

CITY OF MIDDLETON, WISCONSIN
Middleton, Wisconsin

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
December 31, 2015

Prepared by:

Department of Finance

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INDEPENDENT AUDITORS' REPORT

Common Council
City of Middleton, Wisconsin
Middleton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middleton, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middleton, Wisconsin as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

As discussed in Note 5 to the financial statements, in 2015, City of Middleton, Wisconsin adopted new accounting guidance, GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. As a result of the implementation, City of Middleton, Wisconsin reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middleton, Wisconsin'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.

The supplementary information as listed in the table of contents 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. Such 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 as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Middleton, Wisconsin
August 19, 2016

BASIC FINANCIAL STATEMENTS

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 19,379,619	\$ 7,931,725	\$ 27,311,344	\$ 755,455
Receivables (net of allowance for uncollectible accounts)				
Taxes	26,263,035	-	26,263,035	-
Delinquent taxes	42,836	-	42,836	-
Accounts	750,229	1,074,390	1,824,619	3,300
Interest	-	10,576	10,576	-
Loans	896,710	-	896,710	208,653
Special assessments	816,992	2,041,995	2,858,987	-
Internal balances	5,078,026	(5,078,026)	-	-
Prepaid items	138,082	-	138,082	-
Restricted assets - cash and investments	-	60,820	60,820	-
Restricted assets - net pension asset	1,718,300	182,320	1,900,620	-
Property held for future use	-	301,087	301,087	-
Capital assets not being depreciated	26,256,598	2,511,163	28,767,761	154,000
Capital assets being depreciated	65,341,116	41,434,533	106,775,649	1,956,303
Total assets	<u>146,681,543</u>	<u>50,470,583</u>	<u>197,152,126</u>	<u>3,077,711</u>
Deferred outflows of resources				
Deferred amounts related to pension	<u>1,773,436</u>	<u>188,170</u>	<u>1,961,606</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	2,048,323	790,325	2,838,648	655
Deposits	1,264,454	-	1,264,454	-
Accrued interest	415,152	30,717	445,869	-
Due to other governments	14,106	-	14,106	-
Noncurrent liabilities:				
Due within one year	6,539,747	1,032,169	7,571,916	-
Due in more than one year	49,660,761	2,030,223	51,690,984	-
Total liabilities	<u>59,942,543</u>	<u>3,883,434</u>	<u>63,825,977</u>	<u>655</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent year tax levy	25,964,287	-	25,964,287	-
Deferred amounts related to pension	<u>34,084</u>	<u>3,616</u>	<u>37,700</u>	<u>-</u>
Total deferred inflows	<u>25,998,371</u>	<u>3,616</u>	<u>26,001,987</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	42,289,738	41,296,083	83,585,821	-
Restricted				
Community development	7,863,635	-	7,863,635	-
Library	253,324	-	253,324	-
Impact fees	1,054,213	-	1,054,213	-
Tourism	1,550,745	-	1,550,745	-
Public safety	23,236	-	23,236	-
Senior center	165,042	-	165,042	-
Equipment replacement	-	60,820	60,820	-
Pension	1,718,300	182,320	1,900,620	-
Unrestricted	<u>7,595,832</u>	<u>5,232,480</u>	<u>12,828,312</u>	<u>3,077,056</u>
TOTAL NET POSITION	<u>\$ 62,514,065</u>	<u>\$ 46,771,703</u>	<u>\$ 109,285,768</u>	<u>\$ 3,077,056</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business Type Activities		
Primary Government								
Governmental activities:								
General government	\$ 3,576,763	\$ 241,765	\$ 297,432	\$ -	\$ (3,037,566)	\$ -	\$ (3,037,566)	
Public safety	8,768,029	2,177,110	181,549	-	(6,409,370)	-	(6,409,370)	
Public works	4,413,417	111,507	1,046,789	268,391	(2,986,730)	-	(2,986,730)	
Health and human services	458,109	28,453	47,981	-	(381,675)	-	(381,675)	
Leisure activities	5,712,480	379,749	858,901	351,677	(4,122,153)	-	(4,122,153)	
Conservation and economic development	4,889,708	363,097	-	-	(4,526,611)	-	(4,526,611)	
Interest and fiscal charges	1,487,334	-	-	-	(1,487,334)	-	(1,487,334)	
Total governmental activities	<u>29,305,840</u>	<u>3,301,681</u>	<u>2,432,652</u>	<u>620,068</u>	<u>(22,951,439)</u>	<u>-</u>	<u>(22,951,439)</u>	
Business-type activities:								
Water	1,665,644	2,317,608	-	534,755	-	1,186,719	1,186,719	
Sewer	2,248,664	2,162,934	-	454,349	-	368,619	368,619	
Pleasant View Golf Course	1,561,830	2,105,814	-	-	-	543,984	543,984	
Nonmajor Enterprise Funds	259,955	136,580	-	382,128	-	258,753	258,753	
Total business-type activities	<u>5,736,093</u>	<u>6,722,936</u>	<u>-</u>	<u>1,371,232</u>	<u>-</u>	<u>2,358,075</u>	<u>2,358,075</u>	
Total primary government	<u>\$ 35,041,933</u>	<u>\$ 10,024,617</u>	<u>\$ 2,432,652</u>	<u>\$ 1,991,300</u>	<u>(22,951,439)</u>	<u>2,358,075</u>	<u>(20,593,364)</u>	
Component Unit								
Community Development Authority	\$ 160,564	\$ 300,391	\$ -	\$ -				\$ 139,827
General revenues:								
Taxes:								
Property taxes, levied for general purposes					16,091,735	-	16,091,735	-
Property taxes, levied for tax increment district					8,692,301	-	8,692,301	-
Other taxes					1,715,156	-	1,715,156	-
Cable television franchise fees					257,791	-	257,791	-
Intergovernmental revenues not restricted to specific programs					1,602,903	-	1,602,903	-
Investment income					106,838	12,521	119,359	856
Miscellaneous					433,314	-	433,314	-
Total general revenues					<u>28,900,038</u>	<u>12,521</u>	<u>28,912,559</u>	<u>856</u>
Transfers					<u>(2,274,762)</u>	<u>2,274,762</u>	<u>-</u>	<u>-</u>
Change in net position					3,673,837	4,645,358	8,319,195	140,683
NET POSITION - BEGINNING OF YEAR (RESTATED)					<u>58,840,228</u>	<u>42,126,345</u>	<u>100,966,573</u>	<u>2,936,373</u>
NET POSITION - END OF YEAR					<u>\$ 62,514,065</u>	<u>\$ 46,771,703</u>	<u>\$ 109,285,768</u>	<u>\$ 3,077,056</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

	General	Debt Service	TIF District No. 3	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,745,023	\$ 28,404	\$ 561,832	\$ 3,930,664	\$ 6,113,696	\$ 19,379,619
Receivables (net)						
Taxes						
Tax levy	16,389,838	-	9,126,295	448,154	-	25,964,287
Special assessments on tax roll	-	-	177,030	-	-	177,030
Other	121,718	-	-	-	-	121,718
Delinquent taxes	42,836	-	-	-	-	42,836
Accounts	364,503	-	83,592	-	302,134	750,229
Loans	-	-	896,710	-	-	896,710
Special assessments	44,027	-	772,965	-	-	816,992
Due from other funds	-	-	-	539,971	-	539,971
Advances to other funds	2,594,780	-	4,047,412	-	-	6,642,192
Prepaid items	138,082	-	-	-	-	138,082
TOTAL ASSETS	\$ 28,440,807	\$ 28,404	\$ 15,665,836	\$ 4,918,789	\$ 6,415,830	\$ 55,469,666
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,075,232	\$ 726	\$ 283,688	\$ 316,725	\$ 371,952	\$ 2,048,323
Advances from other funds	-	-	-	2,048,999	-	2,048,999
Deposits	-	-	-	-	1,264,454	1,264,454
Due to other funds	55,138	-	-	-	-	55,138
Due to other governments	14,106	-	-	-	-	14,106
Total liabilities	<u>1,144,476</u>	<u>726</u>	<u>283,688</u>	<u>2,365,724</u>	<u>1,636,406</u>	<u>5,431,020</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent year tax levy	16,389,838	-	9,126,295	448,154	-	25,964,287
Loans receivable	-	-	896,710	-	-	896,710
Special assessments	44,027	-	1,009,883	-	-	1,053,910
Other receivables	54,144	-	-	12,000	-	66,144
	<u>16,488,009</u>	<u>-</u>	<u>11,032,888</u>	<u>460,154</u>	<u>-</u>	<u>27,981,051</u>
FUND BALANCES						
Nonspendable						
Prepaid items	138,082	-	-	-	-	138,082
Advances to other funds	2,594,780	-	-	-	-	2,594,780
Noncurrent receivables	42,836	-	-	-	-	42,836
Restricted						
Debt service	-	27,678	-	-	-	27,678
Community development	-	-	4,349,260	-	1,563,755	5,913,015
Library	-	-	-	-	253,324	253,324
Capital improvements	-	-	-	2,092,911	-	2,092,911
Impact fees	-	-	-	-	1,054,213	1,054,213
Tourism	-	-	-	-	1,550,745	1,550,745
Public safety	-	-	-	-	23,236	23,236
Senior center	-	-	-	-	165,042	165,042
Committed						
Library	-	-	-	-	26,613	26,613
Airport	-	-	-	-	142,496	142,496
Assigned						
Post employment benefits	1,156,843	-	-	-	-	1,156,843
Public safety	971,311	-	-	-	-	971,311
Capital improvements	751,107	-	-	-	-	751,107
Other	300,000	-	-	-	-	300,000
Unassigned	4,853,363	-	-	-	-	4,853,363
Total fund balances	<u>10,808,322</u>	<u>27,678</u>	<u>4,349,260</u>	<u>2,092,911</u>	<u>4,779,424</u>	<u>22,057,595</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 28,440,807	\$ 28,404	\$ 15,665,836	\$ 4,918,789	\$ 6,415,830	\$ 55,469,666

