Golf Course</u>	<u>Nonmajor Enterprise Funds</u>
Land	\$ 222,277	\$ 66,830	\$ 1,476,500	\$ 4,650,657
CWIP	1,319,142	385,162	70,597	1,537,122
Buildings	-	-	1,507,208	745,292
Improvements	-	-	7,810,722	5,178,028
Machinery and equipment	-	-	1,186,255	434,708
Plant in service	34,129,359	17,498,323	-	-
Accumulated depreciation	(13,152,341)	(7,261,888)	(1,854,702)	(1,639,481)
Total net investment in capital assets	<u>\$ 22,518,437</u>	<u>\$ 10,688,427</u>	<u>\$ 10,196,580</u>	<u>\$ 10,906,326</u>

Component Unit

Community Development Authority

This report contains the Community Development Authority (CDA), which is included as a component unit. Financial information is presented in the discrete column in the combining statement of net position and statement of changes in net position.

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.

Basis of Accounting/Measurement Focus

The CDA prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

As of December 31, 2022, the CDA's total cash balance is \$696,498. The CDA, as a fund of the City, maintains common cash and investment accounts at the same financial institutions utilized by the City. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Middleton as an individual municipality and, accordingly, the amount of insured funds is not determinable for the CDA.

Loans Receivable

The CDA has outstanding loans receivable which were granted through a down payment assistant program. If the borrower remains in the home for fifteen years, they are able to repay the loan with no interest or appreciation. If the property is sold prior to maturity, the borrower is responsible for paying interest and an appreciation payment. As of December 31, 2022, the CDA has an outstanding loans receivable balance of \$27,490.

City of Middleton

Notes to Financial Statements

December 31, 2022

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives</u>
Land	\$ 154,000	\$ -	\$ -	\$ 154,000	-
Buildings	2,933,497	-	-	2,933,497	40 Years
Less accumulated depreciation	<u>(1,348,488)</u>	<u>(74,808)</u>	<u>-</u>	<u>(1,423,296)</u>	-
Total	<u>\$ 1,739,009</u>	<u>\$ (74,808)</u>	<u>\$ -</u>	<u>\$ 1,664,201</u>	

5. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

City of Middleton

Notes to Financial Statements

December 31, 2022

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)%	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Contributions

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

During the reporting period, the WRS recognized \$1,012,554 in contributions from the City.

Contribution rates as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
General (including teachers, executives and elected officials)	6.55 %	6.55 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

City of Middleton

Notes to Financial Statements

December 31, 2022

Pension Liability/(Asset), Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported a liability (asset) of \$(6,908,103) for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.08570652%, which was an increase of 0.00037617% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized negative pension expense (revenue) of \$(637,347).

At December 31, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 11,159,691	\$ 804,734
Changes in assumption	1,288,815	-
Net differences between projected and actual earnings on pension plan investments	-	15,454,001
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,875	5,144
Employer contributions subsequent to the measurement date	1,043,031	-
	<u>\$ 13,502,412</u>	<u>\$ 16,263,879</u>
Total		

\$1,043,031 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2023	\$ (322,782)
2024	(1,871,512)
2025	(821,231)
2026	(788,973)

City of Middleton

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

- * No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

City of Middleton

Notes to Financial Statements
December 31, 2022

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns* as of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund***	115	6.6	4.0
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's 20-year Municipal GO AA Index as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability/(asset)	\$ 4,901,789	\$ (6,908,103)	\$ (15,409,028)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at [https://etf.wi.gov/about-etf/reports and studies/financial-reports and-statements](https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements).

At December 31, 2022, the City reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

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; worker's compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage to the prior year.

Commitments and Contingencies

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

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 grant. City management believes such disallowances, if any, would be immaterial.

Expenditures of the City's Tax Incremental Districts (TIDs) are subject to review and audit in accordance with State Statute 66.1105 by an independent audit firm. The City has allocated certain expenditures for administration, public safety, public lands administration and transit services, which were reimbursed to the City's General Fund. For 2022, these costs amount to \$725,000. Review by the Wisconsin Department of Revenue or the overlapping taxation districts could result in a portion of these expenditures being disallowed.

Developer Agreements

The City has entered into various development agreements in connection with the Tax Incremental Districts. Under the terms of these agreements, the City has made commitments for development incentives or reimbursements. As of January 1, 2022, the City had outstanding commitments of \$51.1 million. During the year, the City committed to an additional \$1.6 million and satisfied \$4.6 million. As of December 31, 2022, the City has remaining commitments of \$48.0 million pending satisfaction of the underlying agreements.

Joint Ventures

Metropolitan Refuse District, Inc.

The Cities of Middleton and the Villages of Shorewood Hills and Waunakee are members of the Metropolitan Refuse District, Inc. (District), which owns and operates the closed local sanitary landfill. The landfill stopped accepting waste at the end of 1996. The three member communities share in the operational costs of the District based on estimated population, with the 2022 percentages as follows:

City of Middleton	57 %
Village of Shorewood Hills	5
Village of Waunakee	38

City of Middleton

Notes to Financial Statements
December 31, 2022

The District is made up of members from each community. For the City, the corporate member is the Mayor or the Mayor's appointed designee. For each of the villages, the corporate member is the village president or the village president's appointed designee. At the annual meeting, members appoint directors and offers as the governing body. The governing body has authority to adopt its own budget and control of financial affairs of the District. The District's fund balance at December 31, 2022 is a deficit of \$641,358. Reporting standards require the City to report its share of the net deficit. The City's proportionate share in the operations of the District is 57%, which amounts to \$363,597 of the District's net deficit. The City's share of the net deficit has been reported in the government-wide statement of net position as landfill post-closure cost. This cost is an estimate that is subject to changes resulting from inflation, deflation, technology or changes in applicable laws and regulations. The City made payments totaling \$94,255 to the District in 2022. The City will continue to support the District's post-closure costs in the future.

The District's closed landfill is being monitored for possible groundwater contamination as required by the Wisconsin Department of Natural Resources. The costs for groundwater monitoring are being budgeted for on an annual basis. At the current time, it is not possible to determine if extensive contamination has occurred and the effects, if any, on the District. Separately issued financial statements of the District are not prepared.

Multijurisdictional Public Safety Information System Commission (MJPISC)

The City of Fitchburg, City of Sun Prairie, City of Middleton, City of Verona and the City of Monona jointly operate the Multijurisdictional Public Safety Information System Commission. On March 20, 2003, the City of Middleton, City of Fitchburg and the City of Sun Prairie executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes. The City of Verona and the City of Monona joined the Commission in 2009. The Commission adopts its own budget. Net operating costs including debt service are shared by the five communities equally. The department is governed by the Intermunicipal Commission. The Commission consists of one representative from each community. The transactions of the Commission are not reflected in these financial statements. Separately issued financial statements of the Commission can be obtained from the City of Sun Prairie at 300 East Main Street, Sun Prairie, Wisconsin 53590. The City does not have an equity interest in this joint venture.

Middleton Fire District

The City of Middleton and the Towns of Springfield, Westport and Middleton jointly operate the local fire district, which is called the Middleton Fire District, which provides fire protection. The communities share in the operations of the District based on the ratio of equalized values of each member. The governing body is made up of elected officials from each community. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the District. The City has made payments totaling \$1,038,828 to the District in 2022 for operating expenses and \$0 for capital contributions. The transactions of the District are not reflected in these financial statements. The City does not have an equity interest in the joint venture. Separately issued financial statements of the District are not prepared.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to an economic development or otherwise benefits the governments or the citizens of those governments.

The City, through its Tax Incremental Financing Districts (TID) has entered into tax abatement agreements with developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

City of Middleton

Notes to Financial Statements

December 31, 2022

As of December 31, 2022, the City maintains and operates Tax Incremental District No. 3 and Tax Incremental District No. 5, which are presented in the financial statements as Capital Projects Funds.

Project	Agreement Date	District	Type	12/31/2021	Additions/ Adjustments	Payments	12/31/2022
ACS (Nursery Drive)	02/19/2013	TID #3	Developer financed	\$ 40,905	\$ -	\$ (40,905)	\$ -
Hung Springs (Mead & Hunt)	06/25/2013	TID #3 TID #3 /	Developer financed	904,069	51,048	(189,357)	765,760
Parmenter Circle	07/01/2014	TID #5	Developer financed	722,942	30,775	(188,696)	565,021
Esser Place (WTS Paradigm)	07/15/2014	TID #3	Developer financed	232,845	-	(41,516)	191,329
Fiskars	05/05/2015	N/A	Developer financed	1,332,039	-	(421,411)	910,628
Primrose Day Care	12/21/2015	TID #3	Developer financed	124,904	6,330	(58,699)	72,535
Middleton Station	10/04/2016	TID #3	Developer financed	782,755	32,692	(87,401)	728,046
Market West Apartments	05/18/2016	TID #3	Developer financed	4,779,694	208,221	(614,931)	4,372,984
Cardinal Row	06/07/2016	TID #5	Developer financed	512,632	-	(38,822)	473,810
PPD (Vanta) Greenway	06/09/2016	TID #3	Developer financed	570,878	18,515	(508,638)	80,755
Middleton Center Phase 1	07/05/2016	TID #3	Developer financed	2,977,796	130,992	(401,417)	2,707,371
Middleton Center Phase 2	07/05/2016	TID #3	Developer financed	3,572,585	166,306	(455,302)	3,283,589
Middleton Center Phase 3	07/05/2016	TID #3	Developer financed	1,448,490	35,528	(54,708)	1,429,310
Laser Express	09/20/2016	TID #3	Developer financed	1,344,315	59,999	(103,121)	1,301,193
Gammex	11/01/2016	TID #3	Developer financed	65,633	-	(16,783)	48,850
Electronic Theater Controls (ETC)	03/07/2017	TID #3	Developer financed	2,667,636	-	(167,770)	2,499,866
SACO Foods	09/07/2017	TID #3	Developer financed	208,422	-	(93,518)	114,904
Cascade Development (Holiday Inn Express)	10/16/2017	TID #3	Developer financed	555,000	-	-	555,000
Pheasant Creek, LLC (Stagecoach)	02/06/2018	TID #5	Developer financed	1,564,025	69,861	(116,258)	1,517,628
Timbra Holdings, LLC (Treysta/Middleton Market)	02/20/2018	TID #5	Developer financed	8,487,500	(1,638,434)	(187,065)	6,662,001
SBH-Madison, LLC (Miramont)	05/05/2018	TID #3	Developer financed	1,052,898	-	(144,951)	907,947
Live Site, LLC (Hy Cite)	06/05/2018	TID #3	Developer financed	2,792,668	-	(308,062)	2,484,606
Stardust Investments, LLC	07/11/2018	TID #5	Developer financed	459,224	-	(43,568)	415,656
Whispering Pines, LLC	08/21/2018	TID #3	Developer financed	414,421	19,151	(119,795)	313,777
Deming Investors, LLC (Chartwell-Midwest, LLC)	04/29/2019	TID #3	Developer financed	796,936	-	(102,737)	694,198
Conservancy Bend Residences, LLC	09/30/2019	TID #5	Developer financed	4,054,248	-	(43,600)	4,010,648
Conservancy Bend Townhomes, LLC				2,399,986	-	-	2,399,986
Deming Way Hotel Assoc., LLC (Towne Place Stes)	01/21/2020	TID #3	Developer financed	1,207,541	-	(48,728)	1,158,813
TRRE, LLC (Cardinal View Senior Housing)	05/5/2020	TID #5	Developer financed	785,200	36,526	(35,755)	785,971
SACO Foods Expansion	7/21/2020	TID #3	Developer financed	307,990	-	-	307,990
Impact Parmenter, LLC (The Trotta)	12/14/2020	TID #5	Developer financed	2,918,000	(89,411)	-	2,828,589
38Ten Parmenter, LLC	11/16/2021	TID #5	Developer financed	995,000	995,000	-	1,990,000
T5 Properties LLC (6100 Lake Street)	04/15/2022	TID #5	Developer financed	-	1,444,569	-	1,444,569
				<u>\$ 51,079,177</u>	<u>\$ 1,577,668</u>	<u>\$ (4,633,514)</u>	<u>\$ 48,023,331</u>

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

Subsequent Event

On March 7, 2023, the City issued \$4,600,000 of general obligation promissory notes to fund 2023 capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

