



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2017



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City of Middleton, Wisconsin

CITY OF MIDDLETON, WISCONSIN
Middleton, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

As of and for the Year Ended

December 31, 2017

Prepared by:

Finance Department
William Burns, Finance Director

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INTRODUCTORY SECTION



CITY OF MIDDLETON

CITY OF MIDDLETON
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MIDDLETON, WI 53562-3118

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E-MAIL: bburns@ci.middleton.wi.us
WEB: www.CityofMiddleton.us

June 19, 2018

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

The Comprehensive Annual Financial Report (CAFR) for the City of Middleton for the year ended December 31, 2017 is hereby submitted. This report consists of management's representations concerning the finances of the City of Middleton. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurances that the financial statements are free of any material misstatements.

The City Council retained the accounting firm of CliftonLarsonAllen LLP to perform an audit of the City's financial statements. CliftonLarsonAllen, LLP concluded based on its audit procedures that the City's financial statements are presented fairly, in all material respects, in accordance with Generally Accepted Accounting Principles (GAAP). They have issued an unmodified opinion regarding the fair presentation of the financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City of Middleton

The City of Middleton is located in Dane County, approximately six miles from the state capitol in Madison, Wisconsin. Incorporated in 1963, the City of Middleton covers 9.1 square miles and has a population of 20,151 according to the Wisconsin Department of Administration. The City operates under a mayor-council form of government. Policymaking and legislative authority is vested with the City Council, which consists of a mayor and an eight-member council.

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

The area that is now the City of Middleton was first platted in 1856. In 1856 a railroad line was built connecting Madison to the Mississippi River at Prairie du Chien. A rail depot, Middleton Station, was established in what is now downtown Middleton. The population grew during the remainder of the 1800's with predominantly English and German settlers. In 1905 the Village of Middleton was incorporated and in 1963 Middleton was incorporated as a city. By the 1980s the grain elevators and other blighted remnants of the old railroad days were replaced with a downtown renovation project. Today the City of Middleton has a thriving downtown core with significant business and office park development and a variety of housing options.

The City provides a full range of local government services including police protection, paramedic level ambulance service, street construction and maintenance, sanitation, and recreation, library, and other cultural and general government services. Middleton's public lands department, as well as other city departments, manages over 500 acres of parks, conservancy areas and other permanent public open spaces representing in total approximately 25% of the City's total land area. In addition, the City operates a municipal airport, golf course, and water, sewer, and storm water utilities. The City Council exercises control over a Community Development Authority that is reported in the City's financial statements as a component unit. Fire protection is provided by the Middleton Fire District which is reported as a fiduciary fund in the City's financial statements.

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

Factors Affecting the City's Economic Condition

Local Economy

Middleton benefits from its proximity to the City of Madison which is the location of the state capital and the flagship University of Wisconsin campus. Over the past five years, Middleton's total equalized value has increased by an average of 4.4% per year adding \$648 million in additional value. The City has made a commitment to the diversification of its tax base with significant non-residential development including corporate headquarters for American Girl, Capital Brewery, Electronic Theatre Controls (ETC), Spectrum Brands, University of Wisconsin Health, Fiskars, and Standard Imaging. According to U.S. Census data, Middleton is a net provider of jobs to the region with twice as many workers commuting to Middleton for work compared to Middleton residents working in other communities. Unemployment in the Dane County region is very low at an average of 2.4% in 2017.

The City has utilized Tax Incremental Financing (TIF) extensively to help promote both new development and redevelopment in the community. Middleton has two active TIF Districts. TID #3 encompasses much of the City's business parks and the historic downtown core. In 2017, TID #3 had a value increment of almost \$454 million making it the third largest TID in Wisconsin. Several planned subtractions have also returned over \$344 million to the City's general tax base. TID #5 was created in 2009 to help facilitate redevelopment along the Parmenter Street corridor, in the Allen Boulevard commercial area as well as in Middleton's urban greenway. Several recently approved projects are planned to add \$55 million of additional value in this TID over the next couple years.

Financial Planning

The City of Middleton updates its five-year capital improvement plan each year as part of the budget process. This plan identifies capital needs for all of the City's funds and lists priorities and financing sources. In conjunction with the plan, the City maintains capital equipment and vehicle replacement schedules that project future capital needs up to twenty years in the future. Recently, the City has developed a comprehensive financial planning model that includes operating budgets, debt services, and capital projects. This model was implemented in order to assist the City in evaluating the long-term impacts of budgetary decisions and in developing strategies in response to state imposed levy limits. The budgetary philosophy of the City has been to one of stability in budgets, tax rates, and user fees.

Financial Policies

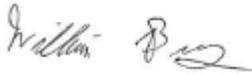
The Middleton Common Council has adopted several financial policies related to general fund balance, capital assets, debt management, and overall budget development to provide guidance for the City's financial management. These policies impact the City's financial condition and are reflected in the financial statements in several ways. For example, Middleton's fund balance policy sets a target for unassigned fund balance of two to four months of subsequent year general fund budgeted expenditures (16.7% to 33.3%). At the end of 2017, the City increased the general fund unassigned fund balance by \$175,729 to remain in the middle of the target range with 24.7% of the 2018 budgeted expenditures.

Another example is the City's debt management policy which provides guidance to help ensure that long-term debt is utilized in a fiscally prudent manner. Included in the policy is an objective of above average principal retirement and limiting the term of non-facility debt in order to maintain the flexibility to meet future long-term needs. Currently 88% of the City's debt is scheduled to be paid within ten years. In addition, the City has only utilized 27.8% of its legally available general obligation debt capacity. Finally, the City's policies establish a goal of maintaining structurally balanced budgets with appropriate contingency and reserve funds for unexpected needs. This helps to ensure that resources will be available to address future budget challenges from changes in the economy or limitations imposed by the State of Wisconsin.

Acknowledgements

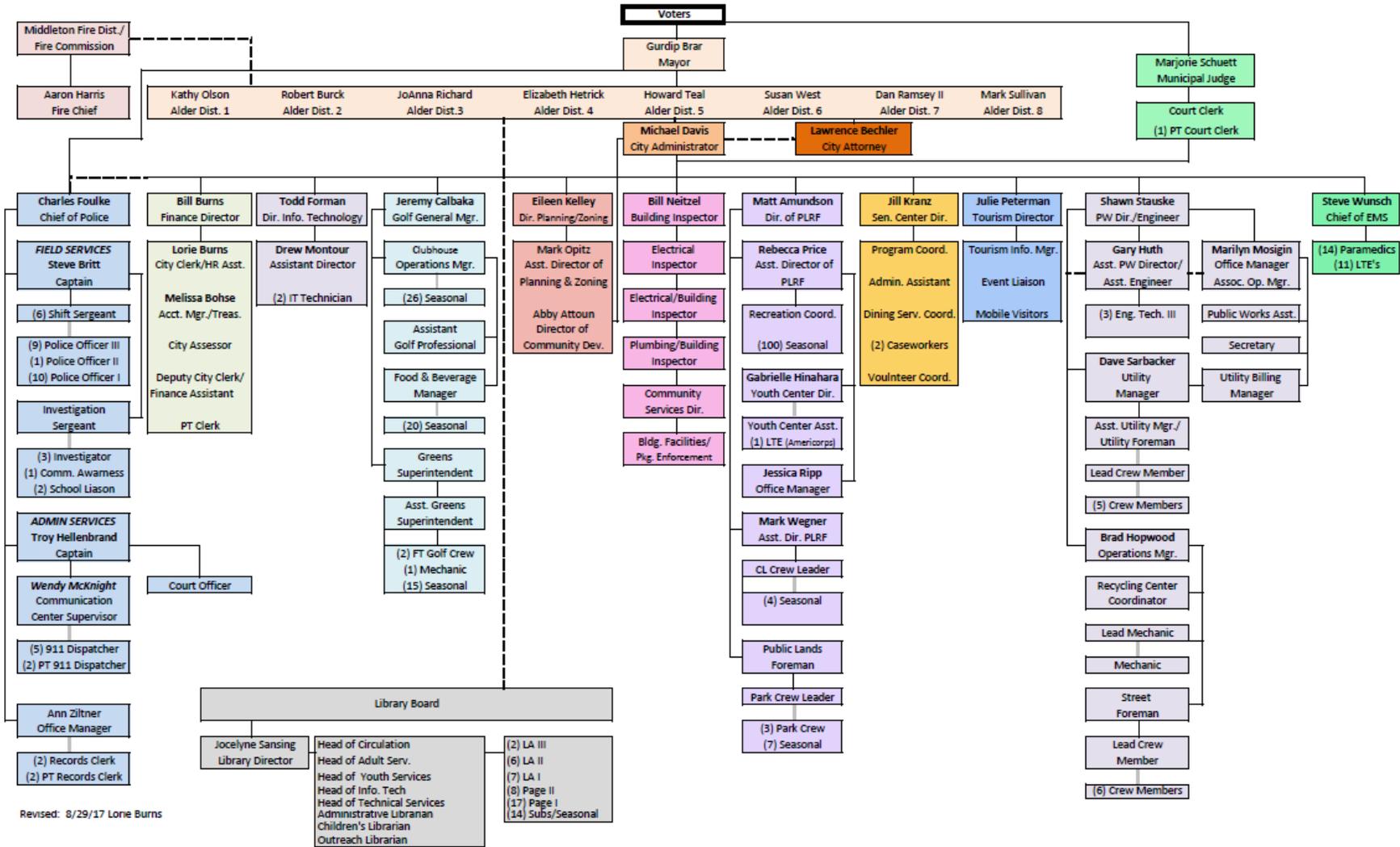
The preparation of this report was made possible through the dedicated services of the Finance Department staff with the advice of our independent auditors CliftonLarsonAllen, LLP. We express our appreciation to all City staff that assisted and contributed to the preparation of this report. We also thank the Mayor, the City Council, and the City Administrator for their continued interest and support in the financial operations of the City.

Respectfully submitted,



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

City of Middleton Organizational Chart



Revised: 8/29/17 Lone Burns



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2017

City of Middleton, Wisconsin

7426 Hubbard Avenue
Middleton, Wisconsin 53562

ELECTED OFFICIALS

Gurdip Brar
Kathy Olson
Robert Burck
JoAnna Richard
Elizabeth Hetrick
Howard Teal
Susan West
Dan Ramsey
Mark Sullivan

Mayor
Aldersperson, District 1
Aldersperson, District 2
Aldersperson, District 3
Aldersperson, District 4
Aldersperson, District 5
Aldersperson, District 6 (Council President)
Aldersperson, District 7
Aldersperson, District 8

ADMINISTRATION

Mike Davis
Bill Burns
Matt Amundson
Abby Attoun
Jeremy Calbaka
Todd Forman
Charles Foulke
Eileen Kelley
Jill Kranz
Bill Neitzel
Julie Peterman
Jocelyne Sansing
Shawn Stauske
Steve Wunsch
Aaron Harris

City Administrator
Assistant Administrator/Finance Director
Director of Public Lands, Recreation & Forestry
Director of Community Development
Golf Course General Manager
Director of Information Technology
Chief of Police
Director of Planning and Zoning
Senior Center Director
Director of Building Inspection
Director of Tourism
Library Director
Public Works Director / City Engineer
Chief of EMS
Fire Chief, Middleton Fire District

OFFICIALS ISSUING REPORT

Bill Burns
Melissa Bohse
Manager

Assistant Administrator/Finance Director
Assistant Finance Director/Human Resources

Officials as of the report date of December 31, 2017

FINANCIAL SECTION

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of other postemployment benefits (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.