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2015**

Fund balances - total governmental funds	\$ 22,057,595
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.	91,597,714
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements.	
Loans	896,710
Special assessments	1,053,910
Other receivables	66,144
Long-term assets and deferred outflows are not related to the current period and, therefore, are not reported in the funds.	
Net pension asset	1,718,300
Deferred outflows of resources related to pension	1,773,436
Deferred inflows of resources related to pension	(34,084)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(50,730,000)
Landfill post-closure liability	(612,584)
Debt discount or premium	(670,887)
Compensated absences	(4,114,625)
Other postemployment benefits	(72,412)
Accrued interest payable	<u>(415,152)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 62,514,065</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	<u>General</u>	<u>Debt Service</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 16,653,374	\$ -	\$ 8,692,301	\$ -	\$ 1,313,852	\$ 26,659,527
Intergovernmental	2,197,028	-	297,432	939,939	807,020	4,241,419
Licenses and permits	843,742	-	-	-	518,509	1,362,251
Fines, forfeitures, and penalties	287,498	-	-	-	-	287,498
Public charges for services	1,514,509	-	-	-	437,208	1,951,717
Intergovernmental charges for services	1,825,802	-	-	-	-	1,825,802
Special assessments	98,979	-	189,008	-	-	287,987
Contributions	-	-	-	-	72,150	72,150
Investment and interest income	102,875	-	79,422	8,062	(1,689)	188,670
Miscellaneous	160,320	-	-	10,920	26,567	197,807
Total revenues	<u>23,684,127</u>	<u>-</u>	<u>9,258,163</u>	<u>958,921</u>	<u>3,173,617</u>	<u>37,074,828</u>
EXPENDITURES						
Current						
General government	2,681,988	-	1,954,780	50,298	-	4,687,066
Public safety	8,235,296	-	-	-	-	8,235,296
Public works	3,418,670	-	-	-	-	3,418,670
Health and human services	457,636	-	-	-	-	457,636
Leisure activities	1,394,662	-	-	-	3,590,985	4,985,647
Conservation and economic development	632,986	-	2,903,296	1,101,000	129,017	4,766,299
Debt service						
Principal	-	13,850,000	-	-	-	13,850,000
Debt issuance costs	-	170,241	-	-	-	170,241
Interest and fiscal charges	-	1,457,238	-	-	-	1,457,238
Capital outlay	-	-	2,615,855	4,734,212	8,000	7,358,067
Total expenditures	<u>16,821,238</u>	<u>15,477,479</u>	<u>7,473,931</u>	<u>5,885,510</u>	<u>3,728,002</u>	<u>49,386,160</u>
Excess of revenues over (under) expenditures	6,862,889	(15,477,479)	1,784,232	(4,926,589)	(554,385)	(12,311,332)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	8,375,000	-	3,000,000	-	11,375,000
Premium on debt issued	-	391,581	-	-	-	391,581
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	463,070	6,608,800	-	87,303	1,144,792	8,303,965
Transfers out	<u>(5,595,356)</u>	<u>-</u>	<u>(2,105,804)</u>	<u>(139,735)</u>	<u>-</u>	<u>(7,840,895)</u>
Net change in fund balances	1,730,603	(102,098)	(321,572)	(1,979,021)	590,407	(81,681)
FUND BALANCES - BEGINNING OF YEAR	<u>9,077,719</u>	<u>129,776</u>	<u>4,670,832</u>	<u>4,071,932</u>	<u>4,189,017</u>	<u>22,139,276</u>
FUND BALANCES - END OF YEAR	<u>\$ 10,808,322</u>	<u>\$ 27,678</u>	<u>\$ 4,349,260</u>	<u>\$ 2,092,911</u>	<u>\$ 4,779,424</u>	<u>\$ 22,057,595</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015**

Net change in fund balances - total governmental funds \$ (81,681)

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 activities, the cost of these assets is allocated 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.	7,331,316
Capital assets transferred to stormwater utility	(2,737,832)
Depreciation is reported in the government-wide statements	(2,237,421)

Receivables not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(143,859)
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Proceeds from the sale of capital assets are recorded as revenues in the governmental funds but are removed from revenues in the statement of activities \$(0). The loss on the sale/disposal of capital assets is recognized in the statement of activities \$(464,216).	(464,216)
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Debt and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(11,375,000)
Premium on debt issued	(391,581)
Debt retired	13,850,000
Landfill post-closure liability	2,068

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	(203,683)
Other postemployment benefits	(72,412)
Pension activity	57,993
Amortization of debt premium and discount	102,514
Accrued interest on debt	37,631

Change in net position of governmental activities	<u>\$ 3,673,837</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

	Business-type Activities Enterprise Funds				Totals
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	
ASSETS					
Current Assets					
Cash and investments	\$ 5,100,252	\$ 2,450,093	\$ -	\$ 381,380	\$ 7,931,725
Accounts receivable	452,518	550,774	-	71,098	1,074,390
Accrued interest	-	10,576	-	-	10,576
Due from other funds	43,109	12,029	-	-	55,138
Total current assets	<u>5,595,879</u>	<u>3,023,472</u>	<u>-</u>	<u>452,478</u>	<u>9,071,829</u>
Noncurrent Assets					
Restricted cash and investments	-	60,820	-	-	60,820
Restricted net pension asset	71,957	33,275	77,088	-	182,320
Special assessments receivable	-	2,041,995	-	-	2,041,995
Property held for future use	301,087	-	-	-	301,087
Capital assets:					
Property and equipment	28,337,761	16,329,791	11,568,337	3,179,614	59,415,503
Less: Accumulated depreciation	<u>(9,168,448)</u>	<u>(4,969,896)</u>	<u>(1,234,826)</u>	<u>(96,637)</u>	<u>(15,469,807)</u>
Total capital assets, net	<u>19,169,313</u>	<u>11,359,895</u>	<u>10,333,511</u>	<u>3,082,977</u>	<u>43,945,696</u>
Total noncurrent assets	<u>19,542,357</u>	<u>13,495,985</u>	<u>10,410,599</u>	<u>3,082,977</u>	<u>46,531,918</u>
Total assets	<u>25,138,236</u>	<u>16,519,457</u>	<u>10,410,599</u>	<u>3,535,455</u>	<u>55,603,747</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pension	<u>74,266</u>	<u>34,343</u>	<u>79,561</u>	<u>-</u>	<u>188,170</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	110,909	476,802	63,744	138,870	790,325
Due to other funds	457,061	82,910	-	-	539,971
Accrued interest	-	-	30,717	-	30,717
Accrued compensated absences	44,003	18,451	20,102	-	82,556
Current portion of long-term debt	-	-	949,613	-	949,613
Total current liabilities	<u>611,973</u>	<u>578,163</u>	<u>1,064,176</u>	<u>138,870</u>	<u>2,393,182</u>
Noncurrent Liabilities					
Accrued compensated absences	176,010	73,803	80,410	-	330,223
Advances from other funds	-	-	4,193,193	400,000	4,593,193
General obligation debt	-	-	1,700,000	-	1,700,000
Total noncurrent liabilities	<u>176,010</u>	<u>73,803</u>	<u>5,973,603</u>	<u>400,000</u>	<u>6,623,416</u>
Total liabilities	<u>787,983</u>	<u>651,966</u>	<u>7,037,779</u>	<u>538,870</u>	<u>9,016,598</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pension	<u>1,427</u>	<u>660</u>	<u>1,529</u>	<u>-</u>	<u>3,616</u>
NET POSITION					
Net investment in capital assets	19,169,313	11,359,895	7,683,898	3,082,977	41,296,083
Restricted for equipment replacement	-	60,820	-	-	60,820
Restricted for pension	71,957	33,275	77,088	-	182,320
Unrestricted	<u>5,181,822</u>	<u>4,447,184</u>	<u>(4,310,134)</u>	<u>(86,392)</u>	<u>5,232,480</u>
Total net position	<u>\$ 24,423,092</u>	<u>\$ 15,901,174</u>	<u>\$ 3,450,852</u>	<u>\$ 2,996,585</u>	<u>\$ 46,771,703</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds				Total
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	
OPERATING REVENUES					
Charges for services and sales	\$ 2,317,608	\$ 2,162,934	\$ 2,105,814	\$ 136,580	\$ 6,722,936
OPERATING EXPENSES					
Operation and maintenance	1,150,506	1,941,663	1,366,839	222,972	4,681,980
Depreciation	515,138	307,001	118,670	36,983	977,792
Total operating expenses	<u>1,665,644</u>	<u>2,248,664</u>	<u>1,485,509</u>	<u>259,955</u>	<u>5,659,772</u>
Operating income (loss)	<u>651,964</u>	<u>(85,730)</u>	<u>620,305</u>	<u>(123,375)</u>	<u>1,063,164</u>
NONOPERATING REVENUES (EXPENSES)					
Loss on disposal of capital assets	-	-	(8,772)	-	(8,772)
Investment income	1,133	11,388	-	-	12,521
Interest expense	-	-	(67,549)	-	(67,549)
Total nonoperating revenues (expenses)	<u>1,133</u>	<u>11,388</u>	<u>(76,321)</u>	<u>-</u>	<u>(63,800)</u>
Income (loss) before capital contributions and transfers	653,097	(74,342)	543,984	(123,375)	999,364
CAPITAL CONTRIBUTIONS	534,755	454,349	-	3,119,960	4,109,064
TRANSFERS IN	-	-	-	-	-
TRANSFERS OUT	<u>(463,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(463,070)</u>
Change in net position	724,782	380,007	543,984	2,996,585	4,645,358
NET POSITION - BEGINNING OF YEAR (RESTATED)	<u>23,698,310</u>	<u>15,521,167</u>	<u>2,906,868</u>	<u>-</u>	<u>42,126,345</u>
NET POSITION - END OF YEAR	<u>\$ 24,423,092</u>	<u>\$ 15,901,174</u>	<u>\$ 3,450,852</u>	<u>\$ 2,996,585</u>	<u>\$ 46,771,703</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds				Totals
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,288,083	\$ 2,084,055	\$ 2,105,814	\$ 65,482	\$ 6,543,434
Payments to suppliers for goods and services	(573,013)	(1,550,469)	(654,525)	(84,102)	(2,862,109)
Payments to employees for services	(448,210)	(243,294)	(755,258)	-	(1,446,762)
Net cash provided by operating activities	<u>1,266,860</u>	<u>290,292</u>	<u>696,031</u>	<u>(18,620)</u>	<u>2,234,563</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(463,070)	-	-	-	(463,070)
Due from other funds	-	82,910	-	-	82,910
Advance from TIF No. 3	-	-	344,053	400,000	744,053
Net cash provided by (used in) noncapital financing activities	<u>(463,070)</u>	<u>82,910</u>	<u>344,053</u>	<u>400,000</u>	<u>363,893</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(587,746)	(549,777)	(114,684)	-	(1,252,207)
Principal paid on capital debt	-	-	(825,000)	-	(825,000)
Interest paid on capital debt	-	-	(100,400)	-	(100,400)
Net cash used in capital and related financing activities	<u>(587,746)</u>	<u>(549,777)</u>	<u>(1,040,084)</u>	<u>-</u>	<u>(2,177,607)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income received	<u>3,089</u>	<u>10,524</u>	<u>-</u>	<u>-</u>	<u>13,613</u>
Net increase (decrease) in cash and cash equivalents	219,133	(166,051)	-	381,380	434,462
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,881,119</u>	<u>2,676,964</u>	<u>-</u>	<u>-</u>	<u>7,558,083</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,100,252</u>	<u>\$ 2,510,913</u>	<u>\$ -</u>	<u>\$ 381,380</u>	<u>\$ 7,992,545</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Concluded)
For the Year Ended December 31, 2015**

	Business-type Activities				
	Enterprise Funds				
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 651,964	\$ (85,730)	\$ 620,305	\$ (123,375)	\$ 1,063,164
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	515,138	307,001	118,670	36,983	977,792
Depreciation charged to sewer utility	9,745	(9,745)	-	-	-
Changes in noncash components of working capital					
Accounts receivable	(29,525)	(78,879)	-	(71,098)	(179,502)
Special assessments receivable	-	-	-	-	-
Due from other funds	(18,340)	22,731	-	-	4,391
Accounts payable	103,758	121,573	2,798	138,870	366,999
Pension activity	(2,429)	(1,123)	(2,602)	-	(6,154)
Accrued compensated absences	36,549	14,464	(43,140)	-	7,873
Net cash provided by operating activities	<u>\$ 1,266,860</u>	<u>\$ 290,292</u>	<u>\$ 696,031</u>	<u>\$ (18,620)</u>	<u>\$ 2,234,563</u>
Reconciliation of cash and cash equivalents to the statement of net position - proprietary funds					
Cash and investments	\$ 5,100,252	\$ 2,450,093	\$ -	\$ 381,380	\$ 7,931,725
Restricted cash and investments	-	60,820	-	-	60,820
Cash and cash equivalents, end of year	<u>\$ 5,100,252</u>	<u>\$ 2,510,913</u>	<u>\$ -</u>	<u>\$ 381,380</u>	<u>\$ 7,992,545</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES					
Developer financed additions to Utility capital assets	\$ 534,755	\$ 454,349	\$ -	\$ 382,128	\$ 1,371,232
City financed additions to Utility capital assets	-	-	-	2,737,832	2,737,832

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015**

	Tax Roll	Fire District	Total Agency Funds
ASSETS			
Cash and investments	\$ 24,263,155	\$ 207,701	\$ 24,470,856
Taxes receivable	15,136,581	-	15,136,581
Total assets	\$ 39,399,736	\$ 207,701	\$ 39,607,437
LIABILITIES			
Accounts payable	\$ -	\$ 73,658	\$ 73,658
Due to other governmental units	39,399,736	134,043	39,533,779
Total liabilities	\$ 39,399,736	\$ 207,701	\$ 39,607,437

The accompanying notes are an integral part of the financial statements.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Middleton, Wisconsin (the City) conform to generally accepted accounting principles 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).