City of Middleton

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Taxes				
General property tax	\$ 14,042,426	\$ 14,042,426	\$ 14,042,426	\$ -
Omitted taxes	8,237	8,237	-	(8,237)
Fees in lieu of taxes	44,100	44,100	59,400	15,300
Ag conversion	-	-	828	828
Room tax	475,000	475,000	589,740	114,740
Interest and penalties on taxes	2,000	2,000	2,213	213
Total taxes	14,571,763	14,571,763	14,694,607	122,844
Intergovernmental Revenues				
State shared revenues	284,808	284,808	311,377	26,569
State aid, video service provider	52,821	52,821	52,821	-
State aid, pandemic relief	-	-	29,405	29,405
State aid, road allotment	1,175,843	1,175,843	1,172,587	(3,256)
State aid, exempt computer aid	261,905	261,905	261,905	-
State aid, personal property	119,689	119,689	119,689	-
State aid, expenditure restraint	125,414	125,414	125,414	-
State aid, fire insurance dues	159,041	159,041	155,149	(3,892)
State aid, law enforcement	-	-	13,502	13,502
Police school liaison officer	93,257	93,257	91,593	(1,664)
FEMA public assistance	-	-	4,528	4,528
Federal and state aid, other	63,037	63,037	56,066	(6,971)
County aid, signals	6,000	6,000	17,285	11,285
County aid, senior citizens	82,175	82,175	83,077	902
Total intergovernmental revenues	2,423,990	2,423,990	2,494,398	70,408
Licenses and Permits				
Liquor and malt beverage licenses	45,000	45,000	42,548	(2,452)
Operators' licenses	20,000	20,000	13,284	(6,716)
Alarm licenses	13,000	13,000	13,580	580
Cigarette licenses	2,100	2,100	2,100	-
Dog licenses	5,000	5,000	4,589	(411)
Cable TV franchise license	215,701	215,701	211,870	(3,831)
Bicycle licenses	-	-	40	40
Other miscellaneous licenses	2,350	2,350	4,676	2,326
Building permits and plan review	410,000	410,000	490,778	80,778
Electrical permits and plan review	70,000	70,000	96,379	26,379
Plumbing permits and plan review	90,000	90,000	135,724	45,724
Erosion control permits	20,000	20,000	33,492	13,492
Other permits	17,000	17,000	25,088	8,088
Other miscellaneous fees	24,161	24,161	29,302	5,141
Zoning permits	20,600	20,600	24,335	3,735
Park reservation permits	23,000	23,000	45,382	22,382
Total licenses and permits	977,912	977,912	1,173,167	195,255
Fines, Forfeitures and Penalties				
Court penalties	150,000	150,000	122,548	(27,452)
Court costs	70,000	70,000	56,292	(13,708)
Parking violations	35,000	35,000	44,899	9,899
Total fines, forfeitures and penalties	255,000	255,000	223,739	(31,261)

City of Middleton

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Charges for Services				
Clerk fees	\$ 17,000	\$ 17,000	\$ 13,840	\$ (3,160)
Police department fees	9,000	9,000	3,114	(5,886)
Ambulance services	1,159,981	1,159,981	1,336,283	176,302
Plan commission charges	12,000	12,000	32,115	20,115
Senior citizens	25,700	25,700	42,914	17,214
Swimming pool	207,000	207,000	186,003	(20,997)
Aquatic concession revenue	30,000	30,000	26,234	(3,766)
Summer recreation	117,015	117,015	172,892	55,877
Hubbard art center program	60,000	60,000	79,607	19,607
Public works charges	-	-	1,044	1,044
Administration reimbursements, recycling	14,000	14,000	14,318	318
Donations	1,200	1,200	-	(1,200)
Total charges for services	1,652,896	1,652,896	1,908,364	255,468
Interdepartment Charges for Services				
Administration reimbursements, utilities	186,000	186,000	186,000	-
Administration reimbursements, TIF	725,000	725,000	725,000	-
Administration reimbursements, landfill	5,000	5,000	5,000	-
Administration reimbursements, fire district	2,600	2,600	2,600	-
EMS fixed cost abatement	232,384	232,384	232,384	-
Total interdepartmental charges for services	1,150,984	1,150,984	1,150,984	-
Special Assessments				
Curb, gutter and sidewalks	120,000	120,000	136,209	16,209
Investment Income				
Investment income (loss)	200,800	200,800	559,735	358,935
GAAP adjustment for fair market value	-	-	(679,014)	(679,014)
Total investment income (loss)	200,800	200,800	(119,279)	(320,079)
Miscellaneous Revenues				
Credit card rebate	-	50,000	47,149	(2,851)
Donations	-	-	835	835
Sale of materials	100	100	31	(69)
Other miscellaneous	8,000	8,000	48,461	40,461
Total miscellaneous revenues	8,100	58,100	96,476	38,376
Total revenues	21,361,445	21,411,445	21,758,665	347,220

City of Middleton

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Current Expenditures				
General Government				
Council	\$ 68,643	\$ 68,643	\$ 68,797	\$ (154)
Boards and commissions	20,350	20,350	18,544	1,806
General administration	201,170	201,170	200,984	186
Municipal court	98,302	98,302	92,345	5,957
Finance	971,840	971,840	954,316	17,524
General administration, sick leave	-	-	(1,577)	1,577
HRA account transfer	250,000	250,000	432,133	(182,133)
Information technology	820,169	820,169	774,798	45,371
Legal counsel	245,620	245,620	271,572	(25,952)
Buildings and grounds	60,600	60,600	65,067	(4,467)
Illegal taxes and tax refunds	11,461	11,461	(2,890)	14,351
Group insurance	25,000	25,000	23,192	1,808
Risk management and insurance	300,000	300,000	300,000	-
Elections	104,200	104,200	68,976	35,224
Miscellaneous	718,827	652,327	126,950	525,377
Total general government	3,896,182	3,829,682	3,393,207	436,475
Public Safety				
Police department	5,462,327	5,485,827	5,491,513	(5,686)
Communication center	616,699	616,699	579,941	36,758
Fire suppression	1,234,457	1,234,457	1,038,828	195,629
EMS	2,144,648	2,153,648	2,138,056	15,592
Building inspector	444,980	444,980	407,317	37,663
Community services	117,716	119,216	119,915	(699)
Emergency preparedness	67,500	67,500	42,733	24,767
Crossing guard	14,673	14,673	15,072	(399)
Total public safety	10,103,000	10,137,000	9,833,375	303,625
Public Works				
Engineering and administration	932,553	934,053	896,285	37,768
Street maintenance	870,523	870,523	859,918	10,605
Fleet maintenance	386,651	403,151	387,225	15,926
City garage	99,890	99,890	114,946	(15,056)
Sidewalk maintenance	130,000	130,000	76,651	53,349
Snow removal	85,200	85,200	82,658	2,542
Traffic signs and markings	68,300	68,300	59,599	8,701
Street lighting	140,000	140,000	165,393	(25,393)
Storm sewers	73,000	73,000	35,312	37,688
Mass transit	511,884	511,884	512,937	(1,053)
Garbage collection	572,000	572,000	575,245	(3,245)
Sanitary landfill	94,230	94,230	94,255	(25)
Recycling	330,657	330,657	342,260	(11,603)
Total public works	4,294,888	4,312,888	4,202,684	110,204

City of Middleton

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
Health and Human Services				
Senior center	\$ 519,970	\$ 519,970	\$ 491,154	\$ 28,816
Leisure Activities				
Recreation facilities	314,460	314,460	314,806	(346)
Recreation administration	456,201	456,201	461,265	(5,064)
Public lands	903,904	918,404	1,008,054	(89,650)
Total leisure activities	1,674,565	1,689,065	1,784,125	(95,060)
Conservation and Development				
Forestry	288,481	288,481	290,474	(1,993)
Water resources	30,080	30,080	29,581	499
Conservancy lands	259,589	259,589	212,174	47,415
Planning	454,406	454,406	453,517	889
Total conservation and development	1,032,556	1,032,556	985,746	46,810
Total expenditures	21,521,161	21,521,161	20,690,291	830,870
Excess of revenues over expenditures	(159,716)	(109,716)	1,068,374	1,178,090
Other Financing Sources (Uses)				
Sale of city property	-	-	19,516	19,516
Transfers in	515,000	515,000	450,819	(64,181)
Transfers out	(1,480,284)	(1,480,284)	(1,480,284)	-
Total other financing sources (uses)	(965,284)	(965,284)	(1,009,949)	(44,665)
Net change in fund balance	(1,125,000)	(1,075,000)	58,425	1,133,425
Fund Balance, Beginning	11,171,585	11,171,585	11,171,585	-
Fund Balance, Ending	\$ 10,046,585	\$ 10,096,585	\$ 11,230,010	\$ 1,133,425

City of Middleton

Schedule of Proportionate Share of the Net Pension (Asset) Liability -

Wisconsin Retirement System

Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/22	0.08570652%	\$ (6,908,103)	\$ 11,449,752	60.33%	106.02%
12/31/21	0.08533035%	(5,327,292)	11,116,056	47.92%	105.26%
12/31/20	0.08491774%	(2,738,135)	10,759,819	25.45%	102.96%
12/31/19	0.08355681%	2,972,689	10,666,587	27.87%	96.45%
12/31/18	0.08125430%	(2,412,536)	10,329,319	23.36%	102.93%
12/31/17	0.07845755%	646,678	9,768,789	6.62%	99.12%
12/31/16	0.07799302%	1,267,371	9,708,670	13.05%	98.20%
12/31/15	0.77378190%	(1,900,620)	9,162,017	19.43%	102.74%

City of Middleton

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/22	\$ 1,043,032	\$ 1,043,032	\$ -	\$ 11,800,422	8.84%
12/31/21	1,010,506	1,010,506	-	11,449,752	8.83%
12/31/20	975,497	975,497	-	11,116,060	8.78%
12/31/19	886,340	886,340	-	10,759,820	8.24%
12/31/18	894,907	894,907	-	10,666,587	8.39%
12/31/17	866,859	866,859	-	10,328,500	8.39%
12/31/16	757,861	757,861	-	9,768,789	7.76%
12/31/15	764,194	764,194	-	9,708,670	7.87%

See notes to required supplementary information

City of Middleton

Notes to Required Supplementary Information
December 31, 2022

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 the notes to the financial statements.

The budgeted amounts presented include any amendments made. The City Administrator may authorize transfers of budgeted amounts between departments up to \$1,000. Transfers exceeding \$1,000 between departments and changes in the overall budget must be approved by a two-thirds vote of the City Council. Appropriations lapse at year-end unless specifically carried over.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
General Fund			
Current expenditures:			
HRA account transfer	\$ 250,000	\$ 432,133	\$ 182,133
Council	68,643	68,797	154
Legal counsel	245,620	271,572	25,952
Buildings and grounds	60,600	65,067	4,467
Police department	5,485,827	5,491,513	5,686
Community service	119,216	119,915	699
Crossing guard	14,673	15,072	399
City garage	99,890	114,946	15,056
Street lighting	140,000	165,393	25,393
Mass transit	511,884	512,937	1,053
Garbage collection	572,000	575,245	3,245
Sanitary landfill	94,230	94,255	25
Recycling	330,657	342,260	11,603
Recreation facilities	314,460	314,806	346
Recreation administration	456,201	461,265	5,064
Public lands	918,404	1,008,054	89,650
Forestry	288,481	290,474	1,993

The legal level of budget control is at the department level in the General Fund and total expenditures in all other funds. The City controls expenditures at the departmental level for management purposes. The detail of those items can be found in the City's year-end budget to actual report.