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.

Common Council
City of Middleton, Wisconsin

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Middleton, Wisconsin
June 15, 2018

**CITY OF MIDDLETON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(UNAUDITED)**

This section of the City of Middleton's annual financial statements provides the reader with management's narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, and (4) identify any changes in the City's financial plan (approved budget). The financial discussion and analysis presented in the section is intended to be used in conjunction with the accompanying financial statements.

Financial Highlights

- ◆ The assets of the City of Middleton exceeded its liabilities by \$127,065,351 (net position) as of December 31, 2017.
- ◆ As of December 31, 2017, the City of Middleton governmental activities reported a combined ending net position balance of \$73,962,742. Of this balance, \$6,428,231 is available for spending at the government's discretion (unrestricted net position).
- ◆ The Pleasant View Golf Course Enterprise Fund conveyed a portion of its land assets consisting of approximately 30 acres to the General Fund for property used as a bike park that is managed by the City's Public Lands Department. The General Fund paid the Golf Course Fund a total of \$1,345,369 which is equal to 10% of the principal and interest on the debt service for the original golf course property purchase.
- ◆ At the end of the current fiscal year, \$5,310,690 of unassigned fund balance for the general fund is equal to 24.7% of the subsequent year budgeted general fund expenditures.
- ◆ The City's net Other Post Employment Benefit (OPEB) obligation increased by \$72,484 to \$205,812. This represents the amount of the implicit rate subsidy for retired employees who are able to purchase health insurance from the City's group insurance plan.
- ◆ Total governmental activities general obligation debt decreased by \$1,953,611 to \$45,376,389 and business-type debt decreased by \$300,000 to \$1,400,000. Governmental activities debt decreased as principal payments were made on outstanding debt. The City issued \$4,000,000 general obligation notes in 2017 to fund various capital projects. Business-type debt decreased as principal payments continue to be made on the outstanding debt issued for the Pleasant View Golf Course.
- ◆ The City maintained a rating of Aa1 from Moody's Investors Service.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

**CITY OF MIDDLETON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(UNAUDITED)**

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

The government-wide financial statements include not only funds of the City of Middleton (primary government), but also a legally separate Community Development Authority (component unit) for which the City of Middleton is financially accountable. Financial information for this component unit is included in the governmental activities of the primary government. See Note I-B, page 33, of the Notes to Financial Statements for more information.

The government-wide financial statements are presented on pages 22-23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Middleton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant (major) funds rather than the City as a whole. Major funds are separately reported while other funds are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of the report. All of the funds of the City of Middleton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Since the focus of governmental funds is narrower than that of government-wide financial statements, comparisons of the information for governmental funds presented in the fund financial statements with similar information for governmental activities presented in the government-wide statements may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In 2017, the City of Middleton utilized eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Tax Increment Financing District #3 fund, and Capital Projects Fund, which are considered to be major funds. Data from the other fourteen non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Middleton adopts annual budgets for its various funds in accordance with state statutes. Budgetary comparison statements and schedules are included in the basic financial statements for the General Fund. There were no major special revenue funds for the year ended December 31, 2017.

The basic governmental fund financial statements are presented on pages 24-27 of this report.

Proprietary funds

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

**CITY OF MIDDLETON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(UNAUDITED)**

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

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

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on page 32 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 33 of this report.

Required Supplementary Information and Supplementary Information

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

The required supplementary information and supplementary information can be found on pages 75-90 of this report.

**CITY OF MIDDLETON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(UNAUDITED)**

Government-wide Financial Analysis

Over time, as year-to-year financial information is accumulated on a consistent basis, change in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position as of December 31, 2017 was 127,065,351. The following table provides a summary of the City's net position:

**NET POSITION
For the Years Ended December 31, 2017 and 2016
(amounts expressed in thousands)**

	Governmental Activities		Business Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 60,985	\$ 56,725	\$ 6,751	\$ 3,998	\$ 67,736	\$ 60,723
Capital assets	94,451	91,665	48,831	49,576	143,282	141,240
Total assets	<u>155,436</u>	<u>148,390</u>	<u>55,582</u>	<u>53,574</u>	<u>211,018</u>	<u>201,964</u>
Deferred outflows of resources	4,840	6,708	429	615	5,269	7,322
Current and other liabilities	5,179	4,091	802	696	5,981	4,787
Non-current liabilities	52,180	54,457	1,937	2,244	54,117	56,701
Total liabilities	<u>57,359</u>	<u>58,548</u>	<u>2,739</u>	<u>2,940</u>	<u>60,098</u>	<u>61,488</u>
Deferred inflows of resources	28,954	27,007	169	228	29,124	27,235
Net position:						
Net investment in capital assets	49,528	44,205	47,431	47,876	96,959	92,081
Restricted	18,006	16,207	-	61	18,006	16,268
Unrestricted	6,428	9,130	5,672	3,084	12,100	12,214
Total net position	<u>\$ 73,963</u>	<u>\$ 69,543</u>	<u>\$ 53,103</u>	<u>\$ 51,020</u>	<u>\$127,065</u>	<u>\$120,563</u>

Changes in Net Position

Net position of the City of Middleton increased by \$6,501,880 (5.4%) in 2017. Net position of the City's governmental activities totaled \$73,962,742 as of December 31, 2017, an increase of \$4,419,686 (6.4%). The net position of business-type activities totaled \$53,102,609 as of December 31, 2017, an increase of \$2,082,194 (4.1%).

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

**CITY OF MIDDLETON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(UNAUDITED)**

**CHANGE IN NET POSITION
For the Years Ended December 31, 2017 and 2016
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$3,217	\$4,043	\$8,637	\$7,875	\$11,854	\$11,918
Operating grants	2,710	1,785	-	-	2,710	1,785
Capital grants/ contributions	946	1,694	217	1,214	1,163	2,908
General Revenues:						
General Property Taxes	16,637	16,430	-	-	16,637	16,430
Property Taxes, TIF	7,076	9,126	-	-	7,076	9,126
Other taxes	1,703	1,700	-	-	1,703	1,700
Cable franchise fees	263	258	-	-	263	258
Intergovernmental	1,472	1,160	-	-	1,472	1,160
Investments	315	170	46	11	361	182
Gain on sale of property	28	2,660	-	-	28	2,660
Miscellaneous	161	597	-	-	161	597
Total revenues	<u>34,528</u>	<u>39,624</u>	<u>8,900</u>	<u>9,100</u>	<u>43,428</u>	<u>48,724</u>
Expenses:						
General government	3,440	3,374	-	-	3,440	3,374
Public safety	10,046	9,708	-	-	10,046	9,708
Public works	5,339	5,662	-	-	5,339	5,662
Human services	605	524	-	-	605	524
Leisure activities	4,918	4,280	-	-	4,918	4,280
Conservation/devel.	4,333	5,714	-	-	4,333	5,714
Interest on LT debt	1,294	1,430	-	-	1,294	1,430
Water utility	-	-	1,894	1,707	1,894	1,707
Sewer utility	-	-	2,795	2,798	2,795	2,798
Golf Course	-	-	2,026	1,845	2,026	1,845
Nonmajor enterprise funds	-	-	236	404	236	404
Total expenses	<u>29,975</u>	<u>30,691</u>	<u>6,951</u>	<u>6,755</u>	<u>36,927</u>	<u>37,446</u>
Increase (decrease) in net position before transfers	4,553	8,933	1,949	2,345	6,502	11,278
Net Transfers	<u>(133)</u>	<u>(1,904)</u>	<u>133</u>	<u>1,904</u>	<u>-</u>	<u>-</u>
Change in net position	4,420	7,029	2,082	4,249	6,502	11,278
Net position-beginning	<u>69,543</u>	<u>62,514</u>	<u>51,020</u>	<u>46,772</u>	<u>120,563</u>	<u>109,286</u>
Net position-ending	<u>\$73,963</u>	<u>\$69,543</u>	<u>\$53,103</u>	<u>\$51,020</u>	<u>\$127,066</u>	<u>\$120,563</u>

**CITY OF MIDDLETON, WISCONSIN
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Governmental Activities

Governmental activities for 2017 increased the City's net position by \$4,419,686 as detailed above. Some of the significant changes in revenues and expenses were as follows:

Revenues

- ◆ Public safety charges for services decreased by \$307,934 (12.4%) primarily due to a reduction in building permit revenues. Several large projects were started in 2016 resulting in atypically high permit revenues. In 2017 new construction starts returned to a more normal level.
- ◆ Operating grants and contributions increased \$925,019 (51.8%) largely due to an increase in public works activities.
- ◆ General property tax revenue increased \$206,885 (1.3%). Taxes levied for Tax Increment Districts decreased by \$2,050,018 (22.5%). This increase was due to a subtraction of territory in Tax Increment District #3 which reduced the incremental value of the district by approximately \$70,000,000.
- ◆ Investment revenue increased \$144,725 (85.0%) due to an increase in market interest rates and changes in the City's investment portfolio.

Expenses

- ◆ General government expenses increased by \$66,504 (2.0%). This is partially due to the result of increased wage and benefits costs and an increase in compensated absences activity.
- ◆ Public safety expenses increased by \$337,542 (3.5%) largely due in increased wage and benefit costs as well as an increase in compensated absences activity.
- ◆ Public Works expenses decreased by \$322,857 (5.7%). Factors contributing to this decrease include changes in compensated absences, non-capitalized capital outlay, and a reduction in the post closure liability for the Metropolitan Refuse District.
- ◆ Expenses related to health and human services increased by \$81,305 (15.5%) This includes additional costs for the Middleton Senior Center related to the nutrition program, utilities, maintenance, and a \$36,357 increase in expenditures for the Senior Center Activities fund.
- ◆ Leisure activities expenses increased by \$638,448 (14.9%). Additional public lands expenditures, as well as changes in compensated absences and pension activity, contributed to the increase.
- ◆ Expenses related to conservation and development decreased by \$1,380,241 (24.2%). This is largely due to a reduction in expenses for development incentives in Tax Increment Financing District #5.
- ◆ Interest on long-term debt decreased by \$135,949 (9.5%) due to lower interest payments resulting from repayment of previous year borrowings and lower rates in the municipal debt marketplace.

Business Activities

Business activities for 2017 increased the City's net position by \$2,082,194 as detailed above. Program revenues exceeded expenses by \$1,902,987 while net general revenues and transfers had a positive variance of \$179,207.

Revenues

- ◆ Water Utility charges for services decreased by \$15,978 (0.6%). Water utility rates were last increased on July 1, 2015. The reduced revenues are associated with a small decrease in the amount of water sold.
- ◆ Sanitary Sewer Utility charges for services increased by \$142,174 (6.1%). Increases in sewer utility rates included a 11.3% increase for service charges and a 2.2% increase for volume charges. These increases largely cover the sewer treatment increases passed through by the Madison Metropolitan Sewerage District (MMSD).
- ◆ Charges for services for the Pleasant View Golf Course increased by \$160,620 (6.6%). The golf course has continued to see higher activity in memberships and leagues as well as increases in food and beverage sales.