The City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* as of January 1, 2015. The standard revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. As result of the implementation of these standards, the City reported a restatement for the change in accounting principle see Note 5.

A. Reporting Entity

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

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

Discretely Presented Component Unit - Community Development Authority of the City of Middleton, Wisconsin

The government-wide financial statements include the Community Development Authority of the City of Middleton, Wisconsin (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA and also create a potential financial benefit to or burden on the City. As a component unit, the CDA's financial statements have been presented as a discrete column in the basic financial statements. Separately issued financial statements of the CDA are not prepared.

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

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Funds are organized as major funds or nonmajor funds within the governmental and enterprise fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and 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.

The City reports the following major governmental funds:

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

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

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

Capital Projects Fund - accounts for proceeds from long-term borrowing and other resources to be used for improvement projects originally initiated.

The City reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.

Sanitary Sewer - accounts for operations of the sewer system.

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The City reports the following nonmajor governmental funds:

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

Subdividers' Deposits	Economic Development Grant
Lost and Damaged Books	Tourism Commission
Library Gift	Police Activities
Library Endowment	EMS Activities
Library Fund	Public Land Activities
Airport	Senior Center Activities
Safety Impact Fee and Other	

The City reports the following nonmajor enterprise funds:

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

Middleton Utility District – accounts for the operations of the utility district.

In addition, the City reports the following fund types:

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

Tax Roll
Fire District

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. 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.

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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 and Sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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 of resources. 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 deferred inflows of resources. Amounts received prior to the entitlement period are recorded as unearned revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Amounts due in future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held for collection by the county are reported as receivables and deferred inflows of resources in the General Fund.

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.

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

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. Agency funds follow the accrual basis of accounting and do not have a measurement basis.

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 Utility, Sewer Utility, Stormwater Utility, the Middleton Utility District and Pleasant View Golf Course are charges to customers for sales and services. Special assessments are recorded as receivables and contributions 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 accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity

1. Cash 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:

1. Time deposits in any credit union, bank, savings bank, or trust company authorized to transact business in the state maturing in three years or less.
2. 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.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy that follows the state statute for allowable investments. The City is exposed to custodial credit risk and credit risk for deposits and investments, as well as interest rate risk for investments. The City's policies with respect to these risks are as follows:

Credit risk is 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, and CD's from Wisconsin's highest rated banks.

Custodial risk is 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. Most institutions do not offer custodial/collateral services for CD's; therefore, investments should be diversified among institutions avoiding concentrations of credit. In addition, investments should be placed only with Wisconsin financial institutions with current credit information kept on file for each institution.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

1. Cash and Investments (Continued)

Interest rate risk is 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 should be laddered over a three-year maturity schedule. 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.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average fund balance. 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

2. Receivables

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Receivables (Continued)

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax deed - 2015 delinquent real estate taxes	October 2018

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

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

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

The City has received federal grant funds for economic development loan programs to various businesses. It is the City’s policy to record revenue and expenditure when the initial loan is made from the federal grant funds. The City records a loan receivable and deferred inflows of resources when the loan has been made and funds have been disbursed. As loans are repaid, the receivable is reduced and revenue is recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the governmental fund balance sheet.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The remainder, if generated from earnings, is shown as restricted net position.

5. Pensions

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.

6. 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 are recorded at their estimated fair value at the date of donation.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

6. Capital Assets (Continued)

Government-Wide Statements (Continued)

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

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

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

Fund Financial Statements

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

7. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary 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, 2015 are determined on the basis of current salary rates and include salary-related payments.

The City provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retiring from the City or becoming disabled and being eligible to receive social security benefits or Wisconsin Retirement benefits. The benefits are based on contractual agreements with employee groups, local ordinances, and employee benefit policies.

8. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face-value of debts are reported as other financing sources, premium or discount on debt is reported as other financing sources or uses, and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8. Long-Term Obligations/Conduit Debt (Continued)

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Statements

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

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on their use 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 position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

10. Equity Classifications (Continued)

Fund Statements

In the governmental fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either:

Not in spendable form; or
Legally or contractually required to be maintained intact.

Restricted fund balance is reported when constraints placed on the use of resources are either:

Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
Imposed by law through constitutional provisions or enabling legislation

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Common Council.

Assigned fund balance is reported for amounts that are constrained by the City management's intent to be used for specific purposes, but is neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund or deficit balances in other funds.

When restricted, committed, assigned, and unassigned amounts are available for use, it is the City's policy to use restricted resources first, then committed resources, then assigned resources, then unassigned resources as they are needed.

11. Basis for Existing Rates - Proprietary Funds

Billings are rendered and recorded quarterly based on metered usage. The utilities do not accrue revenues beyond billing dates. Water rates were approved by the Public Service Commission of Wisconsin and became effective July 1, 2015. Sewer rates were approved by the Common Council effective December 15, 2015. Stormwater Utility rates were approved by the Common Council effective July 1, 2015.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 2 - 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 the General Fund, Debt Service Fund, certain special revenue funds, and capital project 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 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

The following individual funds experienced excess expenditures over appropriations:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
Health and human services	445,825	457,636	11,811
Police Activities	5,000	8,000	3,000
Public Land Activities	100,000	417,778	317,778
Senior Center Activites	20,000	25,924	5,924
Library Fund	1,938,421	1,985,774	47,353
Public Works Capital Construction	3,656,225	3,669,000	12,775
TIF 5 Fund	723,015	1,431,998	708,983

The legal level of budget control is the function level in the General Fund and total expenditures in all other funds. The City controls expenditures at the departmental level for management purposes. TIF District No. 3 debt service was included in the Debt Service Fund, rather than TIF District No. 3. TIF District No. 3 debt service was funded by TIF. The detail of those items can be found in the City's year-end budget to actual report.

Limitations on the City's Tax Levy

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent for the 2012 levy collected in 2013 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit, with certain exceptions.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

	Carrying Value	Bank Balance	Associated Risks
Petty cash	\$ 3,558	\$ -	
Demand deposits			
Noninterest bearing	5,396,340	\$ 3,147,294	Custodial credit
Interest bearing	28,740,824	29,337,850	Custodial credit
Certificates of deposit	5,540,956	5,540,956	Custodial credit
Money market	12,190,491	12,190,491	Custodial credit
Total deposits	51,868,611	50,216,591	
Investments			
Madison Community Foundation	212,422	212,409	Custodial credit
Local Government Investment Pool (LGIP)	513,884	513,884	Credit, interest rate
Total investments	726,306	726,293	
 Total cash and investments	 \$ 52,598,475	 \$ 50,942,884	
Reconciliation to the statement of net position:			
Unrestricted cash and investments	\$ 27,311,344		
Restricted cash and investments	60,820		
Fiduciary funds - Agency Fund	24,470,856		
	51,843,020		
Cash and investments held for component unit:			
Unrestricted	755,455		
 Total cash and investments	 \$ 52,598,475		

The City's library had \$212,422 in an endowment fund at the Madison Community Foundation, which is pooled with all other investments of the Foundation. The Foundation has variance power over the funds in the endowment.

Deposits in each local bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the custodial credit risk.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (Continued)

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. As of December 31, 2015, \$10,194,954 of the City's total bank balances of \$50,216,591 was exposed to custodial credit risk as uninsured and uncollateralized.

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 investment or collateral securities that are in the possession of an outside party. The City had no investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City had investments in the following external pools which are not rated:

Local Government Investment Pool

Interest Rate Risk

The City had \$513,884 invested in the local government investment pool, which had a weighted average maturity of 49 days. The City had \$5,540,956 invested in certificate of deposits with a weighted average maturity of 58 days.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

As of December 31, 2015, the City of Middleton, Wisconsin had the following receivables outstanding:

	<u>General</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Taxes	\$ 16,554,392	\$ 9,126,295	\$ 448,154	\$ -	\$ -	\$ -	\$ -	\$ 26,128,841
Accounts	364,503	83,592	-	302,134	452,518	550,774	71,098	1,824,619
Interest	-	-	-	-	-	10,576	-	10,576
Loans	-	896,710	-	-	-	-	-	896,710
Special assessments	44,027	949,995	-	-	-	2,041,995	-	3,036,017
Total receivables	<u>\$ 16,962,922</u>	<u>\$ 11,056,592</u>	<u>\$ 448,154</u>	<u>\$ 302,134</u>	<u>\$ 452,518</u>	<u>\$ 2,603,345</u>	<u>\$ 71,098</u>	<u>\$ 31,896,763</u>

All receivables on the balance sheet are expected to be collected within one year except for the following:

	<u>General Fund</u>	<u>TIF District No. 3</u>	<u>Sewer Utility</u>	<u>Total</u>
Amounts not expected to be collected within one year	<u>\$ 44,027</u>	<u>\$ 1,669,675</u>	<u>\$ 2,041,995</u>	<u>\$ 3,755,697</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Deferred Inflows of Resources and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report deferred inflows of resources for the subsequent year's tax levy. Governmental funds report a liability in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Tax Levy</u>	<u>Total</u>
Property taxes	\$ -	25,964,287	25,964,287
Loan receivable	896,710	-	896,710
Special assessments not yet due	1,053,910	-	1,053,910
Other receivables	66,144	-	66,144
	<u>\$ 2,016,764</u>	<u>\$ 25,964,287</u>	<u>\$ 27,981,051</u>

For economic development loans, the City is limited by the Wisconsin Economic Development Corporation to the amount of program income from economic development loans that it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the City may retain \$750,000. At December 31, 2015, the City has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