City of Middleton

Notes to Required Supplementary Information
December 31, 2022

Wisconsin Retirement System

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

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

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

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

OTHER MAJOR FUNDS

DEBT SERVICE FUND

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Debt Service (Major Fund)
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes	\$ 5,250,000	\$ 5,250,000	\$ -
Investment income	-	3,698	3,698
GAAP adjustment for fair market value	-	(4,518)	(4,518)
Total revenues	<u>5,250,000</u>	<u>5,249,180</u>	<u>(820)</u>
Expenditures			
Debt service:			
Principal retirement	4,777,128	4,777,128	-
Interest and fiscal charges	894,419	1,039,811	(145,392)
Total expenditures	<u>5,671,547</u>	<u>5,816,939</u>	<u>(145,392)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(421,547)</u>	<u>(567,759)</u>	<u>(146,212)</u>
Other Financing Sources			
Premium on debt	-	334,970	334,970
Transfer in	215,000	315,000	100,000
Total other financing sources	<u>215,000</u>	<u>649,970</u>	<u>434,970</u>
Net change in fund balance	(206,547)	82,211	288,758
Fund Balance, Beginning	<u>348,459</u>	<u>348,459</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 141,912</u>	<u>\$ 430,670</u>	<u>\$ 288,758</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - TIF District No. 3 - Capital Projects Fund (Major Fund)
Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 10,742,583	\$ 10,742,583	\$ 10,372,202	\$ (370,381)
Intergovernmental	1,057,728	1,057,728	1,057,728	-
Investment income	25,000	25,000	309,986	284,986
GAAP adjustment for fair market value	-	-	(378,680)	(378,680)
Miscellaneous	-	112,000	347,030	235,030
Total revenues	<u>11,825,311</u>	<u>11,937,311</u>	<u>11,708,266</u>	<u>(229,045)</u>
Expenditures				
Current:				
General government	960,000	960,000	924,302	35,698
Conservation and development	6,161,968	5,837,570	4,292,863	1,544,707
Capital outlay	6,235,000	6,559,398	5,256,219	1,303,179
Debt service:				
Principal retirement	175,000	175,000	175,000	-
Interest and fiscal charges	3,500	3,500	3,500	-
Total expenditures	<u>13,535,468</u>	<u>13,535,468</u>	<u>10,651,884</u>	<u>2,883,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,710,157)</u>	<u>(1,598,157)</u>	<u>1,056,382</u>	<u>2,654,539</u>
Other Financing Uses				
Transfers out	-	-	(206,400)	(206,400)
Net change in fund balance	(1,710,157)	(1,598,157)	849,982	2,448,139
Fund Balance, Beginning	<u>27,405,285</u>	<u>27,405,285</u>	<u>27,405,285</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 25,695,128</u>	<u>\$ 25,807,128</u>	<u>\$ 28,255,267</u>	<u>\$ 2,448,139</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual - TIF District No. 5 - Capital Projects Fund (Major Fund)
Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 2,123,053	\$ 2,123,053	\$ 2,403,551	\$ 280,498
Intergovernmental	87,254	87,254	87,254	-
Licenses and permits	-	-	1,000	1,000
Investment income	5,000	5,000	15,252	10,252
GAAP adjustment for fair market value	-	-	(18,633)	(18,633)
Miscellaneous	-	-	3,757	3,757
Total revenues	<u>2,215,307</u>	<u>2,215,307</u>	<u>2,492,181</u>	<u>276,874</u>
Expenditures				
Current:				
Conservation and development	1,920,594	1,949,004	1,794,830	154,174
Capital outlay	343,383	314,973	61,232	253,741
Debt service:				
Principal	555,000	555,000	555,000	-
Interest and fiscal charges	99,173	99,173	99,173	-
Total expenditures	<u>2,918,150</u>	<u>2,918,150</u>	<u>2,510,235</u>	<u>407,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(702,843)</u>	<u>(702,843)</u>	<u>(18,054)</u>	<u>684,789</u>
Net change in fund balances	(702,843)	(702,843)	(18,054)	684,789
Fund Balance (Deficit), Beginning	<u>(1,059,259)</u>	<u>(1,059,259)</u>	<u>(1,059,259)</u>	-
Fund Balance (Deficit), Ending	<u>\$ (1,762,102)</u>	<u>\$ (1,762,102)</u>	<u>\$ (1,077,313)</u>	<u>\$ 684,789</u>

City of Middleton

Combining Balance Sheet - Capital Projects Fund (Major Fund)

December 31, 2022

	<u>General Capital Projects</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>Total Capital Projects Fund</u>
Assets				
Cash and investments	\$ 1,026,597	\$ 716,985	\$ 255,082	\$ 1,998,664
Other receivables	-	350,762	-	350,762
Total assets	<u>\$ 1,026,597</u>	<u>\$ 1,067,747</u>	<u>\$ 255,082</u>	<u>\$ 2,349,426</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 105,258	\$ 110,016	\$ 284,616	\$ 499,890
Fund balance (deficit):				
Restricted	921,339	957,731	-	1,879,070
Unassigned	-	-	(29,534)	(29,534)
Total fund balance (deficit)	<u>921,339</u>	<u>957,731</u>	<u>(29,534)</u>	<u>1,849,536</u>
Total liabilities and fund balance	<u>\$ 1,026,597</u>	<u>\$ 1,067,747</u>	<u>\$ 255,082</u>	<u>\$ 2,349,426</u>

City of Middleton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Capital Projects Fund (Major Fund)
Year Ended December 31, 2022

	General Capital Projects	Public Works Capital Construction	Public Lands Capital Construction	Total Capital Projects Fund
Revenues				
Intergovernmental	\$ 81,571	\$ 350,762	\$ -	\$ 432,333
Total revenues	<u>81,571</u>	<u>350,762</u>	<u>-</u>	<u>432,333</u>
Expenditures				
Capital outlay	<u>681,470</u>	<u>2,827,780</u>	<u>1,037,058</u>	<u>4,546,308</u>
Total expenditures	<u>681,470</u>	<u>2,827,780</u>	<u>1,037,058</u>	<u>4,546,308</u>
Deficiency of revenues over expenditures	<u>(599,899)</u>	<u>(2,477,018)</u>	<u>(1,037,058)</u>	<u>(4,113,975)</u>
Other Financing Sources				
Long-term debt issued	651,000	2,876,000	473,000	4,000,000
Sale of capital assets	<u>16,177</u>	<u>-</u>	<u>-</u>	<u>16,177</u>
Total other financing sources	<u>667,177</u>	<u>2,876,000</u>	<u>473,000</u>	<u>4,016,177</u>
Net change in fund balance	67,278	398,982	(564,058)	(97,798)
Fund Balance, Beginning	<u>854,061</u>	<u>558,749</u>	<u>534,524</u>	<u>1,947,334</u>
Fund Balance (Deficit), Ending	<u>\$ 921,339</u>	<u>\$ 957,731</u>	<u>\$ (29,534)</u>	<u>\$ 1,849,536</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Capital Projects Fund (Major Fund)
Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ -	\$ 312,000	\$ 432,333	\$ 120,333
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	<u>15,000</u>	<u>327,000</u>	<u>432,333</u>	<u>105,333</u>
Expenditures				
Capital outlay	<u>4,088,746</u>	<u>8,950,338</u>	<u>4,546,308</u>	<u>4,404,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,073,746)</u>	<u>(8,623,338)</u>	<u>(4,113,975)</u>	<u>4,509,363</u>
Other Financing Sources				
Long-term debt issued	4,000,246	4,000,246	4,000,000	(246)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>16,177</u>	<u>16,177</u>
Total other financing sources	<u>4,000,246</u>	<u>4,000,246</u>	<u>4,016,177</u>	<u>15,931</u>
Net change in fund balance	(73,500)	(4,623,092)	(97,798)	4,525,294
Fund Balance, Beginning	<u>1,947,334</u>	<u>1,947,334</u>	<u>1,947,334</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,873,834</u>	<u>\$ (2,675,758)</u>	<u>\$ 1,849,536</u>	<u>\$ 4,525,294</u>

NONMAJOR GOVERNMENTAL FUNDS

City of Middleton

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	<u>Subdividers' Deposits</u>	<u>Lost and Damaged Books</u>	<u>Library Gift</u>	<u>SCLS Foundation</u>	<u>Library Endowment</u>	<u>Next Chapter</u>	<u>Library Fund</u>	<u>Safety Impact Fee and Other</u>	<u>Economic Development Grant</u>
Assets									
Cash and investments	\$ 2,067,165	\$ 20,889	\$ 3,025	\$ 55,089	\$ 310,612	\$ 6,959	\$ 783,951	\$ 1,240,868	\$ 16,723
Loans, net of allowance	-	-	-	-	-	-	-	-	176,333
Other receivables	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,067,165	\$ 20,889	\$ 3,025	\$ 55,089	\$ 310,612	\$ 6,959	\$ 783,951	\$ 1,240,868	\$ 193,056
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities:									
Accounts payable	\$ 49	\$ -	\$ 90	\$ -	\$ -	\$ -	\$ 4,231	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-	47,517	-	-
Deposits	905,382	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	905,431	-	90	-	-	-	51,748	-	-
Deferred inflows of resources:									
Unavailable revenue	-	-	-	-	-	-	-	-	176,333
Fund balances:									
Restricted	1,161,734	20,889	2,935	55,089	310,612	6,959	732,203	1,240,868	16,723
Total fund balances	1,161,734	20,889	2,935	55,089	310,612	6,959	732,203	1,240,868	16,723
Total liabilities, deferred inflows of resources and fund balances	\$ 2,067,165	\$ 20,889	\$ 3,025	\$ 55,089	\$ 310,612	\$ 6,959	\$ 783,951	\$ 1,240,868	\$ 193,056

City of Middleton

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	<u>Tourism Commission</u>	<u>Police Activities</u>	<u>EMS Activities</u>	<u>Public Land Activities</u>	<u>Youth Center Activities</u>	<u>Senior Center Activities</u>	<u>American Rescue Plan</u>	<u>Total Nonmajor Governmental Funds</u>
Assets								
Cash and investments	\$ 2,590,205	\$ 78,892	\$ 82,660	\$ 2,112,581	\$ 33,360	\$ 160,109	\$ 1,756,668	\$ 11,319,756
Loans, net of allowance	-	-	-	-	-	-	-	176,333
Other receivables	323,741	-	-	-	-	-	-	323,741
Total assets	<u>\$ 2,913,946</u>	<u>\$ 78,892</u>	<u>\$ 82,660</u>	<u>\$ 2,112,581</u>	<u>\$ 33,360</u>	<u>\$ 160,109</u>	<u>\$ 1,756,668</u>	<u>\$ 11,819,830</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts payable	\$ 84,874	\$ -	\$ -	\$ 279,078	\$ 96	\$ -	\$ -	\$ 368,418
Other accrued liabilities	4,941	34,828	-	-	3,118	-	-	90,404
Deposits	-	-	-	-	-	-	-	905,382
Unearned revenue	-	-	-	-	-	-	1,756,668	1,756,668
Total liabilities	<u>89,815</u>	<u>34,828</u>	<u>-</u>	<u>279,078</u>	<u>3,214</u>	<u>-</u>	<u>1,756,668</u>	<u>3,120,872</u>
Deferred inflows of resources:								
Unavailable revenue	-	-	-	-	-	-	-	176,333
Fund balances:								
Restricted	<u>2,824,131</u>	<u>44,064</u>	<u>82,660</u>	<u>1,833,503</u>	<u>30,146</u>	<u>160,109</u>	<u>-</u>	<u>8,522,625</u>
Total fund balances	<u>2,824,131</u>	<u>44,064</u>	<u>82,660</u>	<u>1,833,503</u>	<u>30,146</u>	<u>160,109</u>	<u>-</u>	<u>8,522,625</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,913,946</u>	<u>\$ 78,892</u>	<u>\$ 82,660</u>	<u>\$ 2,112,581</u>	<u>\$ 33,360</u>	<u>\$ 160,109</u>	<u>\$ 1,756,668</u>	<u>\$ 11,819,830</u>

City of Middleton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	<u>Subdividers' Deposits</u>	<u>Lost and Damaged Books</u>	<u>Library Gift</u>	<u>SCLS Foundation</u>	<u>Library Endowment</u>	<u>Next Chapter</u>	<u>Library</u>	<u>Safety Impact Fee and Other</u>	<u>Economic Development Grant</u>
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	961,427	-	-
Public charges for services	5,928	5,346	-	-	-	-	9,148	-	-
Licenses and permits	473	-	-	-	-	-	-	114,878	-
Investment income (loss)	-	(269)	-	(4,807)	(26,161)	-	(2,045)	(3,930)	(47)
Contributions	-	-	4,449	25,976	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	6,034	-	100,000
Total revenues	6,401	5,077	4,449	21,169	(26,161)	-	974,564	110,948	99,953
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-	-
Leisure activities	-	1,287	3,696	420	3,183	96,089	2,198,864	-	-
Conservation and development	-	-	-	-	-	-	-	-	-
Capital outlay	1,000	-	-	-	-	-	-	-	-
Total expenditures	1,000	1,287	3,696	420	3,183	96,089	2,198,864	-	-
Excess (deficiency) of revenues over (under) expenditures	5,401	3,790	753	20,749	(29,344)	(96,089)	(1,224,300)	110,948	99,953
Other Financing Sources (Uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	34,340	-	-	1,381,416	-	-
Transfers (out)	-	-	(34,340)	-	-	-	-	(215,000)	(100,000)
Total other financing sources (uses)	-	-	(34,340)	34,340	-	-	1,381,416	(215,000)	(100,000)
Net change in fund balance	5,401	3,790	(33,587)	55,089	(29,344)	(96,089)	157,116	(104,052)	(47)
Fund Balance, Beginning	1,156,333	17,099	36,522	-	339,956	103,048	575,087	1,344,920	16,770
Fund Balance, Ending	\$ 1,161,734	\$ 20,889	\$ 2,935	\$ 55,089	\$ 310,612	\$ 6,959	\$ 732,203	\$ 1,240,868	\$ 16,723