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- ◆ Nonmajor enterprise fund charges for services were \$475,652 higher in 2017 than in 2016. That was primarily due to \$485,541 in revenue for the Middleton Utility District for development within the Town of Middleton that will be served by improvements of the utility district.

Expenses

- ◆ Water Utility expenses increased by \$186,709 (10.9%) largely due to an increase in the depreciation expenses and non-capitalized water system maintenance and repairs.
- ◆ Sewer Utility expenses decreased by \$3,619 (0.1%) primarily due lower maintenance expenses and a reduction in compensated absences activity.
- ◆ Expenses for the Pleasant View Golf Course increased by \$180,359 (9.8%). Contributing to this increase were additional costs for pro shop expenses, food and beverage, and grounds maintenance related to the increased activity at the course.
- ◆ Other nonmajor enterprise fund expenditures were \$167,719 lower in 2017 due primarily to a reduction in expenses for the Middleton Utility District.

Fund Financial Analysis

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

Governmental Funds

As of December 31, 2017, the City's governmental funds had a combined ending fund balance of \$28,423,814. Of this balance, \$2,656,519 is non-spendable and \$18,374,458 is restricted. The remaining balance of \$7,392,837 includes \$2,880,965 committed or assigned for specific purposes and \$4,511,872 that is unassigned.

General Fund

The General Fund is the primary operating fund of the City and supports the majority of day-to-day services provided by the City. The total fund balance of the General Fund as of December 31, 2017 is \$10,781,460 of which \$2,656,519 was non-spendable, \$2,814,251 was assigned, and \$5,310,690 was unassigned. The General Fund assigned fund balance consisted of the following items as of December 31, 2016:

• Compensated absences (vacation and sick accrual)	\$1,635,930
• Public safety reserve (Fire)	\$444,321
• Public safety reserve (EMS)	\$384,000
• Equipment replacement	\$350,000

The General Fund had a decrease in fund balance of \$1,295,163. This is primarily due to the payment of \$1,345,369 to the Golf Course Fund for the conveyance of property. The City utilized in \$1,100,000 in assigned fund balance for future golf course debt retirement to partially fund this transaction.

Debt Service Fund

Debt Service fund balance as of December 31, 2017 totaled \$43,615, an increase of \$19,495. The City levied \$4,437,499 in property taxes for debt service in 2017. Principal and interest payments totaled \$4,705,970. The debt service fund also recognized \$137,896 for the issuance premium on the 2017 general obligation note issue and received a transfer from the City's impact fee fund in the amount of \$150,000. Debt service payments for the City's tax increment financing districts were reported in the individual funds rather than the debt service fund in 2017.

TIF District No. 3

The fund balance for the Tax Increment District #3 Fund increased from \$9,143,261 to \$10,520,814 in 2017. Revenues were \$7,678,404 including \$7,076,276 in tax increment collections. Tax increment collections were

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\$2,050,018 lower than in 2016 due to the planned subtraction of approximately \$70 million of value from the district for the 2016 tax year. Expenditures in 2017 included \$1,888,349 for administration and professionals services, \$1,596,215 for economic development incentive payments, and \$711,713 for capital outlay. There were also debt service payments totaling \$2,104,574 in 2017.

Capital Projects Funds

The total fund balance for the City's Capital Project Funds was \$920,397 as of December 31, 2017. Capital improvement projects expenditures for 2017 totaled \$4,379,664. Major expenditures for the year included the following projects:

• University Avenue Reconstruction	\$1,241,812
• Public Works Equipment Replacement	\$552,199
• City Share of Fire District Station #3 Property	\$482,826
• 2017 Street Resurfacing Project	\$349,480
• Emerald Ash Borer Tree Removal	\$260,448
• Public Lands Equipment Replacements	\$213,124
• Street Maintenance (Chip Sealing)	\$164,454
• City Trail Network Improvements	\$179,970
• Public Lands Equipment Replacements	\$172,825
• Police Squad Car Replacements	\$141,721
• Pheasant Branch Creek Streambank Stabilization	\$123,858

Proprietary Funds

See pages 35-36 for information related to the City's Enterprise Funds.

General Fund Budgetary Highlights

Differences between actual revenues and expenses and the final amended budget resulted in a positive revenue variance of \$110,852 (0.6% of total) and a negative expenditure variance of \$539,497 (2.9% of total). The following items contributed to these variances:

Revenues

- ◆ Taxes \$61,706 under budget primarily due to lower than anticipated room tax collections.
- ◆ Intergovernmental revenues were \$43,272 higher compared to the budget. This includes \$20,713 in additional fire insurance 2% dues.
- ◆ Licenses and permits were \$22,201 over budget primarily due to increased building permit and erosion control permit fees.
- ◆ Fines, penalties, and forfeitures were \$65,885 under the original budget. This reflects changes in the City's police practices to issue fewer citations per offense or police contact.
- ◆ Public charges for services were \$104,715 higher than budget largely due to recreation programs including the Aquatic Center, Hubbard Activity Center, and Fall-Winter-Spring recreation programs due to higher program participation. Ambulance service fees were also \$16,623 higher than budgeted.
- ◆ Interdepartmental charges were \$16,191 over budget due to a reimbursement from Madison Metro for excess funds collected related to the bus transportation system.
- ◆ Special assessments revenue was \$24,725 above budget due to additional street reconstruction activity and the associated assessments for curb, gutter, and sidewalks.
- ◆ Investment income was \$82,821 higher than budget. This is due to an increase in market interest rates and changes in the City's investment portfolio.

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- ◆ Miscellaneous revenues were \$55,482 under budget. This is partially due to the non-renewal of the Polar Express lease of a city-owned rail spur.
- ◆ Transfer In from other funds was \$51,979 under budget due to a lower than anticipated Payment in Lieu of Taxes (PILOT) calculation for the City's water utility.

Expenditures

- ◆ General Government expenditures were \$115,646 over budget. Two items contributing to this amount were current year activity for compensated absences in the amount of \$177,147 that was not budgeted in 2017 and \$111,733 in additional write-offs of delinquent personal property taxes. The City also had \$140,000 in budgeted general contingency that was not spent in 2017.
- ◆ Expenditures for Public Safety were \$98,771 lower than budgeted due to savings from personnel vacancies in the Police Department, and public fire protection (fire hydrants) costs that were \$47,609 lower than budget.
- ◆ Public Works expenditures were \$134,805 under budget due to personnel savings from a partial year vacancy in the new Operations Manager position as well as savings in utilities, fuel, and overtime.
- ◆ Expenditures for Health and Human Services (Senior Center) were over budget by \$40,269. Of this amount, \$13,837 is due to higher senior center trip expenditures that have offsetting revenue. Higher costs for part-time staffing, utilities, building maintenance, and equipment repair also contributed to the overage.
- ◆ Leisure Activities expenditures were \$617,721 over budget due primarily to an expenditure of \$739,500 for the conveyance of property from the Golf Course Fund to the General Fund for the bike park area adjacent to the Pleasant View Golf Course.
- ◆ Expenditures for Conservation and Development were \$563 lower than budgeted.
- ◆ Transfers Out to Other Funds were over budget by \$648,213. This is primarily due to the transfer of \$605,869 to the Golf Course Fund recorded as part of the conveyance of property for the bike park area adjacent to the Pleasant View Golf Course. There was also a transfer of \$42,344 of 2016 assigned fund balance to the Risk Management Internal Service Fund.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 was \$143,282,243 (net of depreciation), an increase of \$2,041,771. This investment in capital assets includes land, buildings and improvements, equipment and furniture, infrastructure, and construction in progress. Governmental capital asset additions exceeded depreciation expense by \$3,079,619 and net deletions (original cost less accumulated depreciation) totaled \$293,042.

Major changes in capital assets of governmental activities included the following:

- ◆ \$1,241,812 for street infrastructure additions for a portion of University Avenue between Park Street and Allen Boulevard. This segment of the road was reconstructed in 2017 through a joint project with Dane County. The City of Middleton accepted a jurisdictional transfer for this portion of the roadway at the completion of the project. The estimated value of the right-of-way transferred to the City is \$680,727.
- ◆ \$739,500 for the conveyance of approximately 30 acres of property from the Pleasant View Golf Course for land that is used as a bike park managed by the Public Lands Department.
- ◆ \$349,480 for infrastructure additions for various street resurfacing projects.
- ◆ \$260,324 for a public parking lot on Market Street.
- ◆ \$251,645 for library material acquisitions.

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- ◆ \$233,261 for a new street sweeper.
- ◆ \$218,305 for a new trail connection between Graber Pond and the Pheasant Branch Conservancy.
- ◆ \$212,651 for a traffic signal at Maywood Avenue and Allen Boulevard.
- ◆ \$113,711 for the purchase of a new plow truck for the public works department
- ◆ \$110,181 for the installation of a bike path along Allen Boulevard

Major changes in capital assets of business-type activities included the following:

- ◆ \$569,746 in water utility asset additions for items including elevated tank painting, new meters, and rehabilitation of well #6.
- ◆ \$54,087 in sewer utility asset additions for a new sewer camera and a portion of a shared pick-up truck.
- ◆ \$831,424 in storm water utility asset additions for the Confluence Pond dredging project along with a reduction of construction in progress in the amount of \$614,500.
- ◆ \$739,500 reduction in the land assets of the Pleasant View Golf Course for the conveyance of approximately 30 acres to the City's General Fund for the area utilized as a bike park.
- ◆ \$202,995 in construction in progress for the Pleasant View Golf Course Fund for an irrigation system.

**CITY OF MIDDLETON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**CITY OF MIDDLETON CAPITAL ASSETS
(Net of Accumulated Depreciation)
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land & Right-of-Way	\$ 26,192	\$ 24,758	\$ 5,247	\$ 5,986	\$ 31,439	\$ 30,744
Buildings & improvements	26,225	26,696	10,538	9,906	36,764	36,602
Equipment & furnishings	2,904	2,223	434	361	3,337	2,584
<i>Streets</i>	25,425	24,195			25,425	24,195
<i>Storm Sewers</i>	6,476	6,668			6,476	6,668
<i>Traffic Signals</i>	953	815			953	815
<i>Sidewalks</i>	2,848	2,940			2,848	2,940
<i>Bridges</i>	2,736	2,781			2,736	2,781
<i>Fiber Optic</i>	93	31			93	31
<i>Rail Spur</i>	283	299			283	299
<i>Water Utility</i>	-	-	20,917	20,963	20,917	20,963
<i>Sewer Utility</i>	-	-	11,468	11,744	11,468	11,744
Infrastructure	38,815	37,729	32,386	32,707	71,200	70,437
Construction in Progress	<u>316</u>	<u>259</u>	<u>226</u>	<u>615</u>	<u>542</u>	<u>873</u>
Total capital assets	<u>\$ 94,451</u>	<u>\$ 91,665</u>	<u>\$ 48,831</u>	<u>\$ 49,576</u>	<u>\$143,282</u>	<u>\$141,240</u>

Additional information on the City of Middleton's capital assets can be found in Note 3. D. on pages 52-55 of this report

Long-Term Debt

At the end of the current fiscal year, the City of Middleton had total bonded debt outstanding of \$46,776,389 which is all backed by the full faith and credit of the city.