D. Restricted Assets

Replacement Account

The sewer utility establishes an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. The balance in the equipment replacement fund at December 31, 2015 was \$60,820.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer to Stormwater</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 7,859,229	\$ 1,352,974	\$ -	\$ 1,764,150	\$ 7,448,053
Right of way	18,751,280	-	-	-	18,751,280
Construction in progress	12,389,185	57,265	12,095,507	293,678	57,265
Total capital assets not being depreciated	<u>38,999,694</u>	<u>1,410,239</u>	<u>12,095,507</u>	<u>2,057,828</u>	<u>26,256,598</u>
Capital assets being depreciated					
Land improvements	7,930,507	349,089	23,899	739,658	7,516,039
Buildings	19,859,289	9,833,173	1,077,450	-	28,615,012
Machinery and equipment	5,757,449	160,155	360,194	-	5,557,410
Streets-infrastructure	21,351,413	6,174,270	-	-	27,525,683
Storm sewers-infrastructure	8,995,968	298,878	-	-	9,294,846
Traffic signals-infrastructure	1,331,766	322,293	-	-	1,654,059
Sidewalks-infrastructure	3,275,357	878,726	-	-	4,154,083
Bridges-infrastructure	3,278,231	-	-	-	3,278,231
Rail spur-infrastructure	482,163	-	-	-	482,163
Total capital assets being depreciated	<u>72,262,143</u>	<u>18,016,584</u>	<u>1,461,543</u>	<u>739,658</u>	<u>88,077,526</u>
Less: accumulated depreciation for					
Land improvements	3,157,963	375,547	15,732	59,654	3,458,124
Buildings	4,874,158	715,377	623,893	-	4,965,642
Machinery and equipment	3,939,574	340,743	357,702	-	3,922,615
Streets-infrastructure	4,186,516	410,831	-	-	4,597,347
Storm sewers-infrastructure	2,576,273	185,897	-	-	2,762,170
Traffic signals-infrastructure	717,812	66,162	-	-	783,974
Sidewalks-infrastructure	1,466,234	83,082	-	-	1,549,316
Bridges-infrastructure	486,265	43,710	-	-	529,975
Rail spur-infrastructure	151,175	16,072	-	-	167,247
Total accumulated depreciation	<u>21,555,970</u>	<u>2,237,421</u>	<u>997,327</u>	<u>59,654</u>	<u>22,736,410</u>
Capital assets being depreciated, net of depreciation	<u>50,706,173</u>	<u>15,779,163</u>	<u>464,216</u>	<u>680,004</u>	<u>65,341,116</u>
Total capital assets, net of depreciation	<u>\$ 89,705,867</u>	<u>\$ 17,189,402</u>	<u>\$ 12,559,723</u>	<u>\$ 2,737,832</u>	<u>\$ 91,597,714</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water Utility				
Capital assets not being depreciated				
Land and land rights	\$ 222,277	\$ -	\$ -	\$ 222,277
Total capital assets not being depreciated	<u>222,277</u>	<u>-</u>	<u>-</u>	<u>222,277</u>
Capital assets being depreciated				
Source of supply	781,509	-	-	781,509
Pumping	2,796,186	4,712	-	2,800,898
Treatment	343,242	115,360	-	458,602
Transmission and distribution	22,330,783	932,524	98,985	23,164,322
Administrative and general assets	711,505	198,648	-	910,153
Total capital assets being depreciated	<u>26,963,225</u>	<u>1,251,244</u>	<u>98,985</u>	<u>28,115,484</u>
Less: accumulated depreciation for				
Source of supply	392,631	25,790	-	418,421
Pumping	1,480,166	98,815	-	1,578,981
Treatment	343,242	6,362	-	349,604
Transmission and distribution	5,899,064	337,366	98,985	6,137,445
Administrative and general assets	627,447	56,550	-	683,997
Total accumulated depreciation	<u>8,742,550</u>	<u>524,883</u>	<u>98,985</u>	<u>9,168,448</u>
Capital assets being depreciated, net of depreciation	<u>18,220,675</u>	<u>726,361</u>	<u>-</u>	<u>18,947,036</u>
Total capital assets, net of depreciation	<u>\$ 18,442,952</u>	<u>\$ 726,361</u>	<u>\$ -</u>	<u>\$ 19,169,313</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer Utility				
Capital assets not being depreciated				
Land and land rights	\$ 66,830	\$ -	\$ -	\$ 66,830
Construction in progress	-	305,353	-	305,353
Total capital assets not being depreciated	<u>66,830</u>	<u>305,353</u>	<u>-</u>	<u>372,183</u>
Capital assets being depreciated				
Collection system	13,405,522	698,773	28,037	14,076,258
Collection system pumping	1,348,798	-	-	1,348,798
Administrative and general assets	532,552	-	-	532,552
Total capital assets being depreciated	<u>15,286,872</u>	<u>698,773</u>	<u>28,037</u>	<u>15,957,608</u>
Less: accumulated depreciation	<u>4,700,677</u>	<u>297,256</u>	<u>28,037</u>	<u>4,969,896</u>
Capital assets being depreciated, net of depreciation	<u>10,586,195</u>	<u>401,517</u>	<u>-</u>	<u>10,987,712</u>
Total capital assets, net of depreciation	<u>\$ 10,653,025</u>	<u>\$ 401,517</u>	<u>\$ -</u>	<u>\$ 11,359,895</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Pleasant View Golf Course				
Capital assets not being depreciated				
Land and land rights	\$ 2,216,000	\$ -	\$ -	\$ 2,216,000
Capital assets being depreciated				
Land improvements	7,315,236	-	-	7,315,236
Buildings	1,325,553	-	-	1,325,553
Equipment	652,693	114,684	55,829	711,548
Total capital assets being depreciated	<u>9,293,482</u>	<u>114,684</u>	<u>55,829</u>	<u>9,352,337</u>
Less: accumulated depreciation for				
Land improvements	352,731	19,900	-	372,631
Buildings	295,262	42,445	-	337,707
Equipment	515,220	56,325	47,057	524,488
Total accumulated depreciation	<u>1,163,213</u>	<u>118,670</u>	<u>47,057</u>	<u>1,234,826</u>
Capital assets being depreciated, net of depreciation	<u>8,130,269</u>	<u>(3,986)</u>	<u>8,772</u>	<u>8,117,511</u>
Total capital assets, net of depreciation	<u>\$ 10,346,269</u>	<u>\$ (3,986)</u>	<u>\$ 8,772</u>	<u>\$ 10,333,511</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Transfer From Governmental Activities</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nonmajor Enterprise Funds					
Capital assets not being depreciated					
Land and land rights	\$ -	\$ 1,764,150	\$ 170,999	\$ -	\$ 1,935,149
Construction in progress	<u>-</u>	<u>293,678</u>	<u>211,129</u>	<u>-</u>	<u>504,807</u>
Total capital assets not being depreciated	<u>-</u>	<u>2,057,828</u>	<u>382,128</u>	<u>-</u>	<u>2,439,956</u>
Capital assets being depreciated					
Land improvements	<u>-</u>	<u>739,658</u>	<u>-</u>	<u>-</u>	<u>739,658</u>
Less: accumulated depreciation for Land improvements	<u>-</u>	<u>59,654</u>	<u>36,983</u>	<u>-</u>	<u>96,637</u>
Capital assets being depreciated, net of depreciation	<u>-</u>	<u>680,004</u>	<u>(36,983)</u>	<u>-</u>	<u>643,021</u>
Total capital assets, net of depreciation	<u>\$ -</u>	<u>\$ 2,737,832</u>	<u>\$ 345,145</u>	<u>\$ -</u>	<u>\$ 3,082,977</u>
Total net capital assets- business-type activities	<u>\$ 39,442,246</u>	<u>\$ 2,737,832</u>	<u>\$ 1,469,037</u>	<u>\$ 8,772</u>	<u>\$ 43,945,696</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 52,049
Public safety	479,307
Public works, which includes the depreciation of streets, storm sewers, traffic signals, sidewalks, bridges, and rail spur	1,140,226
Conservation and development	115,325
Leisure activities	<u>450,514</u>
Total governmental activities depreciation expense	<u>\$ 2,237,421</u>

Business-type activities

Water Utility	
Depreciation	\$ 524,883
Depreciation charged to Sewer Utility operation and maintenance expenses	<u>(9,745)</u>
	<u>515,138</u>
Sewer Utility	
Depreciation	297,256
Depreciation charged to Sewer Utility operation and maintenance expenses	<u>9,745</u>
	<u>307,001</u>
Stormwater Utility	<u>36,983</u>
Pleasant View Golf Course	<u>118,670</u>
Total business-type activities depreciation expense	<u>\$ 1,284,793</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund receivables and payables reported in due to and due from other funds in the financial statements, including any overdrafts on pooled cash and investment accounts.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General Fund	\$ 43,109
Sewer Utility	General Fund	12,029
Public Works Capital Construction	Water Utility	457,061
Public Works Capital Construction	Sewer Utility	82,910
Total fund financial statements		<u>\$ 595,109</u>

For the statement of net position, interfund balances, which are owed within the governmental activities or business-type activities, are netted and eliminated. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

The City of Middleton, Wisconsin General Fund and TIF District No. 3 have provided internal financing to the Pleasant View Golf Course, TIF District No. 5, and the Middleton Utility District. No repayment schedules have been established on the advances to the Pleasant View Golf Course and these amounts are not expected to be paid within one year. 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.

The following is a schedule of interfund advances.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pleasant View Golf Course	\$ 2,594,780
TIF District No. 3	TIF District No. 5	2,048,999
TIF District No. 3	Pleasant View Golf Course	1,598,413
TIF District No. 3	Middleton Utility District	400,000
Total fund financial statements		<u>\$ 6,642,192</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Interfund Receivables/Payables and Transfers (Continued)

The following is a schedule of interfund transfers:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>				<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	
General	\$ -	\$ 4,363,261	\$ 87,303	\$ 1,144,792	\$ 5,595,356
TIF District No. 3	-	2,105,804	-	-	2,105,804
Capital Projects Fund	-	139,735	-	-	139,735
Water Utility	<u>463,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,070</u>
Totals	<u>\$ 463,070</u>	<u>\$ 6,608,800</u>	<u>\$ 87,303</u>	<u>\$ 1,144,792</u>	<u>\$ 8,303,965</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 to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer from the Water Utility to the General Fund is for payment in lieu of property taxes.