City of Middleton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	<u>Tourism Commission</u>	<u>Police Activities</u>	<u>EMS Activities</u>	<u>Public Land Activities</u>	<u>Youth Center Activities</u>	<u>Senior Center Activities</u>	<u>American Rescue Plan</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues								
Taxes	\$ 1,376,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,376,060
Intergovernmental	391,806	-	46,261	-	40,186	34,071	336,262	1,810,013
Public charges for services	-	-	-	1,259,897	-	-	-	1,280,319
Licenses and permits	-	-	-	-	-	-	-	115,351
Investment income (loss)	-	-	-	-	-	(4,847)	-	(42,106)
Contributions	-	-	-	27,336	12,914	10,727	-	81,402
Miscellaneous	1,162	24,908	3,349	-	-	-	-	135,453
Total revenues	1,769,028	24,908	49,610	1,287,233	53,100	39,951	336,262	4,756,492
Expenditures								
Current:								
General government	114,631	-	-	-	-	-	38,128	152,759
Public safety	-	13,560	-	-	-	-	77,136	90,696
Health and human services	-	-	-	-	-	71,485	-	71,485
Leisure activities	-	-	-	45,280	152,582	-	-	2,501,401
Conservation and development	1,025,695	-	-	-	-	-	-	1,025,695
Capital outlay	-	6,275	-	1,350,248	-	-	217,727	1,575,250
Total expenditures	1,140,326	19,835	-	1,395,528	152,582	71,485	332,991	5,417,286
Excess (deficiency) of revenues over (under) expenditures	628,702	5,073	49,610	(108,295)	(99,482)	(31,534)	3,271	(660,794)
Other Financing Sources (Uses)								
Sale of capital assets	-	-	-	-	-	332	-	332
Transfers in	-	-	-	-	102,139	-	-	1,517,895
Transfers (out)	-	-	-	-	-	-	(3,271)	(352,611)
Total other financing sources (uses)	-	-	-	-	102,139	332	(3,271)	1,165,616
Net change in fund balance	628,702	5,073	49,610	(108,295)	2,657	(31,202)	-	504,822
Fund Balance, Beginning	2,195,429	38,991	33,050	1,941,798	27,489	191,311	-	8,017,803
Fund Balance, Ending	\$ 2,824,131	\$ 44,064	\$ 82,660	\$ 1,833,503	\$ 30,146	\$ 160,109	\$ -	\$ 8,522,625

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Subdividers' Deposits - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance With Final Budget
Revenues			
Public charges for services	\$ 50,000	\$ 5,928	\$ (44,072)
Licenses and permits	-	473	473
Total revenues	<u>50,000</u>	<u>6,401</u>	<u>(43,599)</u>
Expenditures			
Capital outlay	<u>50,000</u>	<u>1,000</u>	<u>49,000</u>
Total expenditures	<u>50,000</u>	<u>1,000</u>	<u>49,000</u>
Net change in fund balance	-	5,401	5,401
Fund Balance, Beginning	<u>1,156,333</u>	<u>1,156,333</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,156,333</u>	<u>\$ 1,161,734</u>	<u>\$ 5,401</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Lost and Damaged Books - Special Revenue Fund

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Public charges for services	\$ 25,000	\$ 5,346	\$ (19,654)
Investment income	-	1,215	1,215
GAAP adjustment for fair market value	-	(1,484)	(1,484)
	<u>25,000</u>	<u>5,077</u>	<u>(19,923)</u>
Expenditures			
Current:			
Leisure activities	<u>25,000</u>	<u>1,287</u>	<u>23,713</u>
	-	3,790	3,790
Net change in fund balance			
	<u>17,099</u>	<u>17,099</u>	<u>-</u>
Fund Balance, Beginning			
	<u>17,099</u>	<u>17,099</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 17,099</u>	<u>\$ 20,889</u>	<u>\$ 3,790</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Library Gift - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Contributions	\$ -	\$ 4,449	\$ 4,449
Total revenues	<u>-</u>	<u>4,449</u>	<u>4,449</u>
Expenditures			
Current:			
Leisure activities	<u>15,000</u>	<u>3,696</u>	<u>11,304</u>
Excess of revenues over expenditures	<u>(15,000)</u>	<u>753</u>	<u>15,753</u>
Other Financing Uses			
Transfers out	<u>-</u>	<u>(34,340)</u>	<u>(34,340)</u>
Total other financing uses	<u>-</u>	<u>(34,340)</u>	<u>(34,340)</u>
Net change in fund balance	<u>(15,000)</u>	<u>(33,587)</u>	<u>(18,587)</u>
Fund Balance, Beginning	<u>36,522</u>	<u>36,522</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 21,522</u>	<u>\$ 2,935</u>	<u>\$ (18,587)</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Library Endowment - Special Revenue Fund

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Investment income (loss)	<u>\$ -</u>	<u>\$ (26,161)</u>	<u>\$ (26,161)</u>
Total revenues	<u>-</u>	<u>(26,161)</u>	<u>(26,161)</u>
Expenditures			
Current:			
Leisure activities	<u>60,000</u>	<u>3,183</u>	<u>56,817</u>
Net change in fund balance	(60,000)	(29,344)	30,656
Fund Balance, Beginning	<u>339,956</u>	<u>339,956</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 279,956</u>	<u>\$ 310,612</u>	<u>\$ 30,656</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Next Chapter Project - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Leisure activities	<u>50,000</u>	<u>96,089</u>	<u>(46,089)</u>
Net change in fund balance	(50,000)	(96,089)	(46,089)
Fund Balance, Beginning	<u>103,048</u>	<u>103,048</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 53,048</u>	<u>\$ 6,959</u>	<u>\$ (46,089)</u>

City of Middleton**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -**

Library Fund - Special Revenue Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 947,331	\$ 947,331	\$ 961,427	\$ 14,096
Public charges for services	24,000	24,000	9,148	(14,852)
Investment income	-	-	9,231	9,231
GAAP adjustment for fair market value	-	-	(11,276)	(11,276)
Miscellaneous	6,000	6,000	6,034	34
Total revenues	<u>977,331</u>	<u>977,331</u>	<u>974,564</u>	<u>(2,767)</u>
Expenditures				
Current:				
Leisure activities	<u>2,254,047</u>	<u>2,358,747</u>	<u>2,198,864</u>	<u>159,883</u>
Total expenditures	<u>2,254,047</u>	<u>2,358,747</u>	<u>2,198,864</u>	<u>159,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,276,716)</u>	<u>(1,381,416)</u>	<u>(1,224,300)</u>	<u>157,116</u>
Other Financing Sources				
Transfers in	<u>1,381,416</u>	<u>1,381,416</u>	<u>1,381,416</u>	<u>-</u>
Total other financing sources	<u>1,381,416</u>	<u>1,381,416</u>	<u>1,381,416</u>	<u>-</u>
Net change in fund balance	104,700	-	157,116	157,116
Fund Balance, Beginning	<u>575,087</u>	<u>575,087</u>	<u>575,087</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 679,787</u>	<u>\$ 575,087</u>	<u>\$ 732,203</u>	<u>\$ 157,116</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Safety Impact Fee and Other - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Licenses and permits	\$ 60,000	\$ 114,878	\$ 54,878
Investment income	2,500	17,736	15,236
GAAP adjustment for fair market value	-	(21,666)	(21,666)
Total revenues	<u>62,500</u>	<u>110,948</u>	<u>48,448</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>62,500</u>	<u>110,948</u>	<u>48,448</u>
Other Financing Uses			
Transfers out	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>
Net change in fund balance	(152,500)	(104,052)	48,448
Fund Balance, Beginning	<u>1,344,920</u>	<u>1,344,920</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,192,420</u>	<u>\$ 1,240,868</u>	<u>\$ 48,448</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Tourism Commission - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 1,112,354	\$ 1,112,354	\$ 1,376,060	\$ 263,706
Intergovernmental	-	-	391,806	391,806
Miscellaneous	-	-	1,162	1,162
Total revenues	<u>1,112,354</u>	<u>1,112,354</u>	<u>1,769,028</u>	<u>656,674</u>
Expenditures				
Current:				
General government	121,730	121,730	114,631	7,099
Conservation and development	<u>1,141,607</u>	<u>1,191,607</u>	<u>1,025,695</u>	<u>165,912</u>
Total expenditures	<u>1,263,337</u>	<u>1,313,337</u>	<u>1,140,326</u>	<u>173,011</u>
Net change in fund balance	(150,983)	(200,983)	628,702	829,685
Fund Balance, Beginning	<u>2,195,429</u>	<u>2,195,429</u>	<u>2,195,429</u>	-
Fund Balance, Ending	<u>\$ 2,044,446</u>	<u>\$ 1,994,446</u>	<u>\$ 2,824,131</u>	<u>\$ 829,685</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Police Activities - Special Revenue Fund

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Miscellaneous	\$ 5,000	\$ 24,908	\$ 19,908
Total revenues	<u>5,000</u>	<u>24,908</u>	<u>19,908</u>
Expenditures			
Current:			
Public safety	5,000	13,560	(8,560)
Capital outlay	-	6,275	(6,275)
Total expenditures	<u>5,000</u>	<u>19,835</u>	<u>(14,835)</u>
Net change in fund balance	-	5,073	5,073
Fund Balance, Beginning	<u>38,991</u>	<u>38,991</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 38,991</u>	<u>\$ 44,064</u>	<u>\$ 5,073</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

EMS Activities - Special Revenue Fund

Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance With Final Budget
Revenues			
Intergovernmental	\$ 20,000	\$ 46,261	\$ 26,261
Miscellaneous	-	3,349	3,349
Total revenues	<u>20,000</u>	<u>49,610</u>	<u>29,610</u>
Expenditures			
Current:			
Public safety	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balance	-	49,610	49,610
Fund Balance, Beginning	<u>33,050</u>	<u>33,050</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 33,050</u>	<u>\$ 82,660</u>	<u>\$ 49,610</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Public Land Activities - Special Revenue Fund
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance With Final Budget
Revenues			
Public charges for services	\$ 300,000	\$ 1,259,897	\$ 959,897
Contributions	-	27,336	27,336
Total revenues	<u>300,000</u>	<u>1,287,233</u>	<u>987,233</u>
Expenditures			
Current:			
Leisure activities	95,000	45,280	49,720
Capital outlay	<u>230,000</u>	<u>1,350,248</u>	<u>(1,120,248)</u>
Total expenditures	<u>325,000</u>	<u>1,395,528</u>	<u>(1,070,528)</u>
Net change in fund balance	(25,000)	(108,295)	(83,295)
Fund Balance, Beginning	<u>1,941,798</u>	<u>1,941,798</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,916,798</u></u>	<u><u>\$ 1,833,503</u></u>	<u><u>\$ (83,295)</u></u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Youth Center Activities - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 40,590	\$ 40,186	\$ (404)
Contributions	12,750	12,914	164
Total revenues	<u>53,340</u>	<u>53,100</u>	<u>(240)</u>
Expenditures			
Current:			
Leisure activities	<u>177,383</u>	<u>152,582</u>	<u>24,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,043)</u>	<u>(99,482)</u>	<u>24,561</u>
Other Financing Sources			
Transfers in	<u>118,868</u>	<u>102,139</u>	<u>(16,729)</u>
Net change in fund balance	(5,175)	2,657	7,832
Fund Balance, Beginning	<u>27,489</u>	<u>27,489</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 22,314</u>	<u>\$ 30,146</u>	<u>\$ 7,832</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Senior Center Activities - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 20,000	\$ 34,071	\$ 14,071
Investment income (loss)	5,000	(4,847)	(9,847)
Contributions	-	10,727	10,727
	<u>25,000</u>	<u>39,951</u>	<u>14,951</u>
Total revenues			
	<u>25,000</u>	<u>39,951</u>	<u>14,951</u>
Expenditures			
Current:			
Health and human services	<u>25,000</u>	<u>71,485</u>	<u>(46,485)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(31,534)</u>	<u>(31,534)</u>
Other Financing Sources			
Sale of capital assets	<u>-</u>	<u>332</u>	<u>332</u>
Net change in fund balance	-	(31,202)	(31,202)
Fund Balance, Beginning	<u>191,311</u>	<u>191,311</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 191,311</u>	<u>\$ 160,109</u>	<u>\$ (31,202)</u>