**CITY OF MIDDLETON OUTSTANDING DEBT
For the Years Ended December 31, 2017 and 2016
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds and notes	\$45,376	\$47,330	\$1,400	\$ 1,700	\$46,776	\$49,030
Revenue bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total outstanding debt	<u>\$45,376</u>	<u>\$47,330</u>	<u>\$1,400</u>	<u>\$1,700</u>	<u>\$46,776</u>	<u>\$49,030</u>

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State Statutes limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The debt limit for the City of Middleton as of December 31, 2017 is \$168,003,405 of which the City has utilized 27.0% for its current outstanding general obligation debt.

The City of Middleton's total outstanding debt decreased by \$2,253,611 (4.6%) during the current fiscal year. The City issued \$4,000,000 of new general obligation debt and made principal payments totaling \$6,253,611 in 2017. See Note 3. F. on pages 57-60 for this report for detailed information on the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

The City of Middleton is located in Dane County, Wisconsin approximately seven miles from downtown Madison, the state capitol. Over the past ten years, the City has experienced significant growth in its population and total equalized value. The City maintains two active Tax Increment Financing Districts, several office and business park areas, retail shopping areas, and seven hotels with nearly 1,000 hotel rooms.

Key economic factors include:

- ◆ The City's equalized property valuation has increased from \$2.7 billion to \$3.4 billion over the past ten years, an increase of 23.0%. Middleton's equalized property value is the second highest in Dane County, behind only the City of Madison.
- ◆ Middleton's estimated population has increased from 16,960 to 20,151 between 2008 and 2017, an increase of 18.8%
- ◆ Unemployment remains very low in Dane County at 2.4% in 2017, below the State of Wisconsin rate of 3.3% and the national rate of 4.1%.
- ◆ Per capita adjusted gross income in the City of Middleton was \$65,884 in 2016. That is an increase of \$18,845 (40.0%) since 2008.
- ◆ The City maintains an Aa1 bond rating from Moody's Investors Service, based in part on the strong economic climate of the City.

The City of Middleton adopts operating budgets for its governmental funds (general, special revenue, debt service, and capital projects) and enterprise funds (water, sewer, and stormwater utilities, golf course, airport, and special utility district). The 2018 fiscal year General Fund budget includes \$21,503,442 in projected revenues and other financing sources and \$21,503,442 in projected expenditures and other financing uses. Included in these amounts is the planned use of assigned fund balance in the amount of \$942,650. The 2018 approved budget does not include the planned use of any unassigned fund balance.

Funding for the operating budget of the City is provided from many sources, including property taxes, room taxes, grants and aids from the state and county, user fees, permits and licenses, fines, and other miscellaneous revenues. Several revenue sources are sensitive to economic factors, in particular building permits, room taxes, and investment earnings. Building permit and room tax revenue have shown strong positive growth due to the strength of the local economy. In the 2018 budget, building permit revenue and interest income are conservatively budgeted below the 2017 levels. Continued state-imposed property tax levy limits and state budget pressures may constrain property taxes intergovernmental sources in future years.

Expenditures for salaries, which represent the single largest operating cost, continue to be moderate given the low inflation in the economy and active labor relations efforts. All eligible City employees are contributing toward the cost of the pension program through the Wisconsin Retirement System. The City continues to work with its employees to manage health care costs. The 2018 budget includes a modest increase (2.0%) in expected health care premiums. Included in the 2018 budget is funding for a new full-time police officer and street maintenance worker. The approved budget also includes a part-time sustainability coordinator, accounting assistant, information technology technician, and additional hours for youth center staff.

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Request for Financial Information

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

BASIC FINANCIAL STATEMENTS

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	
ASSETS				
Cash and Investments	\$ 26,820,879	\$ 7,603,901	\$ 34,424,780	\$ -
Cash with Fiscal Agent	-	-	-	685,340
Receivables (Net):				
Taxes	27,345,799	-	27,345,799	-
Delinquent Taxes	44,438	-	44,438	-
Accounts	1,588,146	1,258,492	2,846,638	1,800
Interest	63,886	-	63,886	-
Loans	-	-	-	72,490
Special Assessments	438,016	2,009,059	2,447,075	-
Internal Balances	4,421,106	(4,421,106)	-	-
Prepaid Items	262,670	-	262,670	-
Property Held for Future Use	-	301,087	301,087	-
Capital Assets Not Being Depreciated	26,507,963	5,472,998	31,980,961	154,000
Capital Assets Being Depreciated	67,943,495	43,357,787	111,301,282	1,884,241
Total Assets	<u>155,436,398</u>	<u>55,582,218</u>	<u>211,018,616</u>	<u>2,797,871</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding	260,939	-	260,939	-
Deferred Amounts Related to Pension	4,579,406	429,116	5,008,522	-
Total Deferred Outflows of Resources	<u>4,840,345</u>	<u>429,116</u>	<u>5,269,461</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	3,034,052	777,749	3,811,801	6,049
Deposits	908,873	-	908,873	-
Accrued Interest	516,740	24,417	541,157	-
Due to Other Governments	719,508	-	719,508	-
Noncurrent Liabilities:				
Due Within One Year	7,146,739	345,000	7,491,739	-
Due in More than One Year	45,033,681	1,592,279	46,625,960	-
Total Liabilities	<u>57,359,593</u>	<u>2,739,445</u>	<u>60,099,038</u>	<u>6,049</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent Year Tax Levy	27,056,338	-	27,056,338	-
Deferred Amounts Related to Pension	1,898,070	169,280	2,067,350	-
Total Deferred Inflows of Resources	<u>28,954,408</u>	<u>169,280</u>	<u>29,123,688</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	49,528,130	47,430,785	96,958,915	2,038,241
Restricted	18,006,381	-	18,006,381	-
Unrestricted	6,428,231	5,671,824	12,100,055	753,581
Total Net Position	<u>\$ 73,962,742</u>	<u>\$ 53,102,609</u>	<u>\$ 127,065,351</u>	<u>\$ 2,791,822</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF ACTIVITIES
DECEMBER 31, 2017**

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	\$ 3,440,019	\$ 252,282	\$ 378,603	\$ -	\$ (2,809,134)	\$ -	\$ (2,809,134)	
Public Safety	10,045,808	2,166,381	208,042	-	(7,671,385)	-	(7,671,385)	
Public Works	5,338,976	120,485	1,128,748	226,598	(3,863,145)	-	(3,863,145)	
Health and Human Services	604,866	36,296	56,862	-	(511,708)	-	(511,708)	
Leisure Activities	4,918,071	441,749	935,373	719,387	(2,821,562)	-	(2,821,562)	
Conservation and Economic Development	4,333,647	199,475	2,500	-	(4,131,672)	-	(4,131,672)	
Interest and Fiscal Charges	1,294,086	-	-	-	(1,294,086)	-	(1,294,086)	
Total Governmental Activities	<u>29,975,473</u>	<u>3,216,668</u>	<u>2,710,128</u>	<u>945,985</u>	<u>(23,102,692)</u>	<u>-</u>	<u>(23,102,692)</u>	
Business-Type Activities:								
Water	1,894,175	2,668,978	-	-	-	774,803	774,803	
Sewer	2,794,819	2,486,160	-	-	-	(308,659)	(308,659)	
Pleasant View Golf Course	2,025,692	2,591,046	-	-	-	565,354	565,354	
Nonmajor Enterprise Funds	236,361	890,926	-	216,924	-	871,489	871,489	
Total Business-Type Activities	<u>6,951,047</u>	<u>8,637,110</u>	<u>-</u>	<u>216,924</u>	<u>-</u>	<u>1,902,987</u>	<u>1,902,987</u>	
Total Primary Government	<u>\$ 36,926,520</u>	<u>\$ 11,853,778</u>	<u>\$ 2,710,128</u>	<u>\$ 1,162,909</u>	<u>(23,102,692)</u>	<u>1,902,987</u>	<u>(21,199,705)</u>	
Component Unit								
Community Development Authority	<u>\$ 149,340</u>	<u>\$ 24,881</u>	<u>\$ -</u>	<u>\$ -</u>				\$ (124,459)
General Revenues								
Taxes:								
Property Taxes, Levied for General Purposes					16,637,119	-	16,637,119	-
Property Taxes, Levied for Tax Increment District					7,076,276	-	7,076,276	-
Other Taxes					1,702,805	-	1,702,805	-
Cable Television Franchise Fees					263,211	-	263,211	-
Intergovernmental Revenues Not Restricted to Specific Programs					1,471,975	-	1,471,975	-
Investment Income					314,935	46,359	361,294	5,497
Gain on Sale of Property					28,358	-	28,358	-
Miscellaneous					160,547	-	160,547	-
Total General Revenues					<u>27,655,226</u>	<u>46,359</u>	<u>27,701,585</u>	<u>5,497</u>
Transfers					<u>(132,848)</u>	<u>132,848</u>	<u>-</u>	<u>-</u>
Change in Net Position					<u>4,419,686</u>	<u>2,082,194</u>	<u>6,501,880</u>	<u>(118,962)</u>
Net Position - Beginning of Year					<u>69,543,056</u>	<u>51,020,415</u>	<u>120,563,471</u>	<u>2,910,784</u>
NET POSITION - END OF YEAR					<u>\$ 73,962,742</u>	<u>\$ 53,102,609</u>	<u>\$ 127,065,351</u>	<u>\$ 2,791,822</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Debt Service	TIF District No. 3	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 8,892,532	\$ 46,940	\$ 6,499,633	\$ 2,178,878	\$ 9,112,098	\$ 26,730,081
Receivables (Net):						
Taxes:						
Tax Levy	17,062,401	-	9,225,021	-	813,851	27,101,273
Special Assessments on Tax Roll	15,489	-	177,030	-	-	192,519
Other	52,007	-	-	-	-	52,007
Delinquent Taxes	44,438	-	-	-	-	44,438
Accounts	1,164,323	-	-	119,588	304,235	1,588,146
Interest	63,886	-	-	-	-	63,886
Special Assessments	19,111	-	418,905	-	-	438,016
Due from Other Funds	1,538	-	-	-	-	1,538
Advances to Other Funds	2,349,411	-	4,193,289	-	-	6,542,700
Prepaid Items	262,670	-	-	-	-	262,670
Total Assets	<u>\$ 29,927,806</u>	<u>\$ 46,940</u>	<u>\$ 20,513,878</u>	<u>\$ 2,298,466</u>	<u>\$ 10,230,184</u>	<u>\$ 63,017,274</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 1,291,561	\$ 3,325	\$ 172,108	\$ 1,267,663	\$ 299,395	\$ 3,034,052
Advances from Other Funds	-	-	-	-	2,048,999	2,048,999
Deposits	-	-	-	-	908,873	908,873
Due to Other Funds	72,595	-	-	-	1,538	74,133
Due to Other Governments	719,508	-	-	-	-	719,508
Total Liabilities	<u>2,083,664</u>	<u>3,325</u>	<u>172,108</u>	<u>1,267,663</u>	<u>3,258,805</u>	<u>6,785,565</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year Tax Levy	17,017,466	-	9,225,021	-	813,851	27,056,338
Special Assessments	45,216	-	595,935	-	-	641,151
Other Receivables	-	-	-	110,406	-	110,406
Total Deferred Inflows of Resources	<u>17,062,682</u>	<u>-</u>	<u>9,820,956</u>	<u>110,406</u>	<u>813,851</u>	<u>27,807,895</u>
FUND BALANCES						
Nonspendable	2,656,519	-	-	-	-	2,656,519
Restricted	-	43,615	10,520,814	920,397	6,889,632	18,374,458
Committed	-	-	-	-	66,714	66,714
Assigned	2,814,251	-	-	-	-	2,814,251
Unassigned	5,310,690	-	-	-	(798,818)	4,511,872
Total Fund Balances	<u>10,781,460</u>	<u>43,615</u>	<u>10,520,814</u>	<u>920,397</u>	<u>6,157,528</u>	<u>28,423,814</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,927,806</u>	<u>\$ 46,940</u>	<u>\$ 20,513,878</u>	<u>\$ 2,298,466</u>	<u>\$ 10,230,184</u>	<u>\$ 63,017,274</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Fund Balances - Total Governmental Funds	\$ 28,423,814
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.	94,451,458
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.	
Special Assessments	641,151
Other Receivables	110,406
Long-term assets and deferred outflows are not related to the current period and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pension	4,579,406
Deferred Outflows of Resources Related to Loss on Refunding	260,939
Deferred Inflows of Resources Related to Pension	(1,898,070)
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds included in governmental activities in the statement of net position	90,798
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	(45,376,389)
Landfill Post-Closure Liability	(591,200)
Debt Discount or Premium	(728,275)
Net Pension Liability	(619,754)
Compensated Absences	(4,658,990)
Other Postemployment Benefits	(205,812)
Accrued Interest Payable	(516,740)
Net Position of Governmental Activities	<u>\$ 73,962,742</u>