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

The City created a Stormwater Utility through action of the City Council. Capital assets were contributed from the Governmental Activities to the Stormwater Utility. On the Statement of Revenues, Expenses, and Changes in Net Position for the Stormwater Utility the assets were recognized as capital contributions in the amount of \$2,737,832 from the City. The capital contribution from the City was eliminated of the Government-wide Statement of Activities as a transfer.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2015 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	\$ 53,205,000	\$ 11,375,000	\$ 13,850,000	\$ 50,730,000	\$ 5,680,000
Debt premium and discount	381,820	391,581	102,514	670,887	-
Landfill post-closure liability	614,652	-	2,068	612,584	-
	<u>54,201,472</u>	<u>11,766,581</u>	<u>13,954,582</u>	<u>52,013,471</u>	<u>5,680,000</u>
Other liabilities:					
Other postemployment benefits	-	117,453	45,041	72,412	45,000
Vested compensated absences	3,910,942	1,018,430	814,747	4,114,625	814,747
Total other liabilities	<u>3,910,942</u>	<u>1,135,883</u>	<u>859,788</u>	<u>4,187,037</u>	<u>859,747</u>
Total governmental activities long-term liabilities	<u>\$ 58,112,414</u>	<u>\$ 12,902,464</u>	<u>\$ 14,814,370</u>	<u>\$ 56,200,508</u>	<u>\$ 6,539,747</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 3,470,000	\$ -	\$ 825,000	\$ 2,645,000	\$ 945,000
Debt premium	32,292	-	27,679	4,613	4,613
	<u>3,502,292</u>	<u>-</u>	<u>852,679</u>	<u>2,649,613</u>	<u>949,613</u>
Other liabilities:					
Vested compensated absences	404,906	85,549	77,676	412,779	77,676
Total other liabilities	<u>404,906</u>	<u>85,549</u>	<u>77,676</u>	<u>412,779</u>	<u>77,676</u>
Total business-type activities long-term liabilities	<u>\$ 3,907,198</u>	<u>\$ 85,549</u>	<u>\$ 930,355</u>	<u>\$ 3,062,392</u>	<u>\$ 1,027,289</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. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The following general obligation debt was issued in 2015:

\$6,500,000 General Obligation Refunding Bonds, Series 2015A

On December 8, 2015, the City of Middleton, Wisconsin issued \$6,500,000 General Obligation Refunding Bonds, Series 2015A. The proceeds of the bonds were used for the purpose of current refunding the \$6,500,000 Note Anticipation Notes outstanding that were dated December 9, 2014. The refunding bonds will bear interest at rates ranging from 2.00% to 3.00%, with the final principal payment due September 1, 2030.

The refunding of Note Anticipation Notes resulted in no economic gain (difference between the present values of the debt service payments on the old and new debt).

\$3,000,000 General Obligation Promissory Notes, Series 2015B

On December 8, 2015, the City of Middleton, Wisconsin issued \$3,000,000 General Obligation Promissory Notes, Series 2015B. The proceeds of the notes will be used for public purposes, including paying the cost of the 2016 capital improvement program participants. The notes will bear interest at a stated interest rate of 2.00%, with the final principal payment due February 1, 2023.

\$1,875,000 General Obligation Promissory Notes, Series 2015C

On December 21, 2015, the City of Middleton, Wisconsin issued \$1,875,000 General Obligation Promissory Notes, Series 2015C. The proceeds of the notes will be used for the purpose of current refunding \$800,000 of the General Obligation Promissory Notes, Series 2008B, dated June 2, 2008; and \$1,050,000 of the General Obligation Promissory Notes, Series 2008D, dated December 30, 2008. The promissory notes will bear interest at rates ranging from 2.00%, with the final principal payment being due August 1, 2017.

The refunding resulted in a reduction of total debt service over 2 years by \$66,183 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$18,024.

Legal Debt Margin

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2015, was \$145,366,755. Total general obligation debt outstanding at year end was \$53,375,000. The City was in compliance with the legal debt limitation as of December 31, 2015.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Type	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/15
Governmental Activities					
General Obligation Debt					
2008 General obligation refunding bonds	06/02/08	12/01/27	3.00%-4.00%	\$ 6,530,000	\$ 5,060,000
2010 General obligation refunding bonds	04/15/10	09/01/29	1.45%-8.5%	10,110,000	8,340,000
2010 General obligation promissory notes	04/15/10	09/01/17	1.20%-3.80%	2,010,000	560,000
2010 Taxable general obligation refunding bonds	11/23/10	09/01/20	.85%-3.75%	6,580,000	4,020,000
2010 General obligation refunding bonds	11/23/10	09/01/20	2.00%-4.00%	4,625,000	2,955,000
2011 General obligation promissory notes	05/09/11	09/01/19	2.00%-3.00%	2,500,000	1,865,000
2012 Taxable general obligation promissory notes	05/12/12	03/01/19	.46%-1.85%	2,540,000	1,485,000
2012 General obligation promissory notes	05/12/12	09/01/20	2.00%-2.25%	2,015,000	1,295,000
2012 General obligation promissory notes	12/28/12	09/01/21	1.00%-2.00%	4,500,000	3,450,000
2012 General obligation refunding bonds	12/28/12	09/01/32	1.05%-3.80%	5,110,000	5,110,000
2013 General obligation promissory notes	12/23/13	02/01/23	2.00%-3.00%	4,000,000	3,475,000
2014 General obligation promissory notes	12/09/14	08/01/22	2.00%-3.00%	2,000,000	1,740,000
2015 General obligation promissory notes	12/08/15	09/01/30	2.00%-3.00%	6,500,000	6,500,000
2015 General obligation promissory notes	12/08/15	02/01/23	2.00%	3,000,000	3,000,000
2015 General obligation promissory notes	12/21/15	08/01/17	2.00%	1,875,000	<u>1,875,000</u>
Total governmental activities-general obligation debt					<u>\$ 50,730,000</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

<u>Type</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>
Business-type Activities					
General Obligation Debt					
2008 General obligation refunding bonds	12/30/08	09/01/21	3.505%-4.45%	\$ 1,700,000	\$ 1,700,000
2012 General obligation refunding bonds	02/27/12	03/01/16	2.00%	3,100,000	<u>945,000</u>
Total business-type activities - general obligation debt					<u>\$ 2,645,000</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Long-Term Debt</u>		<u>Business-type Long-Term Debt</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 5,680,000	\$ 1,490,567	\$ 945,000	\$ 82,700	\$ 8,198,267
2017	5,835,000	1,436,126	300,000	66,875	7,638,001
2018	5,550,000	1,293,204	300,000	54,125	7,197,329
2019	5,395,000	1,141,354	400,000	39,250	6,975,604
2020	4,880,000	983,447	400,000	22,050	6,285,497
2021-2025	13,200,000	3,275,621	300,000	6,675	16,782,296
2026-2030	8,475,000	1,201,420	-	-	9,676,420
2031-2033	<u>1,715,000</u>	<u>81,730</u>	<u>-</u>	<u>-</u>	<u>1,796,730</u>
Totals	<u>\$ 50,730,000</u>	<u>\$ 10,903,469</u>	<u>\$ 2,645,000</u>	<u>\$ 271,675</u>	<u>\$ 64,550,144</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Governmental Activities Net Position/Fund Balances

Governmental Activities

Governmental activities net position reported on the government wide Statement of Net Position at December 31, 2015 includes the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 91,597,714
Less: related long-term debt (excluding unspent capital related debt proceeds)	<u>(49,307,976)</u>
Total invested in capital assets, net of related debt	<u>42,289,738</u>
Restricted	
Community development	7,863,635
Library	253,324
Impact fees	1,054,213
Tourism	1,550,745
Public safety	23,236
Senior center	165,042
Pension	<u>1,718,300</u>
	<u>12,628,495</u>
Unrestricted	<u>7,595,832</u>
Total governmental activities net position	<u>\$ 62,514,065</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Governmental Activities Net Position/Fund Balances (Continued)

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	<u>General</u>	<u>Debt Service</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Nonspendable						
Prepaid items	\$ 138,082	\$ -	\$ -	\$ -	\$ -	\$ 138,082
Advances to other funds	2,594,780	-	-	-	-	2,594,780
Noncurrent receivables	42,836	-	-	-	-	42,836
	<u>2,775,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,775,698</u>
Restricted						
Debt service	-	27,678	-	-	-	27,678
Community development	-	-	4,349,260	-	1,563,755	5,913,015
Library	-	-	-	-	253,324	253,324
Capital improvements	-	-	-	2,092,911	-	2,092,911
Impact fees	-	-	-	-	1,054,213	1,054,213
Tourism	-	-	-	-	1,550,745	1,550,745
Public safety	-	-	-	-	23,236	23,236
Senior center	-	-	-	-	165,042	165,042
	<u>-</u>	<u>27,678</u>	<u>4,349,260</u>	<u>2,092,911</u>	<u>4,610,315</u>	<u>11,080,164</u>
Committed						
Library	-	-	-	-	26,613	26,613
Airport	-	-	-	-	142,496	142,496
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,109</u>	<u>169,109</u>
Assigned						
Post employment benefits	1,156,843	-	-	-	-	1,156,843
Public safety - fire	683,311	-	-	-	-	683,311
Public safety - EMS	288,000	-	-	-	-	288,000
Capital improvements	751,107	-	-	-	-	751,107
Other	300,000	-	-	-	-	300,000
	<u>3,179,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,179,261</u>
Unassigned						
	<u>4,853,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,853,363</u>
Total fund balances	<u>\$ 10,808,322</u>	<u>\$ 27,678</u>	<u>\$ 4,349,260</u>	<u>\$ 2,092,911</u>	<u>\$ 4,779,424</u>	<u>\$ 22,057,595</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Governmental Activities Net Position/Fund Balances (Continued)

Business-Type Activities

Business-type activities net position reported on the government-wide and proprietary funds statement of net position at December 31, 2015 include the following:

	<u>Water</u>	<u>Sewer</u>	<u>Pleasant View Golf Course</u>	<u>Nonmajor Proprietary Funds</u>	<u>Totals</u>
Capital assets	\$ 28,337,761	\$ 16,329,791	\$ 11,568,337	\$ 3,179,614	\$ 59,415,503
Accumulated depreciation	<u>(9,168,448)</u>	<u>(4,969,896)</u>	<u>(1,234,826)</u>	<u>(96,637)</u>	<u>(15,469,807)</u>
Subtotals	19,169,313	11,359,895	10,333,511	3,082,977	43,945,696
Less capital related long-term debt	<u>-</u>	<u>-</u>	<u>2,649,613</u>	<u>-</u>	<u>2,649,613</u>
Net investment in capital assets	19,169,313	11,359,895	7,683,898	3,082,977	41,296,083
Restricted for equipment replacement	-	60,820	-	-	60,820
Restricted for pension	71,957	33,275	77,088	-	182,320
Unrestricted (deficit)	<u>5,181,822</u>	<u>4,447,184</u>	<u>(4,310,134)</u>	<u>(86,392)</u>	<u>5,232,480</u>
 Total business-type activities net position	 <u>\$ 24,423,092</u>	 <u>\$ 15,901,174</u>	 <u>\$ 3,450,852</u>	 <u>\$ 2,996,585</u>	 <u>\$ 46,771,703</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

I. Component Unit

This report contains the Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities. In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

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

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	2,874,692	-	-	2,874,692	40 years
Less: Accumulated depreciation	<u>(855,896)</u>	<u>(62,493)</u>	<u>-</u>	<u>(918,389)</u>	-
Totals	<u>\$ 2,172,796</u>	<u>\$ (62,493)</u>	<u>\$ -</u>	<u>\$ 2,110,303</u>	

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION

A. Employees' Retirement System

General Information about the Pension Plan

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

A. Employees' Retirement System (Continued)

General Information about the Pension Plan (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7.0%
2006	0.8	3.0
2007	3.0	10.0
2008	6.6	0.0
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0

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, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$753,137 in contributions from the employer.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

A. Employees' Retirement System (Continued)

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

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executive & Elected officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

At December 31, 2015, the City reported a liability (asset) of (\$1,900,620) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The Water Utility, Sewer Utility and Wastewater Utility's allocation of the City's proportion was determined by the City. At December 31, 2014, the City's proportion was 0.07737819%, which was a decrease of 0.00110062% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$737,247.