City of Middleton

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
American Rescue Plan - Special Revenue Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 808,430	\$ 336,262	\$ (472,168)
Total revenues	<u>808,430</u>	<u>336,262</u>	<u>(472,168)</u>
Expenditures			
Current:			
General government	52,500	38,128	14,372
Public safety	75,930	77,136	(1,206)
Leisure activities	25,000	-	25,000
Capital outlay	<u>655,000</u>	<u>217,727</u>	<u>437,273</u>
Total expenditures	<u>808,430</u>	<u>332,991</u>	<u>475,439</u>
Excess of revenues over expenditures	<u>-</u>	<u>3,271</u>	<u>3,271</u>
Other Financing Uses			
Transfers out	<u>-</u>	<u>(3,271)</u>	<u>(3,271)</u>
Net change in fund balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NONMAJOR PROPRIETARY FUNDS

City of Middleton

Combining Statement of Net Position - Nonmajor Proprietary Funds

December 31, 2022

	Enterprise Funds			Nonmajor Enterprise Funds
	Stormwater Utility	Middleton Utility District	Airport	
Assets				
Current assets:				
Cash and investments	\$ 692,227	\$ 431,079	\$ 716,646	\$ 1,839,952
Accounts receivable	224,632	-	13,443	238,075
Lease receivable	-	-	21,992	21,992
Due from other funds	8,092	-	-	8,092
Total current assets	924,951	431,079	752,081	2,108,111
Noncurrent assets:				
Capital assets:				
Land	1,935,149	-	2,715,508	4,650,657
Construction in progress	515,573	-	1,021,549	1,537,122
Land improvements	5,166,728	-	11,300	5,178,028
Buildings and improvements	-	-	745,292	745,292
Machinery and equipment	-	-	434,708	434,708
Accumulated depreciation	(1,246,073)	-	(393,408)	(1,639,481)
Other assets:				
Lease receivable	-	-	369,868	369,868
Total noncurrent assets	6,371,377	-	4,904,817	11,276,194
Total assets	\$ 7,296,328	\$ 431,079	\$ 5,656,898	\$ 13,384,305
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Accounts payable	\$ 353,478	\$ -	\$ 13,286	\$ 366,764
Unearned revenue	-	-	56,461	56,461
Total current liabilities	353,478	-	69,747	423,225
Deferred inflows of resources:				
Lease related amounts	-	-	391,170	391,170
Net position:				
Net investment in capital assets	6,371,377	-	4,534,949	10,906,326
Unrestricted	571,473	431,079	661,032	1,663,584
Total net position	6,942,850	431,079	5,195,981	12,569,910
Total liabilities, deferred inflows of resources and net position	\$ 7,296,328	\$ 431,079	\$ 5,656,898	\$ 13,384,305

City of Middleton

Combining Statement of Revenues, Expenses and Changes in Net Position -
 Nonmajor Proprietary Funds
 Year Ended December 31, 2022

	Enterprise Funds			Total
	Stormwater Utility	Middleton Utility District	Airport	
Operating Revenues				
Charges for services	\$ 875,684	\$ -	\$ 138,620	\$ 1,014,304
Special assessments	-	370,955	-	370,955
Total operating revenues	875,684	370,955	138,620	1,385,259
Operating Expenses				
Operation and maintenance	89,486	-	113,982	203,468
Depreciation	258,337	-	41,962	300,299
Total operating expenses	347,823	-	155,944	503,767
Operating income (loss)	527,861	370,955	(17,324)	881,492
Nonoperating Revenues				
Investment income (loss)	(1,916)	(709)	693	(1,932)
Miscellaneous nonoperating income	73	-	8,332	8,405
Total nonoperating revenues	(1,843)	(709)	9,025	6,473
Income before contributions	526,018	370,246	(8,299)	887,965
Capital contributions	132,688	-	1,265,519	1,398,207
Change in net position	658,706	370,246	1,257,220	2,286,172
Total Net Position, Beginning	6,284,144	60,833	3,938,761	10,283,738
Total Net Position, Ending	\$ 6,942,850	\$ 431,079	\$ 5,195,981	\$ 12,569,910

City of Middleton

Combining Statement of Cash Flows
 Nonmajor Proprietary Funds
 Year Ended December 31, 2022

	Enterprise Funds			Total
	Stormwater	Middleton Utility District	Airport	
Cash Flows From Operating Activities				
Received from customers	\$ 877,408	\$ 370,955	\$ 164,948	\$ 1,413,311
Paid to suppliers for goods and services	(89,486)	-	(115,417)	(204,903)
Net cash flows from operating activities	787,922	370,955	49,531	1,208,408
Cash Flows From Capital and Related Financing Activities				
Acquisition of and construction of capital assets	(865,035)	-	-	(865,035)
Capital contributions	132,688	-	64,999	197,687
Net cash flows from capital and related financing activities	(732,347)	-	64,999	(667,348)
Cash Flows From Investing Activities				
Investment income (loss)	(1,916)	(709)	(4,487)	(7,112)
Net cash flows from investing activities	(1,916)	(709)	(4,487)	(7,112)
Net increase (decrease) in cash and cash equivalents	53,659	370,246	110,043	533,948
Cash and Cash Equivalents, Beginning	638,568	60,833	606,603	1,306,004
Cash and Cash Equivalents, Ending	\$ 692,227	\$ 431,079	\$ 716,646	\$ 1,839,952
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Operating income (loss)	\$ 527,861	\$ 370,955	\$ (17,324)	\$ 881,492
Nonoperating income	73	-	8,332	8,405
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	258,337	-	41,962	300,299
Change in assets and liabilities:				
Accounts receivable	509	-	(7,669)	(7,160)
Lease receivable	-	-	(391,860)	(391,860)
Due from other funds	1,142	-	-	1,142
Accounts payable	-	-	(1,435)	(1,435)
Unearned revenue	-	-	26,355	26,355
Lease related deferred inflow of resources	-	-	391,170	391,170
Net cash flows from operating activities	\$ 787,922	\$ 370,955	\$ 49,531	\$ 1,208,408
Noncash Investing, Capital and Financing Activities				
Capital contributions from state	\$ -	\$ -	\$ 1,200,520	\$ 1,200,520

FIDUCIARY FUNDS

City of Middleton

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2022

	<u>Tax Collection</u>	<u>Fire District</u>	<u>Total</u>
Assets			
Cash and investments	\$ 20,822,625	\$ 424,645	\$ 21,247,270
Taxes receivable	28,969,909	-	28,969,909
Total assets	<u>49,792,534</u>	<u>424,645</u>	<u>50,217,179</u>
Liabilities			
Accounts payable	-	41,219	41,219
Accrued liabilities	-	56,704	56,704
Due to other governmental units	49,792,534	-	49,792,534
Total liabilities	<u>49,792,534</u>	<u>97,923</u>	<u>49,890,457</u>
Net Position			
Restricted	<u>\$ -</u>	<u>\$ 326,722</u>	<u>\$ 326,722</u>

City of Middleton

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2022

	<u>Tax Collection</u>	<u>Fire District</u>	<u>Total</u>
Additions			
Property taxes collected for other governments	\$ 33,202,925	\$ -	\$ 33,202,925
Contributions	-	1,593,050	1,593,050
Miscellaneous	-	68,089	68,089
	<u>33,202,925</u>	<u>1,661,139</u>	<u>34,864,064</u>
Deductions			
Property taxes distributed to other governments	33,202,925	-	33,202,925
Public fire protection	-	1,602,540	1,602,540
	<u>33,202,925</u>	<u>1,602,540</u>	<u>34,805,465</u>
Change in fiduciary net position	-	58,599	58,599
Total Net Position, Beginning	<u>-</u>	<u>268,123</u>	<u>268,123</u>
Total Net Position, Ending	<u>\$ -</u>	<u>\$ 326,722</u>	<u>\$ 326,722</u>

Community Development Authority of the City of Middleton

Statement of Cash Flows

Component Unit

Year Ended December 31, 2022

Cash Flows From Operating Activities

Received from customers	\$ 117,353
Paid to suppliers for goods and services	<u>(77,438)</u>

Net cash flows from operating activities	<u>39,915</u>
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Cash Flows From Investing Activities

Investment income (loss)	<u>(1,939)</u>
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Net cash flows from investing activities	<u>(1,939)</u>
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Net decrease in cash and cash equivalents	37,976
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Cash and Cash Equivalents, Beginning	<u>658,522</u>
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Cash and Cash Equivalents, Ending	<u><u>\$ 696,498</u></u>
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STATISTICAL SECTION

**CITY OF MIDDLETON, WISCONSIN
STATISTICAL SECTION
TABLE OF CONTENTS
For the Year Ended December 31, 2022**

This section of the City of Middleton’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information indicate about the City’s overall financial condition through multi-year comparative data.

<u>Contents</u>	<u>Pages</u>
Financial Trends – Tables 1 - 4	91 – 96
These schedules contain trend information to help the reader understand how the City’s financial performance and well being have changed over time.	
Revenue Capacity – Tables 5 - 8	97 – 100
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity – Tables 9 - 12	101 – 104
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information – Tables 13 - 14	105 – 106
These schedules provide demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information – Tables 15 - 17	107 – 109
These schedules contain service and infrastructure data to help the reader understand how the City’s financial report related to the services the City provides and the activities it performs.	

City of Middleton
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 82,234,041	\$ 74,457,610	\$ 74,471,485	\$ 72,622,109	\$ 67,484,502	\$ 59,300,227	\$ 44,205,346	\$ 42,289,738	\$ 40,190,979	\$ 34,367,993
Restricted	43,471,080	40,826,314	29,195,331	20,698,282	20,070,132	18,006,381	16,207,298	12,928,495	10,822,454	11,489,077
Unrestricted	(5,222,420)	(5,745,419)	(5,633,583)	(6,300,271)	(6,912,812)	(3,343,866)	9,130,412	7,595,832	4,427,136	5,056,636
Total governmental activities net position	\$ 120,482,701	\$ 109,538,505	\$ 98,033,233	\$ 87,020,120	\$ 80,641,822	\$ 73,962,742	\$ 69,543,056	\$ 62,814,065	\$ 55,440,569	\$ 50,913,706
Business-type activities										
Net investment in capital assets	54,309,770	50,972,982	50,127,025	50,229,949	48,055,298	47,430,785	47,875,591	41,296,083	35,939,954	33,777,825
Restricted	528,259	411,505	218,815	-	193,794	-	60,820	243,140	60,820	60,820
Unrestricted	10,448,114	9,232,799	6,654,294	4,872,821	5,167,512	5,671,824	3,084,004	5,232,480	5,764,851	5,985,906
Total business-type activities net position	\$ 65,286,143	\$ 60,617,286	\$ 57,000,134	\$ 55,102,770	\$ 53,416,604	\$ 53,102,609	\$ 51,020,415	\$ 46,771,703	\$ 41,765,625	\$ 39,824,551
Primary government										
Net investment in capital assets	136,543,811	125,430,592	124,598,510	122,852,058	115,539,800	106,731,012	92,080,937	83,585,821	76,130,933	68,145,818
Restricted	43,999,339	41,237,819	29,414,146	20,698,282	20,263,926	18,006,381	16,268,118	13,171,635	10,883,274	11,549,897
Unrestricted	5,225,694	3,487,380	1,020,711	(1,427,450)	(1,745,300)	2,327,958	12,214,416	12,828,312	10,191,987	11,042,542
Total primary government net position	\$ 185,768,844	\$ 170,155,791	\$ 155,033,367	\$ 142,122,890	\$ 134,058,426	\$ 127,065,351	\$ 120,563,471	\$ 109,585,768	\$ 97,206,194	\$ 90,738,257