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Debt Service	TIF District No. 3	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 12,769,098	\$ 4,437,499	\$ 7,076,276	\$ -	\$ 2,187,103	\$ 26,469,976
Intergovernmental	1,923,364	-	337,352	166,845	883,924	3,311,485
Licenses and Permits	915,875	-	-	-	176,710	1,092,585
Fines, Forfeitures, and Penalties	209,115	-	-	-	-	209,115
Public Charges for Services	1,453,674	-	-	-	772,059	2,225,733
Intergovernmental Charges for Services	1,840,547	-	-	-	20,000	1,860,547
Special Assessments	99,725	-	177,030	-	-	276,755
Contributions	-	-	-	30,000	67,104	97,104
Investment and Interest Income	183,621	-	87,746	-	51,471	322,838
Miscellaneous	70,518	-	-	36,420	11,848	118,786
Total Revenues	<u>19,465,537</u>	<u>4,437,499</u>	<u>7,678,404</u>	<u>233,265</u>	<u>4,170,219</u>	<u>35,984,924</u>
EXPENDITURES						
Current:						
General Government	2,742,936	-	1,888,349	-	141,890	4,773,175
Public Safety	9,142,015	-	-	-	-	9,142,015
Public Works	3,812,371	-	-	-	-	3,812,371
Health and Human Services	515,754	-	-	-	66,465	582,219
Leisure Activities	2,306,471	-	-	-	2,236,523	4,542,994
Conservation and Economic Development	793,167	-	1,596,215	-	1,158,809	3,548,191
Debt Service:						
Principal	-	3,720,000	1,880,000	-	353,611	5,953,611
Interest and Fiscal Charges	-	985,970	224,574	-	218,701	1,429,245
Capital Outlay	-	-	711,713	4,379,664	576,316	5,667,693
Total Expenditures	<u>19,312,714</u>	<u>4,705,970</u>	<u>6,300,851</u>	<u>4,379,664</u>	<u>4,752,315</u>	<u>39,451,514</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	152,823	(268,471)	1,377,553	(4,146,399)	(582,096)	(3,466,590)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	70	-	3,999,930	-	4,000,000
Premium on Debt Issued	-	137,896	-	-	-	137,896
Proceeds from Sale of Capital Assets	-	-	-	62,433	-	62,433
Transfers In	473,021	150,000	-	731,636	1,300,294	2,654,951
Transfers Out	(1,921,007)	-	-	(20,000)	(889,136)	(2,830,143)
Total Other Financing Sources (Uses)	<u>(1,447,986)</u>	<u>287,966</u>	<u>-</u>	<u>4,773,999</u>	<u>411,158</u>	<u>4,025,137</u>
NET CHANGE IN FUND BALANCES	(1,295,163)	19,495	1,377,553	627,600	(170,938)	558,547
Fund Balances - Beginning of Year	12,076,623	24,120	9,143,261	292,797	6,328,466	27,865,267
FUND BALANCES - END OF YEAR	<u>\$ 10,781,460</u>	<u>\$ 43,615</u>	<u>\$ 10,520,814</u>	<u>\$ 920,397</u>	<u>\$ 6,157,528</u>	<u>\$ 28,423,814</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$ 558,547
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.	4,773,152
Capital Assets Transferred from the Golf Course	739,500
Depreciation is Reported in the Government-Wide Statements	(2,692,000)
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.	(50,899)
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 (\$62,433). The gain on the sale disposal of capital assets is recognized in the statement of activities (\$28,358).	(34,075)
The internal service funds are used by management to charge the cost of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	90,798
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	(4,000,000)
Premium on Debt Issued	(137,896)
Debt Retired	5,953,611
Landfill Post-Closure Liability	85,910
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	(223,771)
Other Postemployment Benefits	(72,484)
Pension Activity	(705,866)
Amortization of Debt Premium and Discount and Loss on Refunding	92,892
Accrued Interest on Debt	42,267
Change in Net Position of Governmental Activities	\$ 4,419,686

See accompanying Notes to Basic Financial Statements.

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-Type Activities				Totals	Internal Service Fund
	Enterprise Funds					
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds		
ASSETS						
Current Assets:						
Cash and Investments	\$ 3,674,648	\$ 1,626,632	\$ 1,413,316	\$ 889,305	\$ 7,603,901	\$ 90,798
Accounts Receivable	536,365	649,187	-	72,940	1,258,492	-
Accrued Interest	-	-	-	-	-	-
Due from Other Funds	55,270	14,001	-	3,324	72,595	-
Total Current Assets	<u>4,266,283</u>	<u>2,289,820</u>	<u>1,413,316</u>	<u>965,569</u>	<u>8,934,988</u>	<u>90,798</u>
Noncurrent Assets:						
Special Assessments Receivable	-	2,009,059	-	-	2,009,059	-
Property Held for Future Use	301,087	-	-	-	301,087	-
Capital Assets:						
Capital Assets Not Being Depreciated	222,277	66,830	1,679,495	3,504,396	5,472,998	-
Capital Assets Being Depreciated	31,024,827	17,076,383	9,726,971	3,134,580	60,962,761	-
Less: Accumulated Depreciation	(10,107,330)	(5,608,210)	(1,393,108)	(496,326)	(17,604,974)	-
Total Capital Assets, Net	<u>21,139,774</u>	<u>11,535,003</u>	<u>10,013,358</u>	<u>6,142,650</u>	<u>48,830,785</u>	<u>-</u>
Total Noncurrent Assets	<u>21,440,861</u>	<u>13,544,062</u>	<u>10,013,358</u>	<u>6,142,650</u>	<u>51,140,931</u>	<u>-</u>
Total Assets	<u>25,707,144</u>	<u>15,833,882</u>	<u>11,426,674</u>	<u>7,108,219</u>	<u>60,075,919</u>	<u>90,798</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amounts Related to Pension	<u>157,214</u>	<u>69,952</u>	<u>201,950</u>	<u>-</u>	<u>429,116</u>	<u>-</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	22,398	465,107	244,185	46,059	777,749	-
Accrued Interest	-	-	24,417	-	24,417	-
Accrued Compensated Absences	19,628	10,978	14,395	-	45,000	-
Current Portion of Long-Term Debt	-	-	300,000	-	300,000	-
Total Current Liabilities	<u>42,026</u>	<u>476,085</u>	<u>582,997</u>	<u>46,059</u>	<u>1,147,166</u>	<u>-</u>
Noncurrent Liabilities:						
Accrued Compensated Absences	202,977	113,521	148,857	-	465,356	-
Net Pension Liability	7,308	1,898	17,717	-	26,923	-
Advances from Other Funds	-	-	4,493,701	-	4,493,701	-
General Obligation Debt	-	-	1,100,000	-	1,100,000	-
Total Noncurrent Liabilities	<u>210,285</u>	<u>115,419</u>	<u>5,760,275</u>	<u>-</u>	<u>6,085,980</u>	<u>-</u>
Total Liabilities	<u>252,311</u>	<u>591,504</u>	<u>6,343,272</u>	<u>46,059</u>	<u>7,233,146</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Amounts Related to Pension	<u>63,242</u>	<u>27,954</u>	<u>78,084</u>	<u>-</u>	<u>169,280</u>	<u>-</u>
NET POSITION						
Net Investment in Capital Assets	21,139,774	11,535,003	8,613,358	6,142,650	47,430,785	-
Unrestricted	4,409,031	3,749,373	(3,406,090)	919,510	5,671,824	90,798
Total Net Position	<u>\$ 25,548,805</u>	<u>\$ 15,284,376</u>	<u>\$ 5,207,268</u>	<u>\$ 7,062,160</u>	<u>\$ 53,102,609</u>	<u>\$ 90,798</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Business-Type Activities					Internal Service Fund
	Enterprise Funds					
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES						
Charges for Services and Sales	\$ 2,668,978	\$ 2,486,160	\$ 2,591,046	\$ 883,286	\$ 8,629,470	\$ 419,708
Miscellaneous	-	-	-	7,640	7,640	-
Total Operating Revenue	<u>2,668,978</u>	<u>2,486,160</u>	<u>2,591,046</u>	<u>890,926</u>	<u>8,637,110</u>	<u>419,708</u>
OPERATING EXPENSES						
Operation and Maintenance	1,295,176	2,448,158	1,841,904	99,645	5,684,883	413,408
Depreciation	598,999	346,661	116,913	136,716	1,199,289	-
Total Operating Expenses	<u>1,894,175</u>	<u>2,794,819</u>	<u>1,958,817</u>	<u>236,361</u>	<u>6,884,172</u>	<u>413,408</u>
OPERATING INCOME (LOSS)	<u>774,803</u>	<u>(308,659)</u>	<u>632,229</u>	<u>654,565</u>	<u>1,752,938</u>	<u>6,300</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	27,270	13,635	-	5,454	46,359	42,154
Interest Expense	-	-	(66,875)	-	(66,875)	-
Total Nonoperating Revenues (Expenses)	<u>27,270</u>	<u>13,635</u>	<u>(66,875)</u>	<u>5,454</u>	<u>(20,516)</u>	<u>42,154</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	802,073	(295,024)	565,354	660,019	1,732,422	48,454
CAPITAL CONTRIBUTIONS	-	-	-	216,924	216,924	-
TRANSFERS IN	16,368	-	605,869	-	622,237	42,344
TRANSFERS OUT	<u>(473,021)</u>	<u>(16,368)</u>	<u>-</u>	<u>-</u>	<u>(489,389)</u>	<u>-</u>
CHANGE IN NET POSITION	345,420	(311,392)	1,171,223	876,943	2,082,194	90,798
NET POSITION - BEGINNING OF YEAR	<u>25,203,385</u>	<u>15,595,768</u>	<u>4,036,045</u>	<u>6,185,217</u>	<u>51,020,415</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 25,548,805</u>	<u>\$ 15,284,376</u>	<u>\$ 5,207,268</u>	<u>\$ 7,062,160</u>	<u>\$ 53,102,609</u>	<u>\$ 90,798</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-Type Activities					Internal Service Fund
	Enterprise Funds					
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 2,662,924	\$ 2,457,085	\$ 2,591,046	\$ 906,453	\$ 8,617,508	\$ 419,708
Payments to Suppliers for Goods and Services	(1,083,838)	(2,209,541)	(907,486)	(104,222)	(4,305,087)	(413,408)
Payments to Employees for Services	(248,105)	(237,157)	(673,240)	-	(1,158,502)	-
Net Cash Provided (Used) by Operating Activities	<u>1,330,981</u>	<u>10,387</u>	<u>1,010,320</u>	<u>802,231</u>	<u>3,153,919</u>	<u>6,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from (to) Other Funds	(456,653)	(16,368)	605,869	-	132,848	42,344
Payment of Advance from the General Fund	-	-	(245,369)	-	(245,369)	-
Payment of Advance from TIF No. 3	-	-	-	(460,256)	(460,256)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(456,653)</u>	<u>(16,368)</u>	<u>360,500</u>	<u>(460,256)</u>	<u>(572,777)</u>	<u>42,344</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and Construction of Capital Assets	(569,745)	(54,087)	(330,129)	(23,098)	(977,059)	-
Proceeds from Sale of Capital Assets	-	-	739,500	-	739,500	-
Principal Paid on Capital Debt	-	-	(300,000)	-	(300,000)	-
Interest Paid on Capital Debt	-	-	(66,875)	-	(66,875)	-
Net Cash Used by Capital and Related Financing Activities	<u>(569,745)</u>	<u>(54,087)</u>	<u>42,496</u>	<u>(23,098)</u>	<u>(604,434)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income Received	27,270	21,514	-	5,454	54,238	42,154
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	331,853	(38,554)	1,413,316	324,331	2,030,946	90,798
Cash and Cash Equivalents - Beginning of Year	<u>3,342,795</u>	<u>1,665,186</u>	<u>-</u>	<u>564,974</u>	<u>5,572,955</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,674,648</u>	<u>\$ 1,626,632</u>	<u>\$ 1,413,316</u>	<u>\$ 889,305</u>	<u>\$ 7,603,901</u>	<u>\$ 90,798</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2017