At December 31, 2015, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 275,531	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	920,372	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	37,700
Employer contributions subsequent to the measurement date	<u>765,703</u>	<u>-</u>
Total	<u>\$ 1,961,606</u>	<u>\$ 37,700</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

A. Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$765,703 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	235,229	6,999
2017	235,229	6,999
2018	235,229	6,999
2019	235,229	6,999
2020	235,229	6,999
Thereafter	19,758	2,705

Actuarial Assumption - The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases	
Inflation:	3.2%
Seniority/Merit:	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

A. Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21.0%
International Equities	5.7	23.0
Fixed Income	1.7	36.0
Inflation Sensitive Assets	2.3	20.0
Real Estate	5.2	7.0
Private Equity/Debt	0.9	7.0
Multi-Asset	3.9	6.0
Cash	0.9	(20.0)

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

A. Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Utilities' allocation of the City's Proportionate Share of the Net Pension Liability (Asset) - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's porportionate share of the net pension liability (asset)	\$ 5,361,976	\$ (1,900,620)	\$ (7,636,325)

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the Pension Plan

The City reported payables to WRS of \$198,295 for the City's share.

B. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors, and omissions; 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.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

C. Other Postemployment Benefits

The City provides a single-employer defined benefit healthcare plan. The plan allows eligible retirees to remain on the City's health care plan which covers both active and retired members. Under the current arrangement the retiree is responsible for 100 percent of the medical and dental premiums.

Benefit provisions were established through collective bargaining contracts for represented employees and by City policy for non-represented employees. To be eligible for these benefits the retiree must have retired under the provisions of the Wisconsin Retirement System, with 20 years of service to the City, not employed in another capacity that offers health insurance, and is not currently eligible for Medicare.

The Plan does not issue stand-alone financial statements.

The City pays these post-employment benefits on a pay-as-you-go basis; accordingly no liability is recognized within the fund financial statements. However, a liability is recorded for the unfunded liability on the government-wide financial statements on a go forward basis as allowed under Government Accounting Standards Board Statement No. 45.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you-go basis), and the changes in the City's net OPEB obligation:

Annual Required Contribution	\$ 117,453
Interest on Net OPEB Obligation	-
Actuarial Adjustment to ARC	-
Annual OPEB Cost (expense)	<u>117,453</u>
Contributions made	<u>(45,041)</u>
Increase in net OPEB Obligation	72,412
Net OPEB Liability - beginning of the year	<u>-</u>
Net OPEB Liability - end of year	<u><u>\$ 72,412</u></u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

C. Other Postemployment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for the current year and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
12/31/2015	\$ 117,453	38.35%	\$ 72,412

The funded status as of December 31, 2015, the most recent actuarial valuation date, was zero percent funded. The actuarial accrued liability for benefits was \$1,128,865 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$1,128,865. The covered payroll (annual payroll of active employees covered by the plan) was \$7,030,820, and the ratio of the UAAL to the covered payroll is 16.06%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of the Employer, and are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The retiree healthcare valuation was based on the level percentage amortization method. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. In addition, the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The OPEB valuation uses a discount rate assumption of 4.0 percent based on the City's actuarial valuation. The healthcare cost trends rate is 7.5 percent initially, and reduced by decrements to the ultimate rate of 5.0 percent in 18 years.

The actuarial accrued liability for the benefits is amortized over an open period of 30 years.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

D. Commitments and Contingencies

From time to time, the City becomes party to claims and legal proceedings. Although, the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City's legal counsel that the likelihood is remote that most of such claims or proceedings will not have a material adverse effect on the City's financial position.

Expenditures of the City's Tax Increment Districts are subject to review and audit by the Wisconsin Department of Revenue and the overlapping taxation districts. 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 2015, these costs amount to approximately \$1.7 million. Review by the Wisconsin Department of Revenue or the overlapping taxation districts could result in a portion of these expenditures being disallowed.

The City has entered into various development agreements in connection with the Tax Increment Districts. Under the terms of these agreements, the City has made commitments for development incentives or reimbursements. As of January 1, 2015, the City had outstanding commitments of \$8.1 million. During the year, the City committed to an additional \$7.2 million, and satisfied \$2.9 million. As of December 31, 2015, the City has remaining commitments of \$12.4 million pending satisfaction of the underlying agreements.

E. Joint Ventures

Metropolitan Refuse District, Inc.

The City 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 2015 percentages as follows:

City of Middleton	56%
Village of Shorewood Hills	5%
Village of Waunakee	39%

The District is made up of member 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 officers 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, 2015 is a deficit of \$1,093,900. 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 56%, which amounts to \$612,584 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. The City made payments totaling \$55,390 to the District in 2015. The City will continue to support the District's postclosure care costs in the future.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - OTHER INFORMATION (Continued)

E. Joint Ventures (Continued)

Metropolitan Refuse District, Inc. (Continued)

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, and City of Verona 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 joined the Commission in 2009. The Commission adopts its own budget. Net operating costs including debt service are shared by the four 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 \$820,526 to the District in 2015 for operating expenses. 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 financials statements of the District are not prepared.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 5 - RESTATEMENT

The City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* as of January 1, 2015. The standard revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. As a result, the City's beginning of the year net position has been restated as follows:

	Governmental Activities	Business-Type Activities	
Net position, December 31, 2014, as previously reported	\$ 55,440,569	\$	41,765,625
Adjustment to recognize the beginning balance of Net Pension Asset and Deferred Outflow of Resources	<u>3,399,659</u>	<u> </u>	<u>360,720</u>
Net position, January 1, 2015, as restated	<u>\$ 58,840,228</u>	<u>\$</u>	<u>42,126,345</u>
	Water	Sewer	Pleasant View Golf Course
Net position, December 31, 2014, as previously reported	\$ 23,555,943	\$ 15,455,332	\$2,754,350
Adjustment to recognize the beginning balance of Net Pension Asset and Deferred Outflow of Resources	<u>142,367</u>	<u>65,835</u>	<u>152,518</u>
Net position, January 1, 2015, as restated	<u>\$ 23,698,310</u>	<u>\$ 15,521,167</u>	<u>\$2,906,868</u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 16,456,098	\$ 16,456,098	\$ 16,653,374	\$ 197,276
Intergovernmental	2,003,301	2,003,301	2,197,028	193,727
Licenses and permits	542,400	542,400	843,742	301,342
Fines, forfeitures, and penalties	290,000	290,000	287,498	(2,502)
Public charges for services	1,428,372	1,428,372	1,514,509	86,137
Interdepartmental charges for services	1,819,130	1,819,130	1,825,802	6,672
Special assessments	90,000	90,000	98,979	8,979
Investment income	41,200	41,200	102,875	61,675
Miscellaneous	110,944	110,944	160,320	49,376
Total revenues	<u>22,781,445</u>	<u>22,781,445</u>	<u>23,684,127</u>	<u>902,682</u>
EXPENDITURES				
Current				
General government	2,837,811	2,989,755	2,681,988	307,767
Public safety	8,444,964	8,444,964	8,235,296	209,668
Public works	3,513,569	3,513,569	3,418,670	94,899
Health and human services	445,825	445,825	457,636	(11,811)
Leisure activities	1,503,105	1,493,105	1,394,662	98,443
Conservation and development	688,871	708,871	632,986	75,885
Total expenditures	<u>17,434,145</u>	<u>17,596,089</u>	<u>16,821,238</u>	<u>774,851</u>
Excess of revenues over expenditures	<u>5,347,300</u>	<u>5,185,356</u>	<u>6,862,889</u>	<u>1,677,533</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	400,000	400,000	463,070	63,070
Transfers out	<u>(5,747,300)</u>	<u>(5,595,356)</u>	<u>(5,595,356)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,347,300)</u>	<u>(5,195,356)</u>	<u>(5,132,286)</u>	<u>63,070</u>
Net change in fund balance	-	(10,000)	1,730,603	1,740,603
FUND BALANCE - Beginning	<u>9,077,719</u>	<u>9,077,719</u>	<u>9,077,719</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 9,077,719</u>	<u>\$ 9,067,719</u>	<u>\$ 10,808,322</u>	<u>\$ 1,740,603</u>

The accompanying notes are an integral part of the required supplementary information.

CITY OF MIDDLETON, WISCONSIN
Schedule of OPEB Funding Progress
December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (ALL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
12/31/2015	\$ -	\$ 1,128,865	\$ 1,128,865	0.00%	\$ 7,030,820	16.06%
12/31/2014	-	2,862,888	2,862,888	0.00%	8,946,525	32.00%
12/31/2013	-	2,862,888	2,862,888	0.00%	8,946,525	32.00%

CITY OF MIDDLETON, WISCONSIN
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
December 31, 2015

	2015
City's proportion of the net pension liability (asset)	0.07737819%
City's proportionate share of the net pension liability (asset)	\$ (1,900,620)
City's covered - employee payroll	\$ 9,162,017
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

CITY OF MIDDLETON, WISCONSIN
Schedule of the City's Contributions
Wisconsin Retirement System
December 31, 2015

	2015
Contractually required contributions	\$ 753,137
Contributions in relation to the contractually required contributions	\$ 753,137
Contribution deficiency (excess)	\$ -
City's covered - employee payroll	\$ 9,162,017
Contributions as a percentage of covered - employee payroll	8.22%

The accompanying notes are an integral part of the required supplementary information.

CITY OF MIDDLETON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2015

NOTE 1 - 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. A budget has been adopted for the General Fund, Debt Service Fund, certain special revenue funds, and capital project 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 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.

NOTE 2 - EXCESS EXPENDITURES OVER APPROPRIATIONS

The following functions experienced excess expenditures over appropriations:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
Health and human services	445,825	457,636	11,811
Police Activities	5,000	8,000	3,000
Public Land Activities	100,000	417,778	317,778
Senior Center Activities	20,000	25,924	5,924
Library Fund	1,938,421	1,985,774	47,353
Public Works Capital Construction	3,656,225	3,669,000	12,775
TIF 5 Fund	723,015	1,431,998	708,983

The legal level of budget control is the function level in the General Fund and total expenditures in all other funds. The City controls expenditures at the departmental level for management purposes. TIF District No. 3 debt service was included in the Debt Service Fund, rather than TIF District No. 3. TIF District No. 3 debt service was funded by TIF. The detail of those items can be found in the City's year-end budget to actual report.

NOTE 3 – WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms – There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions – There were no changes in the assumptions.

This information is an integral part of the required supplementary information.

SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
TAXES				
General property tax	\$ 16,002,815	\$ 16,002,815	\$ 16,047,635	\$ 44,820
Fees in lieu of taxes	44,100	44,100	44,100	-
Business taxes	-	-	-	-
Room tax	407,183	407,183	563,079	155,896
Interest and penalties on taxes	2,000	2,000	(1,440)	(3,440)
Total taxes	<u>16,456,098</u>	<u>16,456,098</u>	<u>16,653,374</u>	<u>197,276</u>
INTERGOVERNMENTAL				
Shared taxes from state	511,983	511,983	510,648	(1,335)
State aid - road allotment	982,692	982,692	980,791	(1,901)
State aid - exempt computer aid	210,000	210,000	405,747	195,747
State aid - fire insurance dues	103,000	103,000	98,491	(4,509)
State aid - law enforcement	78,000	78,000	78,722	722
Federal and state aid - other	55,250	55,250	55,316	66
County aid - signals	9,500	9,500	10,682	1,182
County aid - senior citizens	44,176	44,176	47,981	3,805
County aid - youth center	8,700	8,700	8,650	(50)
Total intergovernmental	<u>2,003,301</u>	<u>2,003,301</u>	<u>2,197,028</u>	<u>193,727</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	34,000	34,000	37,921	3,921
Operators' licenses	11,000	11,000	17,985	6,985
Contractors' licenses	-	-	-	-
Alarm licenses	9,000	9,000	9,240	240
Cigarette licenses	500	500	600	100
Bicycle licenses	-	-	-	-
Dog and cat licenses	3,000	3,000	3,459	459
Cable TV franchise license	200,000	200,000	257,791	57,791
Other miscellaneous licenses	2,400	2,400	1,430	(970)
Building permits	160,000	160,000	293,246	133,246
Electrical permits	35,000	35,000	72,237	37,237
Plumbing permits	35,000	35,000	70,259	35,259
Erosion control permits	15,000	15,000	23,173	8,173
Other public land fees	-	-	980	980
Zoning permits	14,500	14,500	30,565	16,065
Park reservation permits	23,000	23,000	24,856	1,856
Total licenses and permits	<u>542,400</u>	<u>542,400</u>	<u>843,742</u>	<u>301,342</u>
FINES, FORFEITURES, AND PENALTIES				
Court penalties	180,000	180,000	148,091	(31,909)
Parking violations	35,000	35,000	49,095	14,095
Court costs	75,000	75,000	90,312	15,312
Total fines, forfeitures, and penalties	<u>290,000</u>	<u>290,000</u>	<u>287,498</u>	<u>(2,502)</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PUBLIC CHARGES FOR SERVICES				
Clerk fees	\$ 13,000	\$ 13,000	\$ 17,550	\$ 4,550
Vehicle registration fees	850	850	2,003	1,153
Police special services	-	-	8	8
Police department fees	9,500	9,500	8,411	(1,089)
Ambulance services	792,000	792,000	880,188	88,188
EMS fixed cost abatement	197,522	197,522	199,205	1,683
Plan commission charges	15,000	15,000	24,356	9,356
Senior citizens	14,500	14,500	28,453	13,953
Swimming pool	199,000	199,000	185,444	(13,556)
Summer recreation	99,000	99,000	78,504	(20,496)
Fall-Winter-Spring recreation	40,000	40,000	28,533	(11,467)
Hubbard Art Center Program	30,000.00	30,000	39,499	9,499
Public works charges	-	-	856	856
Other charges for services	18,000	18,000	21,499	3,499
Total public charges for services	<u>1,428,372</u>	<u>1,428,372</u>	<u>1,514,509</u>	<u>86,137</u>
INTERDEPARTMENTAL CHARGES FOR SERVICES				
Administration reimbursements - Utilities	135,000	135,000	135,000	-
Administration reimbursements - Airport	-	-	-	-
Administration reimbursements - Recycling	-	-	6,672	6,672
Administration reimbursements - TIF	1,676,530	1,676,530	1,676,530	-
Administration reimbursements - Landfill	5,000	5,000	5,000	-
Administration reimbursements - Fire District	2,600	2,600	2,600	-
Total interdepartmental charges for services	<u>1,819,130</u>	<u>1,819,130</u>	<u>1,825,802</u>	<u>6,672</u>
SPECIAL ASSESSMENTS				
Curb, gutter, and sidewalks	90,000	90,000	99,015	9,015
Interest on special assessments	-	-	(36)	(36)
Total special assessments	<u>90,000</u>	<u>90,000</u>	<u>98,979</u>	<u>8,979</u>
INVESTMENT INCOME				
	<u>41,200</u>	<u>41,200</u>	<u>102,875</u>	<u>61,675</u>
COMMERCIAL REVENUES				
Rent of City buildings and offices	25,320	25,320	10,972	(14,348)
Donations	500	500	2,731	2,231
Sale of materials	2,000	2,000	2,137	137
Miscellaneous	50,000	50,000	111,006	61,006
Annual environmental impact fee	32,624	32,624	32,624	-
Interlocking ignition device	500	500	850	350
Total commercial revenues	<u>110,944</u>	<u>110,944</u>	<u>160,320</u>	<u>49,376</u>
OTHER FINANCING SOURCES				
Sale of City property	-	-	-	-
Transfer in - Water Utility	400,000	400,000	463,070	63,070
Transfer in - Nonmajor Funds	-	-	-	-
Total other financing sources	<u>400,000</u>	<u>400,000</u>	<u>463,070</u>	<u>63,070</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES				
	<u>\$ 23,181,445</u>	<u>\$ 23,181,445</u>	<u>\$ 24,147,197</u>	<u>\$ 965,752</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
GENERAL GOVERNMENT				
Council	\$ 66,936	\$ 66,936	\$ 66,323	\$ 613
Police commission	5,000	5,000	2,298	2,702
Landmarks commission	350	350	-	350
Middleton youth commission	53,632	53,632	49,591	4,041
Art committee	5,000	5,000	2,303	2,697
Sustainability committee	13,250	13,250	12,173	1,077
Municipal court	96,610	96,610	100,288	(3,678)
General administration	762,328	762,328	772,065	(9,737)
General administration - sick leave	-	-	186,530	(186,530)
Information technology	667,286	667,286	674,970	(7,684)
Elections	27,164	27,164	20,502	6,662
Board of review	-	-	-	-
Independent auditing	46,380	46,380	62,880	(16,500)
Legal counseling	205,060	205,060	195,998	9,062
Special legal counsel	7,000	7,000	7,000	-
Buildings and grounds	140,716	140,716	138,747	1,969
Illegal taxes and tax refunds	15,080	15,080	(12,745)	27,825
Property and liability insurance	380,000	380,000	280,901	99,099
Income continuation insurance	15,000	-	-	-
Contingency	221,419	373,363	-	373,363
Group life insurance	35,000	50,000	22,196	27,804
Bank fees	-	-	144	(144)
Miscellaneous	74,600	74,600	99,824	(25,224)
Total general government	<u>2,837,811</u>	<u>2,989,755</u>	<u>2,681,988</u>	<u>307,767</u>
PUBLIC SAFETY				
Police administration	711,901	711,901	724,358	(12,457)
Police patrol	3,889,852	3,889,852	3,811,767	78,085
Code compliance	82,038	82,038	87,731	(5,693)
Training	-	-	550	(550)
School patrol	19,311	19,311	13,164	6,147
Fire suppression	820,526	820,526	820,526	-
Public fire protection	485,000	485,000	437,391	47,609
EMS	1,536,724	1,536,724	1,473,359	63,365
Building inspector	119,516	119,516	128,738	(9,222)
Electrical inspector	101,079	101,079	104,626	(3,547)
Plumbing inspection	69,834	69,834	74,511	(4,677)
Emergency preparedness	71,520	71,520	54,629	16,891
Sealer of weights and measures	4,400	4,400	4,400	-
Erosion control enforcement	16,000	16,000	14,237	1,763
Communications	517,263	517,263	485,309	31,954
Total public safety	<u>8,444,964</u>	<u>8,444,964</u>	<u>8,235,296</u>	<u>209,668</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PUBLIC WORKS				
Machinery	\$ 341,156	\$ 341,156	\$ 272,264	\$ 68,892
Garage	64,720	64,720	93,849	(29,129)
Public works salaries and fringes	610,167	610,167	637,082	(26,915)
Protective equipment	3,500	3,500	3,517	(17)
Engineering	778,873	778,873	725,040	53,833
Street maintenance	40,500	40,500	41,021	(521)
Street cleaning	9,700	9,700	5,584	4,116
Snow and ice control	92,000	92,000	111,473	(19,473)
Traffic signals	15,500	15,500	3,378	12,122
Traffic signs and markings	38,700	38,700	49,367	(10,667)
Street lighting	118,000	118,000	120,448	(2,448)
Tree and brush	1,857	1,857	1,198	659
Storm sewers	50,000	50,000	34,192	15,808
Mass transit	404,896	404,896	391,283	13,613
Garbage collection	502,000	502,000	487,701	14,299
Sanitary landfill	55,000	55,000	55,380	(380)
Recycling	247,000	247,000	247,768	(768)
Sidewalk maintenance	140,000	140,000	138,125	1,875
Total public works	<u>3,513,569</u>	<u>3,513,569</u>	<u>3,418,670</u>	<u>94,899</u>
HEALTH AND HUMAN SERVICES				
Aging	<u>445,825</u>	<u>445,825</u>	<u>457,636</u>	<u>(11,811)</u>
LEISURE ACTIVITIES				
Cable television	6,000	6,000	5,300	700
Hubbard arts center	30,000	30,000	29,949	51
Recreation programs and events	32,084	42,084	42,194	(110)
Recreation administration	156,112	158,112	159,790	(1,678)
Swimming pool	272,089	272,089	260,909	11,180
Summer recreation	82,388	82,388	80,521	1,867
Parks	924,432	902,432	815,999	86,433
Total leisure activities	<u>1,503,105</u>	<u>1,493,105</u>	<u>1,394,662</u>	<u>98,443</u>
CONSERVATION AND DEVELOPMENT				
Water resources	30,624	30,624	20,624	10,000
Conservancy land commission	155,789	175,789	123,972	51,817
Planning commission	332,290	332,290	325,278	7,012
Other	7,555	7,555	1,987	5,568
Forestry	162,613	162,613	161,125	1,488
Total conservation and development	<u>688,871</u>	<u>708,871</u>	<u>632,986</u>	<u>75,885</u>
OTHER FINANCING USES				
Transfers out - Nonmajor Funds - Other	18,303	87,303	87,303	-
Transfers out - Library Fund	1,144,792	1,144,792	1,144,792	-
Transfers out - Debt Service Fund	4,584,205	4,363,261	4,363,261	-
Total other financing uses	<u>5,747,300</u>	<u>5,595,356</u>	<u>5,595,356</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 23,181,445</u>	<u>\$ 23,191,445</u>	<u>\$ 22,416,594</u>	<u>\$ 774,851</u>

CITY OF MIDDLETON, WISCONSIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015

	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund	Airport	Safety Impact Fee and Other	Economic Development Grant	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Senior Center Activities	Total Nonmajor Governmental Funds
ASSETS														
Cash and investments	\$ 2,714,743	\$ 26,613	\$ 11,596	\$ 240,256	\$ 42,684	\$ 145,452	\$ 769,962	\$ 182,657	\$ 1,504,097	\$ 23,236	\$ 68,056	\$ 219,302	\$ 165,042	\$ 6,113,696
Accounts receivable	-	-	-	-	-	221	-	-	301,913	-	-	-	-	302,134
TOTAL ASSETS	\$ 2,714,743	\$ 26,613	\$ 11,596	\$ 240,256	\$ 42,684	\$ 145,673	\$ 769,962	\$ 182,657	\$ 1,806,010	\$ 23,236	\$ 68,056	\$ 219,302	\$ 165,042	\$ 6,415,830
LIABILITIES AND FUND BALANCES														
LIABILITIES														
Accounts payable	\$ 69,191	\$ -	\$ -	\$ -	\$ 41,212	\$ 3,177	\$ -	\$ -	\$ 255,265	\$ -	\$ -	\$ 3,107	\$ -	\$ 371,952
Deposits	1,264,454	-	-	-	-	-	-	-	-	-	-	-	-	1,264,454
Total liabilities	1,333,645	-	-	-	41,212	3,177	-	-	255,265	-	-	3,107	-	1,636,406
FUND BALANCES														
Restricted	1,381,098	-	11,596	240,256	1,472	-	769,962	182,657	1,550,745	23,236	68,056	216,195	165,042	4,610,315
Committed	-	26,613	-	-	-	142,496	-	-	-	-	-	-	-	169,109
Total fund balances	1,381,098	26,613	11,596	240,256	1,472	142,496	769,962	182,657	1,550,745	23,236	68,056	216,195	165,042	4,779,424
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,714,743	\$ 26,613	\$ 11,596	\$ 240,256	\$ 42,684	\$ 145,673	\$ 769,962	\$ 182,657	\$ 1,806,010	\$ 23,236	\$ 68,056	\$ 219,302	\$ 165,042	\$ 6,415,830