City of Middleton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
General Government	\$ 2,967,980	\$ 3,051,347	\$ 2,960,095	\$ 3,234,108	\$ 2,780,653	\$ 3,440,019	\$ 3,373,515	\$ 3,576,763	\$ 3,499,140	\$ 4,235,573
Public Safety	9,186,711	9,370,653	9,505,883	9,966,272	9,305,380	10,045,808	9,708,266	8,768,029	8,857,148	9,318,550
Public Works	9,777,726	7,091,814	6,001,492	4,956,324	5,100,582	5,338,976	5,661,834	4,413,417	5,387,692	4,175,004
Health and Human Services	539,545	501,467	526,658	663,526	531,435	604,866	523,561	458,109	467,424	437,254
Leisure Activities	4,237,379	4,094,496	4,601,984	4,874,284	3,494,719	4,918,071	4,279,623	5,712,480	5,105,093	5,001,318
Conservation and Economic Development	7,126,867	7,175,794	8,479,884	8,453,985	9,652,513	4,333,647	5,713,888	4,889,708	1,843,956	816,021
Interest and Fiscal Charges	1,083,922	864,331	1,145,503	1,420,639	1,080,954	1,294,086	1,430,035	1,487,334	1,455,644	1,285,861
Total Governmental Activities	34,920,130	32,149,902	33,221,499	33,569,138	31,946,236	29,975,473	30,690,722	29,305,840	26,616,097	25,269,581
Business-Type Activities:										
Water	2,050,010	2,194,553	1,988,932	2,127,031	1,923,367	1,894,175	1,707,466	1,665,644	1,663,981	1,521,927
Sewer	3,380,873	3,337,064	3,083,549	3,039,452	2,834,608	2,794,819	2,798,438	2,248,664	2,218,802	2,216,007
Pleasant View Golf Course	2,525,298	2,545,980	2,170,893	2,075,750	2,083,603	2,025,692	1,845,233	1,561,830	1,651,439	1,702,459
Nonmajor Enterprise Funds	503,767	373,148	648,179	409,910	412,714	236,361	404,080	259,955	-	-
Total Business-Type Activities	8,459,948	8,450,745	7,891,553	7,652,143	7,254,292	6,951,047	6,755,217	5,736,093	5,534,222	5,440,393
Total Expenses	\$ 43,380,078	\$ 40,600,647	\$ 41,113,052	\$ 41,221,281	\$ 39,200,528	\$ 36,926,520	\$ 37,445,939	\$ 35,041,933	\$ 32,150,319	\$ 30,709,974
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	593,110	575,086	553,753	700,377	674,106	252,282	262,789	241,765	241,434	243,220
Public Safety	2,508,628	1,984,869	2,670,698	1,732,918	2,014,061	2,166,381	2,474,315	2,177,110	1,906,784	1,846,772
Public Works	361,821	313,537	474,765	333,205	214,838	120,485	232,199	111,507	45,414	130,417
Health and Human Services	43,246	16,829	15,209	46,316	46,444	36,296	32,442	28,453	28,414	28,995
Leisure Activities	522,190	484,645	249,588	581,273	558,158	441,749	409,688	379,749	374,183	430,584
Conservation and Economic Development	209,088	90,417	91,716	133,395	151,652	199,475	631,904	363,097	499,054	193,813
Operating Grants and Contributions	1,854,858	1,438,287	1,304,052	1,370,468	1,200,663	2,710,128	1,785,109	2,432,652	2,440,921	2,770,483
Capital Grants and Contributions	3,269,725	2,444,675	3,084,114	2,359,582	2,003,839	945,985	1,694,137	620,068	595,666	786,066
Total Governmental Activities	\$ 9,362,666	\$ 7,348,345	\$ 8,443,895	\$ 7,257,534	\$ 6,863,761	\$ 6,872,781	\$ 7,522,583	\$ 6,354,401	\$ 6,131,870	\$ 6,430,350
Business-type Activities:										
Charges for Services										
Water	2,937,241	2,822,058	2,585,309	2,567,361	2,579,779	2,668,978	2,684,956	2,317,608	2,225,334	2,202,387
Sewer	3,362,816	3,444,351	2,913,326	2,600,054	2,646,621	2,486,160	2,343,986	2,162,934	2,022,849	1,966,351
Pleasant View Golf Course	3,858,472	3,849,011	3,190,653	2,874,278	2,602,147	2,591,046	2,430,426	2,105,814	1,860,169	1,832,607
Nonmajor Enterprise Funds	1,385,259	1,018,913	996,158	831,351	404,061	890,926	415,274	136,580	-	-
Capital Grants and Contributions	1,804,432	10,733	260,382	509,911	135,440	216,924	1,213,827	1,371,232	593,153	1,918,147
Total Business-Type Activities	13,348,220	11,145,066	9,945,828	9,382,955	8,368,048	8,854,034	9,088,469	8,094,168	6,701,505	7,919,492
Total Program Revenues	\$ 22,710,886	\$ 18,493,411	\$ 18,389,723	\$ 16,640,489	\$ 15,231,809	\$ 15,726,815	\$ 16,611,052	\$ 14,448,569	\$ 12,833,375	\$ 14,349,842
Net (Expense) Revenue										
Governmental Activities	\$ (25,557,464)	\$ (24,801,557)	\$ (24,777,604)	\$ (26,311,604)	\$ (25,082,475)	\$ (23,102,692)	\$ (23,168,139)	\$ (22,951,439)	\$ (20,484,227)	\$ (18,839,231)
Business-type Activities	4,888,272	2,694,321	2,054,275	1,730,812	1,113,756	1,902,987	2,333,252	2,358,075	1,167,283	2,479,099
Total Net (Expense) Revenue	\$ (20,669,192)	\$ (22,107,236)	\$ (22,723,329)	\$ (24,580,792)	\$ (23,968,719)	\$ (21,199,705)	\$ (20,834,887)	\$ (20,593,364)	\$ (19,316,944)	\$ (16,360,132)

City of Middleton
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues										
Governmental Activities:										
Property Taxes	32,068,179	32,583,733	30,690,560	27,269,231	27,083,632	23,713,395	25,556,528	24,784,036	22,922,386	22,254,410
Other Taxes	1,965,800	1,175,151	580,241	1,992,361	2,182,423	1,966,016	1,957,750	1,972,947	1,753,466	1,639,784
Intergovernmental - Unrestricted	2,381,855	2,543,539	2,713,897	1,647,101	1,134,969	1,471,975	1,160,158	1,602,903	821,534	733,100
Public Gifts and/or Grants										
Investment Income (Loss)	(205,906)	433,867	824,525	1,050,142	656,575	314,935	170,210	106,838	108,978	199,791
Gain (Loss) on Sale of Capital Assets	7,374	67,608	71,538	43,340	168,676	28,358	2,659,850		-	1,605
Miscellaneous	39,939	189,266	414,881	222,060	74,796	160,547	596,707	433,314	154,809	114,547
Transfers In (Out)	244,419	(686,335)	495,075	465,667	460,484	(132,848)	(1,904,073)	(2,274,762)	(750,083)	412,893
Total General Revenues and Transfers	36,501,660	36,306,829	35,790,717	32,689,902	31,761,555	27,522,378	30,197,130	26,625,276	25,011,090	25,356,130
Business-Type Activities:										
Investment Income (Loss)	(23,923)	59,354	101,508	135,581	96,675	46,359	11,387	12,521	23,708	45,363
Gain (Loss) on Sale of Capital Assets	18,950	-	-	-	-	-	-	-	-	-
Miscellaneous	29,977	177,142	236,656	285,440	133,419	-	-	-	-	-
Transfers In (Out)	(244,419)	686,335	(495,075)	(465,667)	(460,484)	132,848	1,904,073	2,274,762	750,083	(412,893)
Total Business-Type Activities	(219,415)	922,831	(156,911)	(44,646)	(230,390)	179,207	1,915,460	2,287,283	773,791	(367,530)
Total Primary Government	\$ 36,282,245	\$ 37,229,660	\$ 35,633,806	\$ 32,645,256	\$ 31,531,165	\$ 27,701,585	\$ 32,112,590	\$ 28,912,559	\$ 25,784,881	\$ 24,988,600
Change in Net Position										
Governmental Activities	\$ 10,944,196	\$ 11,505,272	\$ 11,013,113	\$ 6,378,298	\$ 6,679,080	\$ 4,419,686	\$ 7,028,991	\$ 3,673,837	\$ 4,526,863	\$ 6,516,899
Business Activities	4,668,857	3,617,152	1,897,364	1,686,166	883,366	2,082,194	4,248,712	4,645,358	1,941,074	2,111,569
Total Change in Net Position	\$ 15,613,053	\$ 15,122,424	\$ 12,910,477	\$ 8,064,464	\$ 7,562,446	\$ 6,501,880	\$ 11,277,703	\$ 8,319,195	\$ 6,467,937	\$ 8,628,468

City of Middleton
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Table 3

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 259,828	\$ 435,886	\$ 2,042,784	\$ 2,341,589	\$ 2,927,799	\$ 2,656,519	\$ 2,857,944	\$ 2,775,698	\$ 2,631,468	\$ 2,822,815
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	4,022,584	4,070,511	2,810,516	2,155,511	2,780,632	2,814,251	4,083,717	3,179,261	1,856,034	2,966,360
Unassigned	6,947,598	6,665,188	6,220,424	6,084,396	4,834,398	5,310,690	5,134,962	4,853,363	4,590,217	3,656,420
Total General Fund	<u>\$ 11,230,010</u>	<u>\$ 11,171,585</u>	<u>\$ 11,073,724</u>	<u>\$ 10,581,496</u>	<u>\$ 10,542,829</u>	<u>\$ 10,781,460</u>	<u>\$ 12,076,623</u>	<u>\$ 10,808,322</u>	<u>\$ 9,077,719</u>	<u>\$ 9,445,595</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	39,058,098	37,718,881	28,741,066	22,304,594	20,496,724	18,374,458	15,751,251	11,080,164	12,928,560	14,556,430
Committed	-	-	-	-	-	66,714	45,395	169,109	132,997	145,283
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,077,313)	(1,059,259)	(1,032,614)	(3,875,796)	(3,880,400)	(798,818)	(8,002)	-	-	-
Total All Other Governmental Funds	<u>\$ 37,980,785</u>	<u>\$ 36,659,622</u>	<u>\$ 27,708,452</u>	<u>\$ 18,428,798</u>	<u>\$ 16,616,324</u>	<u>\$ 17,642,354</u>	<u>\$ 15,788,644</u>	<u>\$ 11,249,273</u>	<u>\$ 13,061,557</u>	<u>\$ 14,701,713</u>

Notes:

Source: Prior year's audited financial statements and current year Balance Sheet.

(1) See the notes to the financial statements "Net Position/Fund Balances" for complete details of the fund balance classification.

City of Middleton
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Taxes	\$ 34,096,420	\$ 33,823,017	\$ 31,320,808	\$ 29,305,692	\$ 29,313,320	\$ 26,469,976	\$ 27,996,294	\$ 26,659,527	\$ 24,747,047	\$ 23,890,021
Intergovernmental	5,881,726	5,582,225	5,352,006	4,582,579	3,916,691	3,311,485	3,586,827	4,241,419	3,190,958	3,419,874
Licenses and Permits	1,289,518	955,161	1,138,221	970,041	993,150	1,092,585	2,052,304	1,362,251	1,299,213	1,066,160
Fines, Forfeitures, and Penalties	223,739	210,098	164,174	255,006	261,232	209,115	262,164	287,498	266,264	291,296
Public Charges for Services	3,188,683	2,018,819	3,239,708	1,657,924	1,990,814	2,225,733	2,845,384	1,951,717	1,799,282	1,868,315
Intergovernmental Charges for Services	1,150,984	1,444,746	1,537,525	1,679,936	1,742,989	1,860,547	1,946,971	1,825,802	1,933,130	1,919,130
Special Assessments	136,209	168,259	753,736	364,319	607,188	276,755	467,638	287,987	215,422	314,332
Contributions	82,237	70,021	68,351	268,323	101,499	97,104	92,877	72,150	79,764	29,495
Investment and Income (Loss)	(234,280)	493,305	818,618	1,087,018	659,164	322,838	241,516	188,670	194,508	299,403
Miscellaneous	581,881	498,413	217,818	173,419	265,661	118,786	262,799	197,807	331,851	524,005
Total Revenues	<u>46,397,117</u>	<u>45,264,064</u>	<u>44,610,965</u>	<u>40,344,257</u>	<u>39,851,708</u>	<u>35,984,924</u>	<u>39,754,774</u>	<u>37,074,828</u>	<u>34,057,439</u>	<u>33,622,031</u>
EXPENDITURES										
Current:										
General Government	4,470,268	4,395,274	4,922,286	5,858,283	4,777,052	4,773,175	4,891,814	4,687,066	4,749,043	5,596,888
Public Safety	9,924,071	9,781,908	9,370,731	9,355,673	9,332,638	9,142,015	8,462,228	8,235,296	8,014,769	8,291,149
Public Works	4,202,684	4,135,292	4,160,818	4,103,709	3,902,917	3,812,371	3,614,497	3,418,670	3,421,300	3,332,707
Health and Human Services	562,639	520,086	534,898	549,374	550,196	582,219	503,577	457,636	467,424	437,254
Leisure Activities	4,285,526	3,961,631	3,945,285	4,320,674	4,045,937	4,542,994	3,613,783	4,985,647	4,855,900	4,511,872
Conservation and Economic Development	8,099,134	6,409,176	6,098,380	5,475,907	6,078,455	3,548,191	5,141,006	4,766,299	752,453	790,671
Debt Service:										
Principal	5,507,128	5,102,558	9,539,202	6,315,224	6,061,963	5,953,611	5,680,000	13,850,000	5,280,000	11,975,000
Debt Issuance Costs	-	-	-	-	-	-	-	170,241	74,875	62,575
Interest and Fiscal Charges	1,142,484	1,094,153	1,382,713	1,614,962	1,497,817	1,429,245	1,378,669	1,457,238	1,408,082	1,455,297
Capital Outlay	<u>11,439,009</u>	<u>5,396,145</u>	<u>6,242,950</u>	<u>5,798,753</u>	<u>10,546,355</u>	<u>5,667,693</u>	<u>5,819,222</u>	<u>7,358,067</u>	<u>14,885,402</u>	<u>3,591,381</u>
Total Expenditures	<u>49,632,943</u>	<u>40,796,223</u>	<u>46,197,263</u>	<u>43,392,559</u>	<u>46,793,330</u>	<u>39,451,514</u>	<u>39,104,796</u>	<u>49,386,160</u>	<u>43,909,248</u>	<u>40,044,794</u>
Excess (Deficiency) of Revenues over Expenditures	(3,235,826)	4,467,841	(1,586,298)	(3,048,302)	(6,941,622)	(3,466,590)	649,978	(12,311,332)	(9,851,809)	(6,422,763)

City of Middleton

Changes in Fund Balances of Governmental Funds (continued)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OTHER FINANCING SOURCES (USES)										
Transfers In	2,283,714	2,303,155	2,424,258	2,267,937	3,582,401	2,654,951	10,853,679	8,303,965	8,215,745	9,842,324
Transfer Out	(2,039,295)	(1,820,131)	(1,929,183)	(1,802,270)	(3,117,731)	(2,830,143)	(10,503,575)	(7,840,895)	(8,965,828)	(9,429,431)
Long-Term Debt Issued	4,000,000	3,750,000	11,625,000	9,640,000	5,000,000	4,000,000	6,000,000	11,375,000	8,500,000	4,000,000
Discount on Debt Issued	-	-	-	-	-	-	-	-	-	-
Premium on Debt Issued	334,970	280,558	247,686	751,978	142,164	137,896	133,867	391,581	83,554	169,047
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	36,025	67,608	2,685,218	43,340	70,127	62,433	2,683,656	-	306	9,809
Refunding Payment to Escrow Agent	-	-	(3,694,799)	(6,001,542)	-	-	(4,009,933)	-	-	-
Total Other Financing Sources (Uses)	<u>4,615,414</u>	<u>4,581,190</u>	<u>11,358,180</u>	<u>4,899,443</u>	<u>5,676,961</u>	<u>4,025,137</u>	<u>5,157,694</u>	<u>12,229,651</u>	<u>7,833,777</u>	<u>4,591,749</u>
 Net Change in Fund Balances	 <u>\$ 1,379,588</u>	 <u>\$ 9,049,031</u>	 <u>\$ 9,771,882</u>	 <u>\$ 1,851,141</u>	 <u>\$ (1,264,661)</u>	 <u>\$ 558,547</u>	 <u>\$ 5,807,672</u>	 <u>\$ (81,681)</u>	 <u>\$ (2,018,032)</u>	 <u>\$ (1,831,014)</u>
 Debt Services as a Percentage of Noncapital Expenditures	 17.41%	 17.50%	 27.34%	 21.09%	 20.86%	 21.85%	 21.21%	 36.42%	 23.04%	 36.84%

Notes:

Source: Prior year's audited financial statements and current year Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

City of Middleton

Table 5

Assessed Value and Estimated Actual Value of Taxable Property

For the fiscal years ended December 31, 2013 through 2022

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Manufacturing Property	Other Real Estate Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2022	\$ 2,530,243,200	\$ 1,722,022,500	\$ 130,126,300	\$ 483,500	\$ 154,514,100	\$ 4,537,389,600	\$ 5.37	\$ 4,775,023,600	95.02%
2021	2,006,370,100	1,422,586,800	102,402,400	1,122,300	130,181,900	3,662,663,500	6.25	4,263,315,100	85.91%
2020	2,001,874,500	1,396,240,200	100,063,900	875,800	123,474,600	3,622,529,000	6.17	4,077,208,800	88.85%
2019	1,982,330,800	1,341,793,500	99,669,700	863,100	125,108,500	3,549,765,600	6.10	3,829,510,100	92.70%
2018	1,962,851,400	1,327,324,100	94,018,800	779,000	116,177,205	3,501,150,505	5.83	3,545,571,200	98.75%
2017	1,682,991,300	1,131,175,500	81,289,700	684,900	161,624,408	3,057,765,808	6.52	3,360,068,100	91.00%
2016	1,650,435,700	1,093,251,200	84,168,500	1,152,000	147,639,823	2,976,647,223	6.35	3,143,766,900	94.68%
2015	1,621,443,200	1,050,934,000	96,489,100	1,680,500	144,111,587	2,914,658,387	6.59	2,907,335,100	100.25%
2014	1,496,032,600	960,656,400	91,263,000	1,094,300	136,767,920	2,685,814,220	6.95	2,837,344,300	94.66%
2013	1,478,766,200	944,586,400	92,798,900	752,800	123,233,439	2,640,137,739	6.55	2,763,439,000	95.54%

Notes:

(1) Source - Assessed Values for Non-Manufacturing Property: City Assessor.

(2) Source - Manufacturing Assessed Values and Taxable Equalized Value: Wisconsin Department of Revenue.

(3) Tax rates are expressed in rate per \$1,000 in assessed value.

City of Middleton

Table 6

Direct and Overlapping Property Tax Rates

For the fiscal years ended December 31, 2013 through 2022

(Per \$1,000 of Assessed Valuation)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Direct Rates:										
General Fund	\$ 3.94	\$ 4.55	\$ 4.49	\$ 4.44	\$ 4.27	\$ 4.80	\$ 4.62	\$ 6.59	\$ 6.96	\$ 6.55
Debt Service Fund	<u>1.43</u>	<u>1.70</u>	<u>1.68</u>	<u>1.66</u>	<u>1.56</u>	<u>1.72</u>	<u>1.73</u>	-	-	-
Total City Rate	5.37	6.25	6.17	6.10	5.83	6.52	6.35	6.59	6.96	6.55
Overlapping Rates										
State of Wisconsin	-	-	-	-	-	-	0.18	0.17	0.18	0.18
Dane County	2.86	3.37	3.23	3.13	3.00	3.45	3.30	3.14	3.29	3.26
Madison College	0.76	0.94	0.97	0.95	0.92	1.03	1.02	0.93	0.99	1.93
School Districts										
Middleton-Cross Plains	9.35	11.58	11.80	10.88	9.74	11.34	11.22	11.66	12.16	11.64
Waunakee Community	10.19	12.68	12.26	11.71	9.55	12.49	12.25	5.14	12.00	12.02
Less: State School Tax Credit	(1.34)	(1.59)	(1.56)	(1.58)	(1.61)	(1.83)	(1.67)	(1.65)	(1.52)	(1.51)
Totals by School District										
Middleton-Cross Plains	17.00	20.55	20.61	19.48	17.89	20.52	20.40	20.83	22.05	22.05
Waunakee Area	17.84	21.65	21.07	20.31	17.70	21.67	21.43	14.31	21.89	22.43

Notes:

- (1) Information presented in the year in which taxes were levied.
- (2) Overlapping rates are those of local, county, and state governments that apply to property owners within the City.
- (3) Not all overlapping rates apply to all property owners. The rates for school districts apply only to the portion of the City's property owners whose property is located within the geographic boundaries of the school district.
- (4) In 2015 and prior years the City levied funds for debt service in the general fund and made a transfer to the debt service fund.

**City of Middleton
Principal Property Tax Payers
Current Year and Nine Years Ago**

Table 7

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AX Madison Greenway	\$ 117,658,600	1	2.59%	113,964,300	1	4.32%
PPD Development LP	54,216,200	2	1.19%			
TGA 8500-8551 Research Way LLC	53,570,300	3	1.18%			
Wolfsnare 3001 Deming LLC	45,634,900	4	1.01%			
Middleton Market LLC	43,381,800	5	0.96%			
Greenway Station SPE LLC	38,383,000	6	0.85%	31,554,000	2	1.20%
MW Land Inc	37,753,000	7	0.83%			
Electronic Theatre Controls	28,232,300	8	0.62%	20,684,700	9	0.78%
Atrium Finance II LLC	27,292,000	9	0.60%	25,543,400	5	0.97%
Pheasant West	25,976,500	10	0.57%			
Greenway Properties				26,702,500	3	1.01%
Bruce Company				25,757,100	4	0.98%
Fred-Ashbury Woods LP				24,702,900	6	0.94%
Galina Land Company				22,549,500	7	0.85%
American Girl Brands LLC				22,119,300	8	0.84%
LeSilve				17,027,000	10	0.64%
TOTAL	\$ 472,098,600		13.03%	330,604,700		12.55%

Notes: Source: City Assessor

City of Middleton
Property Tax Levies and Collections
For the fiscal years ended December 31, 2013 through 2022

Table 8

Levy Year	Budget Year	City Operating Tax Levy	Tax Increment Levy	Total City Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2022	2023	\$ 20,551,229	\$ 13,012,896	\$ 33,564,125	n/a	n/a	n/a	n/a	n/a
2021	2022	19,292,426	12,749,966	32,042,392	31,928,594	99.6%	91,309	32,019,903	99.9%
2020	2021	18,412,712	14,118,546	32,531,258	32,453,490	99.8%	70,724	32,524,214	100.0%
2019	2020	17,985,016	12,664,160	30,649,176	30,565,972	99.7%	64,447	30,630,419	99.9%
2018	2019	17,490,293	9,730,078	27,220,371	27,203,623	99.9%	9,876	27,213,499	100.0%
2017	2018	17,017,467	10,038,872	27,056,339	26,970,283	99.7%	61,417	27,031,700	99.9%
2016	2017	16,592,200	7,933,858	24,526,058	24,416,183	99.6%	81,983	24,498,166	99.9%
2015	2016	16,386,140	9,574,449	25,960,589	25,858,416	99.6%	46,626	25,905,042	99.8%
2014	2015	16,002,815	9,032,662	25,035,476	24,984,854	99.8%	28,952	25,013,807	99.9%
2013	2014	15,046,561	8,032,782	23,079,343	23,048,115	99.9%	25,827	23,073,941	100.0%

Notes: In addition to property taxes for the municipality, the City collects and remits taxes for the state and county governments, as well as local school and technical college districts. Taxes are levied in December of each year based upon the assessed value as of January 1st for that year. Real estate taxes can be paid in two installments due January 31st and July 31st. Personal property taxes are due by January 31st. Tax settlements to other taxing authorities are made in January, for taxes collected as of December 31st, and in February, for taxes collected as of January 31st. All unpaid real estate taxes as of January 31st are turned over to the County Treasurer for collection. All personal property taxes are retained for collection by the City. The final settlement for real estate taxes is made by the county to each of the other taxing authorities for the balance of their tax levies.

City of Middleton
Ratios of Outstanding Debt by Type
For the fiscal years ended December 31, 2013 through 2022

Table 9

Year	Governmental	Business-type Activities			Total Primary Government	Percentage of Adjusted Gross Income	Per Capita
	Activities General Obligation Bond/Notes	Water Utility Bond/Notes	Sewer Utility Bond/Notes	Golf Course Bonds/Notes			
2022	\$ 39,017,831	\$ -	\$ -	\$ -	\$ 39,017,831	n/a	\$ 1,694
2021	40,465,774	-	-	-	40,465,774	2.81%	1,842
2020	41,773,284	-	-	-	41,773,284	3.07%	1,984
2019	43,072,193	-	-	-	43,072,193	3.04%	2,079
2018	44,935,312	-	-	-	44,935,312	3.61%	2,195
2017	46,104,664	-	-	1,400,000	47,504,664	3.96%	2,357
2016	48,027,768	-	-	1,700,000	49,727,768	3.91%	2,574
2015	51,400,887	-	-	2,649,613	54,050,500	4.75%	2,873
2014	53,586,820	-	-	3,502,292	57,089,112	5.36%	3,116
2013	50,310,208	-	-	5,464,971	55,775,179	5.37%	3,074

Notes:

- (1) Details of the City's outstanding debt can be found in the notes to the financial statements.
- (2) See Table 13 for adjusted gross income and population data.
- (3) n/a - data not available.
- (4) Presented net of premiums on long term debt.