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund	Airport	Safety Impact Fee and Other	Economic Development Grant	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Senior Center Activities	Total Nonmajor Governmental Funds
REVENUES														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,313,852	\$ -	\$ -	\$ -	\$ -	\$ 1,313,852
Intergovernmental	-	-	-	-	785,233	-	-	-	-	-	4,336	-	17,451	807,020
Licenses and permits	197,085	-	-	-	-	-	321,424	-	-	-	-	-	-	518,509
Public charges for services	-	21,606	2,753	-	15,625	124,074	-	-	-	-	-	273,150	-	437,208
Contributions	-	-	-	8,482	-	-	-	-	-	2,400	-	49,864	11,404	72,150
Investment income	-	-	-	(2,171)	-	-	-	482	-	-	-	-	-	(1,689)
Miscellaneous	-	-	-	-	19,615	-	135	-	6,737	80	-	-	-	26,567
Total revenues	<u>197,085</u>	<u>21,606</u>	<u>2,753</u>	<u>6,311</u>	<u>820,473</u>	<u>124,074</u>	<u>321,559</u>	<u>482</u>	<u>1,320,589</u>	<u>2,480</u>	<u>4,336</u>	<u>323,014</u>	<u>28,855</u>	<u>3,173,617</u>
EXPENDITURES														
Current:														
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leisure activities	-	32,478	32,146	30,479	1,985,774	-	111	-	1,066,295	-	-	417,778	25,924	3,590,985
Conservation and development	51,927	-	-	-	-	77,090	-	-	-	-	-	-	-	129,017
Capital outlay	-	-	-	-	-	-	-	-	-	8,000	-	-	-	8,000
Total expenditures	<u>51,927</u>	<u>32,478</u>	<u>32,146</u>	<u>30,479</u>	<u>1,985,774</u>	<u>77,090</u>	<u>111</u>	<u>-</u>	<u>1,066,295</u>	<u>8,000</u>	<u>-</u>	<u>417,778</u>	<u>25,924</u>	<u>3,728,002</u>
Excess of revenues over (under) expenditures	145,158	(10,872)	(29,393)	(24,168)	(1,165,301)	46,984	321,448	482	254,294	(5,520)	4,336	(94,764)	2,931	(554,385)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	-	1,144,792	-	-	-	-	-	-	-	-	1,144,792
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	145,158	(10,872)	(29,393)	(24,168)	(20,509)	46,984	321,448	482	254,294	(5,520)	4,336	(94,764)	2,931	590,407
FUND BALANCES - BEGINNING OF YEAR	<u>1,235,940</u>	<u>37,485</u>	<u>40,989</u>	<u>264,424</u>	<u>21,981</u>	<u>95,512</u>	<u>448,514</u>	<u>182,175</u>	<u>1,296,451</u>	<u>28,756</u>	<u>63,720</u>	<u>310,959</u>	<u>162,111</u>	<u>4,189,017</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,381,098</u>	<u>\$ 26,613</u>	<u>\$ 11,596</u>	<u>\$ 240,256</u>	<u>\$ 1,472</u>	<u>\$ 142,496</u>	<u>\$ 769,962</u>	<u>\$ 182,657</u>	<u>\$ 1,550,745</u>	<u>\$ 23,236</u>	<u>\$ 68,056</u>	<u>\$ 216,195</u>	<u>\$ 165,042</u>	<u>\$ 4,779,424</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
December 31, 2015**

	<u>TIF District No. 5</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>General Capital Projects</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 1,481,860	\$ 481,009	\$ 1,014,439	\$ 953,356	\$ 3,930,664
Taxes receivable	448,154	-	-	-	448,154
Receivables	-	-	-	-	-
Due from other funds	-	539,971	-	-	539,971
Total assets	<u>\$ 1,930,014</u>	<u>\$ 1,020,980</u>	<u>\$ 1,014,439</u>	<u>\$ 953,356</u>	<u>\$ 4,918,789</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 99,880	\$ 195,362	\$ 18,483	\$ 3,000	\$ 316,725
Advances from other funds	<u>2,048,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,048,999</u>
Total liabilities	<u>2,148,879</u>	<u>195,362</u>	<u>18,483</u>	<u>3,000</u>	<u>2,365,724</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent year tax levy	448,154	-	-	-	448,154
Other receivable	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total deferred inflows	<u>448,154</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>460,154</u>
FUND BALANCES					
Restricted	<u>(667,019)</u>	<u>825,618</u>	<u>983,956</u>	<u>950,356</u>	<u>2,092,911</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,930,014</u>	<u>\$ 1,020,980</u>	<u>\$ 1,014,439</u>	<u>\$ 953,356</u>	<u>\$ 4,918,789</u>

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2015

	<u>TIF District No. 5</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>General Capital Projects</u>	<u>Total</u>
REVENUES					
Intergovernmental	\$ 896,276	\$ -	\$ 43,663	\$ -	\$ 939,939
Investment and interest income	-	8,062	-	-	8,062
Miscellaneous	-	-	10,920	-	10,920
Total revenues	<u>896,276</u>	<u>8,062</u>	<u>54,583</u>	<u>-</u>	<u>958,921</u>
EXPENDITURES					
Current:					
General government	50,298	-	-	-	50,298
Conservation and development	1,101,000	-	-	-	1,101,000
Capital outlay	280,700	3,669,000	390,722	393,790	4,734,212
Total expenditures	<u>1,431,998</u>	<u>3,669,000</u>	<u>390,722</u>	<u>393,790</u>	<u>5,885,510</u>
Excess of revenues over (under) expenditures	(535,722)	(3,660,938)	(336,139)	(393,790)	(4,926,589)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	1,439,393	685,000	875,607	3,000,000
Transfers in	-	46,000	-	41,303	87,303
Transfers out	(139,735)	-	-	-	(139,735)
Net change in fund balances	(675,457)	(2,175,545)	348,861	523,120	(1,979,021)
FUND BALANCES - BEGINNING OF YEAR	<u>8,438</u>	<u>3,001,163</u>	<u>635,095</u>	<u>427,236</u>	<u>4,071,932</u>
FUND BALANCES - END OF YEAR	<u>\$ (667,019)</u>	<u>\$ 825,618</u>	<u>\$ 983,956</u>	<u>\$ 950,356</u>	<u>\$ 2,092,911</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
December 31, 2015**

ASSETS	Stormwater	Middleton Utility District	Totals
Current Assets			
Cash and investments	\$ 65,482	\$ 315,898	\$ 381,380
Accounts receivable	71,098	-	71,098
Total current assets	<u>136,580</u>	<u>315,898</u>	<u>452,478</u>
Noncurrent Assets			
Capital assets:			
Property and equipment	3,179,614	-	3,179,614
Less: Accumulated depreciation	<u>(96,637)</u>	<u>-</u>	<u>(96,637)</u>
Total capital assets, net	<u>3,082,977</u>	<u>-</u>	<u>3,082,977</u>
Total noncurrent assets	<u>3,082,977</u>	<u>-</u>	<u>3,082,977</u>
Total assets	<u>3,219,557</u>	<u>315,898</u>	<u>3,535,455</u>
LIABILITIES			
Current Liabilities			
Accounts payable	-	138,870	138,870
Total current liabilities	<u>-</u>	<u>138,870</u>	<u>138,870</u>
Noncurrent Liabilities			
Advances from other funds	-	400,000	400,000
Total noncurrent liabilities	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total liabilities	<u>-</u>	<u>538,870</u>	<u>538,870</u>
NET POSITION			
Net investment in capital assets	3,082,977	-	3,082,977
Unrestricted	<u>136,580</u>	<u>(222,972)</u>	<u>(86,392)</u>
Total net position	<u>\$ 3,219,557</u>	<u>\$ (222,972)</u>	<u>\$ 2,996,585</u>

**CITY OF MIDDLETON, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended December 31, 2015**

	<u>Stormwater</u>	<u>Middleton Utility District</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services and sales	\$ 136,580	\$ -	\$ 136,580
OPERATING EXPENSES			
Operation and maintenance	-	222,972	222,972
Depreciation	36,983	-	36,983
Total operating expenses	<u>36,983</u>	<u>222,972</u>	<u>259,955</u>
Operating income (loss)	<u>99,597</u>	<u>(222,972)</u>	<u>(123,375)</u>
CAPITAL CONTRIBUTIONS	<u>3,119,960</u>	<u>-</u>	<u>3,119,960</u>
Change in net position	3,219,557	(222,972)	2,996,585
NET POSITION - BEGINNING OF YEAR (RESTATED)	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 3,219,557</u>	<u>\$ (222,972)</u>	<u>\$ 2,996,585</u>

**CITY OF MIDDLETON, WISCONSIN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended December 31, 2015**

	<u>Stormwater</u>	<u>Middleton Utility District</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 65,482	\$ -	\$ 65,482
Payments to suppliers for goods and services	<u>-</u>	<u>(84,102)</u>	<u>(84,102)</u>
Net cash provided by operating activities	<u>65,482</u>	<u>(84,102)</u>	<u>(18,620)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance from TIF No. 3	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>400,000</u>	<u>400,000</u>
 Net increase (decrease) in cash and cash equivalents	 65,482	 315,898	 381,380
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 65,482</u>	<u>\$ 315,898</u>	<u>\$ 381,380</u>

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Concluded)
For the Year Ended December 31, 2015

	Nonmajor Fund		
	Middleton		
	<u>Stormwater</u>	<u>Utility District</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 99,597	\$ (222,972)	\$ (123,375)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	36,983	-	36,983
Depreciation charged to sewer utility	-	-	-
Changes in noncash components of working capital			
Accounts receivable	(71,098)	-	(71,098)
Special assessments receivable	-	-	-
Due from other funds	-	-	-
Accounts payable	-	138,870	138,870
Pension activity	-	-	-
Accrued compensated absences	-	-	-
Net cash provided by operating activities	<u>\$ 65,482</u>	<u>\$ (84,102)</u>	<u>\$ (18,620)</u>
 Reconciliation of cash and cash equivalents to the statement of net position - proprietary funds			
Cash and investments	<u>\$ 65,482</u>	<u>\$ 315,898</u>	<u>\$ 381,380</u>
 NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES			
Developer financed additions to Utility capital assets	\$ 382,128	\$ -	\$ 382,128
City financed additions to Utility capital assets	2,737,832	-	2,737,832