City of Middleton
Ratios Of Net General Bonded Debt Outstanding
For the fiscal years ended December 31, 2013 through 2022

Table 10

<u>Year</u>	<u>General Obligation Bonds (2)</u>	<u>Other General Obligation Debt (2)</u>	<u>Total General Obligation Debt (2)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>General Obligation Debt Per Capital (4)</u>
2022	\$ 14,750,000	\$ 24,267,831	\$ 39,017,831	0.86%	\$ 1,694
2021	14,720,000	25,745,774	40,465,774	1.10%	1,842
2020	16,975,000	24,798,284	41,773,284	1.15%	1,984
2019	21,815,000	21,257,193	43,072,193	1.21%	2,079
2018	24,640,000	20,295,312	44,935,312	1.28%	2,195
2017	28,590,000	18,914,664	47,504,664	1.55%	2,357
2016	25,050,000	24,677,768	49,727,768	1.67%	2,574
2015	28,130,000	25,920,500	54,050,500	1.85%	2,873
2014	31,230,000	25,859,112	57,089,112	2.13%	3,116
2013	34,000,000	21,775,179	55,775,179	2.11%	3,074

- Notes:**
- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 - (2) Presented net of premiums on long-term debt.
 - (3) See Table 5 - Assessed and Estimated Actual Value of Taxable Property for property value details.
 - (4) See Table 13 - Demographic and Economic Statistics for population.

City of Middleton
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

Table 11

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable To City</u>	<u>Estimated Share of Overlapping Debt</u>
City of Middleton	\$ 40,465,774	100.00%	\$ 40,465,774
Dane County	510,960,000	5.38%	27,489,648
School Districts:			
Middleton Area	185,020,000	45.73%	84,609,646
Waunakee Community	61,205,000	4.29%	2,625,695
Madison Area			
Technical College	<u>188,690,000</u>	3.94%	<u>7,434,386</u>
Madison Metro			
Sewerage District	<u>147,153,614</u>	7.26%	<u>10,683,352</u>
Subtotal Overlapping	<u>1,093,028,614</u>		<u>132,842,727</u>
Total Direct and Overlapping Debt	<u>\$ 1,133,494,388</u>		<u>\$ 173,308,501</u>

- Notes:** (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.
- (2) Details regarding the City's outstanding debt can be found in the note to the financial statements.
- (3) Applicable percentages are estimated by determining the portion of another government units equalized value that is within the City's geographic boundaries and dividing it by each government's total equalized value.

City of Middleton

Legal Debt Margin Information

For the fiscal years ended December 31, 2013 through 2022

Table 12

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized valuation	\$ 4,775,023,600
Legal debt limit (5% of equalized valuation)	238,751,180
Less: Long-term debt	<u>37,680,314</u>
Legal debt margin	<u>\$ 201,070,866</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 238,751,180	\$ 213,165,755	\$ 203,860,440	\$ 191,475,505	\$ 177,278,560	\$ 168,003,405	\$ 157,188,345	\$ 145,366,755	\$ 141,867,215	\$ 138,171,950
Total net debt applicable to limit	37,680,314	39,187,442	40,540,000	41,879,202	44,314,426	46,776,389	49,030,000	53,375,000	56,675,000	55,390,000
Legal Debt Margin	201,070,866	173,978,313	163,320,440	149,596,303	132,964,134	121,227,016	108,158,345	91,991,755	85,192,215	82,781,950
Total net debt applicable to limit as a percentage of debt limit	15.78%	18.38%	19.89%	21.87%	25.00%	27.84%	31.19%	36.72%	39.95%	40.09%

Notes: In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the total equalized value of the taxable property within the City's jurisdiction.

City of Middleton
Demographic and Economic Statistics
For the fiscal years ended December 31, 2013 through 2022

Table 13

Year	Population (1)	Adjusted Gross Income (2)	Per Capita Adjusted Gross Income			Unemployment Rates (3)	
			City of Middleton	Dane County	State of Wisconsin	Dane County	State of Wisconsin
2022	23,031	n/a	n/a	n/a	n/a	1.6%	2.3%
2021	21,964	\$ 1,437,558,699	\$ 65,451	\$ 45,615	\$ 35,727	1.4%	2.8%
2020	21,050	1,360,322,531	64,623	43,482	33,967	3.0%	4.0%
2019	20,713	1,416,747,050	68,399	42,952	33,258	2.3%	3.3%
2018	20,472	1,246,346,523	60,881	40,153	31,962	2.2%	3.0%
2017	20,151	1,200,526,751	59,577	38,542	30,182	2.4	3.3
2016	19,317	1,272,689,634	65,884	37,523	29,711	2.9	4.0
2015	18,810	1,138,112,299	60,506	36,614	29,145	3.2	4.6
2014	18,323	1,064,677,170	58,106	34,798	27,671	3.7	5.4
2013	18,146	1,039,145,850	57,266	33,922	26,963	4.7	6.7

Notes: (1) Source: Wisconsin Department of Administration, Demographic Services Center
(2) Source: Wisconsin Department of Revenue, Division of Research and Policy
(3) Source: Wisconsin Department of Workforce Development
n/a Data not available

**City of Middleton
Principal Employers
Current Year and Nine Years Ago**

Table 14

Employer	2022			2013		
	Number of Employees (1)	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment (3)
PPD (Bio-Pharmaceutical)	1,800	1	8.2%	500	6	2.9%
Middleton Cross Plains Area School District	1,276	2	5.8%	1,437	1	8.2%
Electronic Theatre Controls	864	3	4.0%	600	5	3.4%
UW Medical Foundation	650	4	3.0%			
Springs Window Fashions	484	5	2.2%	800	4	4.6%
Spectrum Brands	451	6	2.1%			
Hy Cite Enterprises	414	7	1.9%			
Raven Software	363	8	1.7%			
Bruce Co. of Wisconsin	350	9	1.6%	200	9	1.1%
Mead & Hunt	312	10	1.4%			
TDS Metrocom				1000	2	5.7%
American Girl				890	3	5.1%
Network Engineering Techs				375	7	2.1%
Telephone and Data Systems, Inc.				350	8	2.0%
Carefusion 209, Inc.				200	10	1.1%

Notes:

(1) Source - In Business Greater Madison-September 2022

(2) Source - U.S. Census

(3) Source - Wisconsin Business Services and Manufacturers Directory 2011

City of Middleton

Table 15

City Government Employees by Function/Program
For the fiscal years ended December 31, 2013 through 2022
(full-time equivalents)

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government:										
Municipal Court	1.25	1.50	1.50	1.50	1.38	1.50	1.50	1.50	1.50	1.50
Information Technology	2.50	2.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00
Administration	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Finance/City Clerk	5.60	5.60	5.20	5.20	6.25	5.50	5.50	5.50	5.50	5.50
Public Safety:										
Police	50.25	50.25	50.25	50.25	49.25	48.25	48.00	45.50	45.50	46.50
Emergency Medical Services	17.00	16.00	16.00	16.00	16.00	16.00	16.00	14.00	14.00	14.50
Building Inspection	3.00	3.00	3.00	3.00	3.50	3.50	4.00	3.75	3.75	3.75
Community Services	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00
Public Works:										
Public Works	21.13	21.13	21.13	21.13	21.13	20.13	18.75	26.75	26.75	17.75
Health and Human Services:										
Senior Center	5.79	5.79	5.79	5.79	5.75	5.60	5.40	5.38	5.38	5.05
Leisure Activities:										
Recreation	18.13	18.13	18.13	18.13	17.75	17.75	17.50	17.55	17.55	12.75
Youth Center	2.06	1.43	1.43	1.38	1.38	1.30	1.30	1.00	1.00	1.00
Library	25.30	25.30	25.30	25.30	24.30	24.30	24.30	15.80	15.80	24.75
Conservation/Development:										
Planning	4.00	4.00	4.00	4.00	3.89	3.39	3.25	3.00	3.00	3.00
CDA	0.50	-	-	-	-	-	-	-	-	-
Forestry	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Lands/Conservancy	10.10	10.10	10.10	10.10	9.95	9.95	9.35	9.35	9.35	9.00
Tourism	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.00
Water and Sewer Utilities	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00
Golf Course	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.50
Total Employment	200.11	198.23	199.33	199.28	196.53	193.17	190.35	183.08	183.08	179.05

Notes: (1) Source - City's annual budget report

City of Middleton

Table 16

Operating Indicators by Function/Program

For the fiscal years ended December 31, 2013 through 2022

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Real estate parcels	6,788	6,780	6,742	6,709	6,686	6,641	6,633	6,596	6,586	6,582
Personal property accounts	865	845	803	800	756	761	881	851	856	861
Dog licenses issued	755	1,226	670	688	700	592	601	608	568	495
Operator licenses Issued	255	275	221	350	345	341	286	262	317	250
Public Safety										
Calls for police service	18,489	18,109	15,743	21,163	21,617	21,335	22,184	20,998	17,038	18,803
Police reports processed	9,392	-	12,386	11,326	11,013	11,700	12,206	11,638	7,115	8,586
Criminal arrests processed	366	410	427	297	298	436	366	422	362	465
Citations processed	2,184	2,401	1,697	2,404	2,786	2,871	3,592	4,008	3,534	5,432
Warnings processed	3,257	3,381	1,617	3,518	3,387	4,190	4,468	3,821	936	1,162
911 calls received	2,356	3,510	3,171	3,300	3,338	3,342	3,085	3,296	3,028	3,207
EMS responses	2,543	2,254	1,898	1,975	1,893	1,814	1,775	1,682	1,671	1,618
Public Works										
City roadway miles maintained	77	73	73	73.3	73.2	73.2	72.3	72.1	71.1	70.8
Homes receiving refuse collection	n/a	5,082	5,067	5,047	5,032	5,020	4,985	4,935	4,858	4,795
Number of refuse carts in service	5,442	n/a								
Health and Human Services										
Senior center daily participants	134	98	70	230	200	188	191	192	183	195
Case management contacts	5,578	5,523	5,127	5,376	4,853	4,847	6,426	4,965	5,520	4,297
Meals on Wheels delivered	12,928	13,550	11,858	6,952	4,428	4,691	4,906	5,061	5,311	5,585
Dining center meals served	2,404	1,059	1,197	5,562	5,038	4,534	4,910	5,465	5,823	5,952
Public Lands/Recreation										
Aquatic center attendance	31,436	16,935	21,544	26,540	27,775	30,000	34,169	34,247	30,000	37,000
Recreation program attendance	4,744	2,581	1,844	2,504	2,103	1,908	1,806	1,210	1,400	1,669
Hubbard Activity Center attendance	1,176	1,167	872	1,195	1,178	1,051	1,008	982	685	429
Park facility rentals	1,279	309	21	381	363	357	399	326	515	390
Library										
Library items circulated	625,678	635,620	300,308	704,692	730,404	733,924	675,565	710,108	718,840	769,485
Library user visits	212,045	116,161	92,357	359,482	371,703	367,266	334,192	351,363	344,515	361,994
Registered borrowers	18,602	18,689	18,778	19,936	19,834	18,676	19,414	18,880	18,555	18,041
Library event participants	36,149	32,590	32,062	47,777	40,884	41,449	32,174	30,247	25,404	20,348
Water Utility										
Number of customers	6,363	6,334	6,291	6,205	6,184	6,150	6,093	6,060	5,993	5,883
Gallons sold (millions)	660,996	700,837	652,005	664,488	702,375	714,834	720,392	699,598	698,326	718,663
Sewer										
Number of customers	5,887	5,861	5,810	5,780	5,801	5,771	5,722	5,650	5,583	5,526

Notes: (1) Source - City department records

City of Middleton

Table 17

Capital Asset Statistics by Function/Program

For the fiscal years ended December 31, 2013 through 2022

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	22	21	21	21	21	21	21	21	22	22
EMS stations	1	1	1	1	1	1	1	1	1	1
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	76.9	73.0	72.7	73.3	73.2	73.2	72.3	72.1	71.1	70.8
Traffic signals	17	17	17	17	17	17	16	16	15	15
Public Lands										
Park acreage	558	558	558	558	558	516	516	499	499	499
Conservancy acreage	870.3	865.8	865.8	865.8	865.8	828	828	850	818	818
Miles of maintained trails	27.5	27.5	27.5	27.5	27.5	30.0	30.0	30.0	28.0	22.5
Water Utility										
Miles of water main	93.8	93.4	93.4	93.4	93.1	93.0	90.0	89.2	88.6	89.0
Number of pumping stations	8	8	8	8	8	8	8	8	8	8
Number of fire hydrants	1,008	1,003	1,001	994	991	990	990	985	967	956
Number of water meters	6,687	6,582	6,571	6,552	6,465	6,419	6,350	6,246	6,165	5,941
Sewer Utility										
Miles of sanitary sewer	81.5	81.5	81.5	81.5	81.5	81.5	81.5	80.9	81.0	78.0
Number of pumping stations	9	9	9	9	9	9	9	9	9	9
Miles of sanitary sewer	81.5	81.5	81.5	81.5	81.3	81.3	81.3	80.9	80.3	78.8

Notes: (1) Source - City's capital asset records