	Business-Type Activities					Internal Service Fund
	Enterprise Funds					
	Water	Sewer	Pleasant View Golf Course	Nonmajor Enterprise Funds	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 774,803	\$ (308,659)	\$ 632,229	\$ 654,565	\$ 1,752,938	\$ 6,300
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	598,999	346,661	116,913	136,716	1,199,289	-
Depreciation Charged to Sewer Utility	16,573	(16,573)	-	-	-	-
Changes in Noncash Components of Working Capital:						
Accounts Receivable	(6,054)	(29,075)	-	15,527	(19,602)	-
Due from Other Funds	(4,762)	(461)	-	17	(5,206)	-
Accounts Payable	(99,909)	(380)	210,762	(4,594)	105,879	-
Pension Activity	33,008	15,539	22,203	-	70,750	-
Accrued Compensated Absences	18,323	3,335	28,213	-	49,871	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,330,981</u>	<u>\$ 10,387</u>	<u>\$ 1,010,320</u>	<u>\$ 802,231</u>	<u>\$ 3,153,919</u>	<u>\$ 6,300</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS						
Cash and Investments	<u>\$ 3,674,648</u>	<u>\$ 1,626,632</u>	<u>\$ 1,413,316</u>	<u>\$ 889,305</u>	<u>\$ 7,603,901</u>	<u>\$ 90,798</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES						
City Financed Additions to Utility Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,924</u>	<u>\$ 216,924</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2017**

	Tax Roll	Fire District	Total Agency Funds
ASSETS			
Cash and Investments	\$ 25,255,892	\$ 28,056	\$ 25,283,948
Taxes Receivable	16,107,226	358,870	16,466,096
Total Assets	\$ 41,363,118	\$ 386,926	\$ 41,750,044
LIABILITIES			
Accounts Payable	\$ -	\$ 243,215	\$ 243,215
Due to Other Governmental Units	41,363,118	143,711	41,506,829
Total Liabilities	\$ 41,363,118	\$ 386,926	\$ 41,750,044

See accompanying Notes to Basic Financial Statements.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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).

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.

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.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, an internal service fund, 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.

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:

1. 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
2. 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.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

3. 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 for the 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.

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

The City reports the following nonmajor enterprise funds:

- **Stormwater Utility –** Used to account for the operations of stormwater system.
- **Middleton Utility District –** Used to account for the operations of the utility district.
- **Airport Utility –** Used to account for the operations of the municipal airport.

In addition, the City reports the following fund types:

- **Internal Service Fund –** Used to account for risk management services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.
- **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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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.

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (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, Pleasant View Golf Course, and the Airport Utility 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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. The City has investments in the Local Government Investment Pool (LGIP) and certificates of deposits (CDs) which 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 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, 2017, the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Receivables (Continued)

Property tax calendar - 2017 tax roll:

Lien Date and Levy Date	December 2017
Tax Bills Mailed	December 2017
Payment in Full, or	January 31, 2018
First Installment Due	January 31, 2018
Second Installment Due	July 31, 2018
Personal Property Taxes in Full	January 31, 2018
Tax Deed - 2017 Delinquent Real Estate Taxes	October 2020

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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.

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.

Pensions

For purposes of measuring the net pension liability, 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.

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 BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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 to 15 Years
Infrastructure	20 to 50 Years
Water Plant	
Source of Supply	34 Years
Pumping	22 to 31 Years
Water Treatment	22 to 30 Years
Transmission and Distribution	18 to 77 Years
General	4 to 17 Years
Sewer Plant	
Collecting System	30 to 77 Years
Collecting System Pumping	20 to 40 Years
General	7 to 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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, 2017 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.

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, pension liability, and other postemployment benefits (OPEB), 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Long-Term Obligations/Conduit Debt (Continued)

The City has approved the issuance of an industrial development revenue bond (IDRB) for the benefit of private business enterprises. IDRB's are secured mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not recorded as liabilities in the accompanying financial statements. The total amount of IDRB's outstanding at the end of the year is \$4.9 million, made up of one issue.

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.

Equity Classifications

Government-Wide Statements

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

1. 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.
2. 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.
3. 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

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.

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, 2017. Stormwater Utility rates were approved by the Common Council effective July 1, 2015.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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:			
General government	\$ 2,627,290	\$ 2,742,936	\$ 115,646
Health and human services	475,485	515,754	40,269
Leisure activities	1,688,750	2,306,471	617,721
EMS Activities	5,000	26,141	21,141
Youth Center Activities	80,074	80,921	847
Senior Center Activities	25,000	66,465	41,465
TIF District No. 5	715,312	985,015	269,703
Public Lands Capital Construction	785,525	996,303	210,778
Sewer Utility	2,774,012	2,794,819	20,807
Airport	109,556	114,532	4,976

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 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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	\$ 4,519	\$ -	
Demand Deposits:			
Noninterest Bearing	13,338,508	9,188,591	Custodial Credit
Interest Bearing	15,551	15,551	Custodial Credit
Certificates of Deposit	12,967,516	12,967,516	Custodial Credit
Total Deposits	26,321,575	22,171,658	
Investments:			
Madison Community Foundation	252,327	252,327	Custodial Credit
Local Government Investment Pool (LGIP)	2,196	2,196	Credit, Interest Rate
Wisconsin Investment Series Cooperative Investment Pool (WISC)	20,003,745	20,003,745	Credit, Interest Rate
US Governmental Agency Securities	13,124,366	13,227,471	Credit, Interest Rate
Total Investments	33,382,634	33,485,739	
Total Cash and Investments	\$ 59,708,728	\$ 55,657,397	
Reconciliation to the Statement of Net Position:			
Unrestricted Cash and Investments	\$ 34,424,780		
Fiduciary Funds – Agency Fund	25,283,948		
Total cash and investments	\$ 59,708,728		

The City's library had \$252,327 in an endowment fund at the Madison Community Foundation, which is pooled with all other investments of the Foundation. The City, at its discretion, has the ability to transact with the Foundation for deposit and withdrawal of funds.

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017, \$745,101 of the City’s total bank balances of \$22,423,985 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 U.S. Agency Securities totaling \$13,124,366 with a Moody’s rating of AAA. The City had investments in the following external pools which are not rated:

- Local Government Investment Pool
- Wisconsin Investment Series Cooperative Investment Pool (WISC)

Interest Rate Risk

The City had \$2,196 invested in the local government investment pool, which had a weighted average maturity of 35 days.

The City had \$20,003,745 invested in WISC with a weighted average maturity of 28 days.

The City had \$13,124,366 invested in US Agency Securities with a weighted average maturity of 617 days.

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The City has the following recurring fair value measurements as of December 31, 2017:

- The City maintains investment in the Madison Community Foundation with a fair market value of \$252,327. The City has used the fair value of its pro-rata share of the investment pool held by the Foundation to determine the fair value of the beneficial interest.
- The City maintains investments in U.S. Agency Securities with a fair market value of \$13,124,366, which is measured as a level 2 investment using a matrix pricing model, which is based upon the price or yield of a similar bond.
- The City maintains investments in the WISC with a fair market value of \$20,003,745, which is measured at net asset value (NAV). The investment measured at NAV is not subject to a redemption notice frequency or period. The City does not have any unfunded commitments to the WISC, in which it is a participant. During the year ending December 31, 2017, the City contributed \$20,000,000, withdrew \$0, and incurred net investment gains of \$3,745. Net investment gains are included in investment income proportionately to that funds share in the assets.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. 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	\$ -	\$ 27,056,338	\$ 27,056,338
Special Assessments	641,151	-	641,151
Other Receivables	110,406	-	110,406
Total	<u>\$ 751,557</u>	<u>\$ 27,056,338</u>	<u>\$ 27,807,895</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, 2017, the City has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 5,901,904	\$ 753,500	\$ -	\$ 6,655,404
Right of Way	18,855,917	680,727	-	19,536,644
Construction in Progress	258,967	315,915	258,967	315,915
Total Capital Assets Not Being Depreciated	<u>25,016,788</u>	<u>1,750,142</u>	<u>258,967</u>	<u>26,507,963</u>
Capital Assets Being Depreciated:				
Land Improvements	8,114,777	634,919	-	8,749,696
Buildings	28,069,678	29,194	-	28,098,872
Machinery and Equipment	6,357,599	1,388,643	363,168	7,383,074
Streets - Infrastructure	29,228,366	1,691,682	-	30,920,048
Storm Sewers - Infrastructure	9,623,110	-	-	9,623,110
Traffic Signals - Infrastructure	1,665,786	212,651	-	1,878,437
Sidewalks - Infrastructure	4,580,880	-	-	4,580,880
Bridges - Infrastructure	3,355,742	-	-	3,355,742
Fiber Optic - Infrastructure	31,625	64,388	-	96,013
Rail Spur - Infrastructure	482,163	-	-	482,163
Total Capital Assets Being Depreciated	<u>91,509,726</u>	<u>4,021,477</u>	<u>363,168</u>	<u>95,168,035</u>
Less: Accumulated Depreciation for:				
Land Improvements	3,863,608	437,230	-	4,300,838
Buildings	5,624,678	697,760	-	6,322,438
Machinery and Equipment	4,134,915	673,565	329,093	4,479,387
Streets - Infrastructure	5,033,591	461,493	-	5,495,084
Storm Sewers - Infrastructure	2,954,632	192,462	-	3,147,094
Traffic Signals - Infrastructure	850,605	75,137	-	925,742
Sidewalks - Infrastructure	1,640,934	91,618	-	1,732,552
Bridges - Infrastructure	574,718	44,743	-	619,461
Fiber Optic - Infrastructure	633	1,920	-	2,553
Rail Spur - Infrastructure	183,319	16,072	-	199,391
Total Accumulated Depreciation	<u>24,861,633</u>	<u>2,692,000</u>	<u>329,093</u>	<u>27,224,540</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>66,648,093</u>	<u>1,329,477</u>	<u>34,075</u>	<u>67,943,495</u>
Total Capital Assets, Net of Depreciation	<u>\$ 91,664,881</u>	<u>\$ 3,079,619</u>	<u>\$ 293,042</u>	<u>\$ 94,451,458</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Water Utility				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 222,277	\$ -	\$ -	\$ 222,277
Capital Assets Being Depreciated:				
Source of Supply	949,723	77,341	-	1,027,064
Pumping	2,800,898	-	-	2,800,898
Treatment	465,420	-	-	465,420
Transmission and Distribution	24,109,120	452,115	105,213	24,456,022
Administrative and General Assets	2,235,134	40,289	-	2,275,423
Total Capital Assets Being Depreciated	<u>30,560,295</u>	<u>569,745</u>	<u>105,213</u>	<u>31,024,827</u>
Less: Accumulated Depreciation for:				
Source of Supply	446,986	32,617	-	479,603
Pumping	1,685,341	98,984	-	1,784,325
Treatment	358,000	8,510	-	366,510
Transmission and Distribution	6,348,078	372,820	105,213	6,615,685
Administrative and General Assets	758,566	102,641	-	861,207
Total Accumulated Depreciation	<u>9,596,971</u>	<u>615,572</u>	<u>105,213</u>	<u>10,107,330</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>20,963,324</u>	<u>(45,827)</u>	<u>-</u>	<u>20,917,497</u>
Total Capital Assets, Net of Depreciation	<u>\$ 21,185,601</u>	<u>\$ (45,827)</u>	<u>\$ -</u>	<u>\$ 21,139,774</u>
Sewer Utility				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 66,830	\$ -	\$ -	\$ 66,830
Capital Assets Being Depreciated:				
Collection System	14,348,213	-	-	14,348,213
Collection System Pumping	1,726,367	-	-	1,726,367
Administrative and General Assets	947,716	54,087	-	1,001,803
Total Capital Assets Being Depreciated	<u>17,022,296</u>	<u>54,087</u>	<u>-</u>	<u>17,076,383</u>
Less: Accumulated Depreciation	<u>5,278,122</u>	<u>330,088</u>	<u>-</u>	<u>5,608,210</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>11,744,174</u>	<u>(276,001)</u>	<u>-</u>	<u>11,468,173</u>
Total Capital Assets, Net of Depreciation	<u>\$ 11,811,004</u>	<u>\$ (276,001)</u>	<u>\$ -</u>	<u>\$ 11,535,003</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Pleasant View Golf Course				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 2,216,000	\$ -	\$ 739,500	\$ 1,476,500
Construction in Progress	-	202,995	-	202,995
Total Capital Assets Not Being Depreciated	<u>2,216,000</u>	<u>202,995</u>	<u>739,500</u>	<u>1,679,495</u>
Capital Assets Being Depreciated:				
Land Improvements	7,483,289	-	-	7,483,289
Buildings	1,325,553	-	-	1,325,553
Equipment	816,195	127,134	25,200	918,129
Total Capital Assets Being Depreciated	<u>9,625,037</u>	<u>127,134</u>	<u>25,200</u>	<u>9,726,971</u>
Less: Accumulated Depreciation for:				
Land Improvements	289,197	28,930	-	318,127
Buildings	483,486	42,445	-	525,931
Equipment	528,712	45,538	25,200	549,050
Total Accumulated Depreciation	<u>1,301,395</u>	<u>116,913</u>	<u>25,200</u>	<u>1,393,108</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>8,323,642</u>	<u>10,221</u>	<u>-</u>	<u>8,333,863</u>
Total Capital Assets, Net of Depreciation	<u>\$ 10,539,642</u>	<u>\$ 213,216</u>	<u>\$ 739,500</u>	<u>\$ 10,013,358</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Nonmajor Enterprise Funds				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 3,481,298	\$ -	\$ -	\$ 3,481,298
Construction in Progress	614,500	23,098	614,500	23,098
Total Capital Assets Not Being Depreciated	<u>4,095,798</u>	<u>23,098</u>	<u>614,500</u>	<u>3,504,396</u>
Capital Assets Being Depreciated:				
Land Improvements	1,350,327	831,424	-	2,181,751
Buildings	745,292	-	-	745,292
Vehicles and Equipment	207,537	-	-	207,537
Total Capital Assets Being Depreciated	<u>2,303,156</u>	<u>831,424</u>	<u>-</u>	<u>3,134,580</u>
Less: Accumulated Depreciation for:				
Land Improvements	169,804	109,088	-	278,892
Buildings	55,896	18,632	-	74,528
Vehicles and Equipment	133,910	8,996	-	142,906
Total Accumulated Depreciation	<u>359,610</u>	<u>136,716</u>	<u>-</u>	<u>496,326</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>1,943,546</u>	<u>694,708</u>	<u>-</u>	<u>2,638,254</u>
Total Capital Assets, Net of Depreciation	<u>\$ 6,039,344</u>	<u>\$ 717,806</u>	<u>\$ 614,500</u>	<u>\$ 6,142,650</u>
Total Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 49,575,591</u>	<u>\$ 609,194</u>	<u>\$ 1,354,000</u>	<u>\$ 48,830,785</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to functions as follows at December 31, 2017:

Governmental Activities

General Government	\$ 50,884
Public Safety	525,201
Public Works, which Includes the Depreciation of Streets, Storm Sewers, Traffic Signals, Sidewalks, Bridges, and Rail Spur	1,320,967
Conservation and Development	196,444
Leisure Activities	598,504
Total Governmental Activities Depreciation Expense	<u>\$ 2,692,000</u>

Business-Type Activities

Water Utility:	
Depreciation	\$ 615,572
Depreciation Charged to Sewer Utility Operation and Maintenance Expenses	<u>(16,573)</u>
Total	<u>598,999</u>
Sewer Utility:	
Depreciation	330,088
Depreciation Charged to Sewer Utility Operation and Maintenance Expenses	<u>16,573</u>
Total	<u>346,661</u>
Pleasant View Golf Course	<u>116,913</u>
Nonmajor Enterprise Funds	<u>136,716</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,199,289</u>

E. 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 at December 31, 2017.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,538
Water Utility	General Fund	55,270
Sewer Utility	General Fund	14,001
Stormwater Utility	General Fund	3,324
Total Fund Financial Statements		<u>\$ 74,133</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.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables/Payables and Transfers (Continued)

The City of Middleton, Wisconsin General Fund and TIF District No. 3 have provided internal financing to the Pleasant View Golf Course and TIF District No. 5. The Pleasant View Golf Course began repaying the advances in 2017. The outstanding advance due to the General Fund is scheduled to be fully repaid by 2024, and the outstanding advance due to TIF District No. 3 is scheduled to be fully repaid by 2029. 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 at December 31, 2017.

Receivable Fund	Payable Fund	Amount
General Fund	Pleasant View Golf Course	\$ 2,349,411
TIF District No. 3	TIF District No. 5	2,048,999
TIF District No. 3	Pleasant View Golf Course	2,144,290
Total Fund Financial Statements		<u>\$ 6,542,700</u>

The following is a schedule of interfund transfers at December 31, 2017:

Transfer Out Fund	Transfer In Fund							Total
	General	Debt Service	Capital Projects	Water Utility	Pleasant View Gold Course	Internal Service Fund	Nonmajor Governmental Funds	
General	\$ -	\$ -	\$ -	\$ -	\$ 605,869	\$ 42,344	\$ 1,272,794	\$ 1,921,007
Capital Projects Fund	-	-	-	-	-	-	20,000	20,000
Water Utility	473,021	-	-	-	-	-	-	473,021
Sewer Utility	-	-	-	16,368	-	-	-	16,368
Nonmajor Governmental Funds	-	150,000	731,636	-	-	-	7,500	889,136
Totals	<u>\$ 473,021</u>	<u>\$ 150,000</u>	<u>\$ 731,636</u>	<u>\$ 16,368</u>	<u>\$ 605,869</u>	<u>\$ 42,344</u>	<u>\$ 1,300,294</u>	<u>\$ 3,319,532</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.

Included in the \$731,636 transfer from the Capital Projects Fund to Nonmajor Governmental Funds is \$726,136 resulting from a change in presentation of TIF District No. 5 for the year ended December 31, 2017. TIF District No. 5, which previously was presented as a component of the Capital Projects Fund, is presented as a Nonmajor Governmental Fund in the current year. This transfer represents the movement of TIF District No. 5 beginning fund deficit from the Capital Projects Fund to Nonmajor Governmental Funds.”

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables/Payables and Transfers (Continued)

During the year 2017, the City passed resolution 2017-46 which conveyed a portion of the land assets of the Pleasant View Golf Course to the City's General Fund. This property, which represents 10% of the land area of the Golf Course Fund, is used as a bike park that is managed by the City's Public Lands Department. The transaction included the following components:

- The General Fund pays the Golf Course Fund \$1,345,369 which is equal to 10% of the principal and interest on the original golf course property land purchase.
- The Golf Course land asset is reduced by 10% (\$739,500) from \$7,394,600 to \$6,655,100. The remaining \$605,869 is recorded as a transfer from the General Fund to the Golf Course Fund.
- The General Fund utilized \$1,100,000 of assigned fund balance for future golf course debt retirement to help fund the transaction. This amount is retained in the Golf Course Fund to be used to prepay the remaining maturities on the 2008 GO Refunding Bonds (2019-2021) on the call date in March 2018.
- The Golf Course Fund also pays the General Fund \$245,369 which reduces the advance from the General Fund to the Golf Course Fund from \$2,594,780 to \$2,349,411.

F. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 47,330,000	\$ 4,000,000	\$ 5,953,611	\$ 45,376,389	\$ 6,061,963
Debt Premium and Discount	697,768	137,896	107,389	728,275	104,776
Landfill Post-Closure Liability	677,110	-	85,910	591,200	-
Total	<u>48,704,878</u>	<u>4,137,896</u>	<u>6,146,910</u>	<u>46,695,864</u>	<u>6,166,739</u>
Other Liabilities:					
Net Pension Liability (Asset)	1,183,900	-	564,146	619,754	-
Other Postemployment Benefits	133,328	117,488	45,004	205,812	45,000
Vested Compensated Absences	4,435,219	1,158,802	935,031	4,658,990	935,000
Total Other Liabilities	<u>5,752,447</u>	<u>1,276,290</u>	<u>1,544,181</u>	<u>5,484,556</u>	<u>980,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 54,457,325</u>	<u>\$ 5,414,186</u>	<u>\$ 7,691,091</u>	<u>\$ 52,180,420</u>	<u>\$ 7,146,739</u>
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 1,700,000	\$ -	\$ 300,000	\$ 1,400,000	\$ 300,000
Other Liabilities:					
Net Pension Liability (Asset)	83,471	-	56,548	26,923	-
Vested Compensated Absences	460,485	112,505	62,634	510,356	45,000
Total Other Liabilities	<u>460,485</u>	<u>112,505</u>	<u>62,634</u>	<u>510,356</u>	<u>45,000</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 2,243,956</u>	<u>\$ 112,505</u>	<u>\$ 419,182</u>	<u>\$ 1,937,279</u>	<u>\$ 345,000</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

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.

The following general obligation debt was issued in 2017:

\$4,000,000 General Obligation Promissory Notes

On April 11, 2017 the City of Middleton, Wisconsin issued \$4,000,000 General Obligation Promissory Notes. The proceeds from the sale of the Notes will be used for the public purpose of paying the cost of 2017 capital improvement program projects (the "Project"). The Notes will bear interest at a rate of 2.00 – 3.00%, with the final principal payment being due September 1, 2027.

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, 2017, was \$168,003,405. Total general obligation debt outstanding at year end was \$45,376,389. The City was in compliance with the legal debt limitation as of December 31, 2017.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Type	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance, December 31, 2017
Governmental Activities					
General Obligation Debt					
2008 General Obligation Refunding Bonds	06/02/08	12/01/27	3.00%-4.00%	\$ 6,530,000	\$ 340,000
2010 General Obligation Refunding Bonds	04/15/10	09/01/29	1.45%-8.5%	10,110,000	7,350,000
2010 General Obligation Promissory Notes	04/15/10	09/01/17	1.20%-3.80%	2,010,000	-
2010 Taxable General Obligation Refunding Bonds	11/23/10	09/01/20	.85%-3.75%	6,580,000	2,475,000
2010 General Obligation Refunding Bonds	11/23/10	09/01/20	2.00%-4.00%	4,625,000	1,820,000
2011 General Obligation Promissory Notes	05/09/11	09/01/19	2.00%-3.00%	2,500,000	1,265,000
2012 Taxable General Obligation Promissory Notes	05/12/12	03/01/19	.46%-1.85%	2,540,000	750,000
2012 General Obligation Promissory Notes	05/12/12	09/01/20	2.00%-2.25%	2,015,000	795,000
2012 General Obligation Promissory Notes	12/28/12	09/01/21	1.00%-2.00%	4,500,000	2,520,000
2012 General Obligation Refunding Bonds	12/28/12	09/01/32	1.05%-3.80%	5,110,000	4,840,000
2013 General Obligation Promissory Notes	12/23/13	02/01/23	2.00%-3.00%	4,000,000	3,010,000
2014 General Obligation Promissory Notes	12/09/14	08/01/22	2.00%-3.00%	2,000,000	1,265,000
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	2,565,000
2016 General Obligation Refunding Bonds	05/23/16	02/01/27	2.00%	3,900,000	3,865,000
2016 State Trust Fund Loan	03/14/16	03/15/34	3.75%	2,100,000	2,016,389
2017 General Obligation Promissory Notes	04/11/17	03/01/27	2.00%-3.00%	4,000,000	4,000,000
Total Governmental Activities - General Obligation Debt					<u>\$ 45,376,389</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Type	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2017
Business-Type Activities					
General Obligation Debt					
2008 General Obligation Refunding Bonds					
	12/30/08	09/01/21	3.505%-4.45%	\$ 1,700,000	\$ 1,400,000
Total Business-Type Activities - General Obligation Debt					<u>\$ 1,400,000</u>

Debt service requirements to maturity are as follows at December 31:

	Governmental Long-Term Debt		Business-Type Long-Term Debt		Totals
	Principal	Interest	Principal	Interest	
2018	\$ 6,061,963	\$ 1,542,969	\$ 300,000	\$ 54,125	\$ 7,959,057
2019	5,890,224	1,227,257	400,000	39,250	7,556,731
2020	5,378,418	1,064,906	400,000	22,050	6,865,374
2021	3,687,110	905,502	300,000	6,675	4,899,287
2022	3,480,752	809,158	-	-	4,289,910
2023-2027	13,913,181	2,681,128	-	-	16,594,309
2028-2032	6,657,003	698,214	-	-	7,355,217
2033-2035	307,738	17,416	-	-	325,154
Totals	<u>\$ 45,376,389</u>	<u>\$ 8,946,550</u>	<u>\$ 1,400,000</u>	<u>\$ 122,100</u>	<u>\$ 55,845,039</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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Governmental Activities Net Position/Fund Balances

Governmental Activities

Governmental activities net position reported on the government wide statement of net position at December 31, 2017 includes the following:

	Amount
Net Investment in Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	\$ 94,451,458
Less: Related Long-Term Debt (Excluding Unspent Capital Related Debt Proceeds)	(44,923,328)
Total Invested in Capital Assets, Net of Related Debt	49,528,130
Restricted:	
Community Development	13,369,190
Library	390,284
Impact Fees	2,269,362
Tourism	1,834,593
Senior Center	142,952
Total	18,006,381
Unrestricted	6,428,231
Total Governmental Activities Net Position	\$ 73,962,742

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

	General	Debt Service	TIF District No. 3	Capital Projects	Nonmajor	Total
Nonspendable:						
Prepaid Items	\$ 262,670	\$ -	\$ -	\$ -	\$ -	\$ 262,670
Advances to Other Funds	2,349,411	-	-	-	-	2,349,411
Noncurrent Receivables	44,438	-	-	-	-	44,438
Total	2,656,519	-	-	-	-	2,656,519
Restricted:						
Debt Service	-	43,615	-	-	-	43,615
Community Development	-	-	10,520,814	-	2,252,441	12,773,255
Library	-	-	-	-	390,284	390,284
Capital Improvements	-	-	-	920,397	-	920,397
Impact Fees	-	-	-	-	2,269,362	2,269,362
Tourism	-	-	-	-	1,834,593	1,834,593
Senior Center	-	-	-	-	142,952	142,952
Total	-	43,615	10,520,814	920,397	6,889,632	18,374,458
Committed:						
Library	-	-	-	-	66,714	66,714
Assigned:						
Post Employment Benefits	1,635,930	-	-	-	-	1,635,930
Public Safety - Fire	444,321	-	-	-	-	444,321
Public Safety - EMS	384,000	-	-	-	-	384,000
Other	350,000	-	-	-	-	350,000
Total	2,814,251	-	-	-	-	2,814,251
Unassigned	5,310,690	-	-	-	(798,818)	4,511,872
Total Fund Balances	\$ 10,781,460	\$ 43,615	\$ 10,520,814	\$ 920,397	\$ 6,157,528	\$ 28,423,814

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Governmental Activities Net Position/Fund Balances

Business-Type Activities

Business-type activities net position reported on the government-wide and proprietary funds statement of net position at December 31, 2017 include the following:

	Water	Sewer	Pleasant View Golf Course	Nonmajor Proprietary Funds	Totals
Capital Assets	\$ 31,247,104	\$ 17,143,213	\$ 11,406,466	\$ 6,638,976	\$ 66,435,759
Accumulated Depreciation	(10,107,330)	(5,608,210)	(1,393,108)	(496,326)	(17,604,974)
Subtotal	21,139,774	11,535,003	10,013,358	6,142,650	48,830,785
Less: Capital Related Long-Term Debt	-	-	1,400,000	-	1,400,000
Net Investment in Capital Assets	21,139,774	11,535,003	8,613,358	6,142,650	47,430,785
Unrestricted (Deficit)	4,409,031	3,749,373	(3,406,090)	919,510	5,671,824
Total Business-Type Activities Net Position	<u>\$ 25,548,805</u>	<u>\$ 15,284,376</u>	<u>\$ 5,207,268</u>	<u>\$ 7,062,160</u>	<u>\$ 53,102,609</u>

H. 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

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives
Land	\$ 154,000	\$ -	\$ -	\$ 154,000	-
Buildings	2,933,497	-	-	2,933,497	40 Years
Less: Accumulated Depreciation	(983,822)	(65,434)	-	(1,049,256)	-
Totals	<u>\$ 2,103,675</u>	<u>\$ (65,434)</u>	<u>\$ -</u>	<u>\$ 2,038,241</u>	

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10.0%
2008	6.6	-
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
2015	2.9	2.0
2016	0.5	(5.0)

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 \$757,861 in contributions from the employer.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executive and Elected Officials	6.8%	6.8%
Protective with Social Security	6.8%	10.8%
Protective without Social Security	6.8%	15.1%

At December 31, 2017, the City reported a liability of \$646,678 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.07845755%, which was an increase of 0.00046453% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$1,651,494.

At December 31, 2017, the City 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	\$ 246,578	\$ 2,033,745
Changes in Assumptions	676,126	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	3,218,959	-
Changes In Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	33,605
Employer Contributions Subsequent to the Measurement Date	866,859	-
Total	<u>\$ 5,008,522</u>	<u>\$ 2,067,350</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 \$866,859 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 in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Deferred Outflows and Deferred Inflows of Resources
2018	\$ 845,044
2019	845,044
2020	577,816
2021	(194,674)
2022	1,083

Actuarial Assumption

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	7.2%
Discount Rate	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a rollforward of the liability calculated from the December 31, 2015 actuarial valuation.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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)**

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 table on the following table:

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.00%	45.00%	8.30%	5.40%
Fixed Income	24.50	37.00	4.20	1.40
Inflation Sensitive Assets	15.50	20.00	4.30	1.50
Real Estate	8.00	7.00	6.50	3.60
Private Equity/Debt	8.00	7.00	9.40	6.50
Multi-Asset	4.00	4.00	6.60	3.70
Total Core Fund	<u>110.00%</u>	<u>120.00%</u>	<u>7.40%</u>	<u>4.50%</u>
 <u>Variable Fund Asset Class</u>				
U.S. Equities	70.00%	70.00%	7.60%	4.70%
International Equities	30.00	30.00	8.50	5.60
Total Variable Fund	<u>100.00%</u>	<u>100.00%</u>	<u>7.90%</u>	<u>5.00%</u>

Notes:

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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)

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 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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%, 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%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,507,458	\$ 646,677	\$ (5,406,479)

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 \$217,202 at December 31, 2017 for the City's share.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

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.

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 nonrepresented 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 30 years.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

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:

	Amount
Annual Required Contribution	\$ 117,453
Interest on Net OPEB Obligation	5,334
Actuarial Adjustment to ARC	(5,299)
Annual OPEB Cost (Expense)	117,488
Contributions Made	(45,004)
Increase in Net OPEB Obligation	72,484
Net OPEB Liability - Beginning of Year	133,328
Net OPEB Liability - End of Year	\$ 205,812

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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2017	\$ 117,488	38.31%	\$ 205,812
12/31/2016	117,472	48.14%	133,328
12/31/2015	117,453	38.35%	72,412

The funded status as of December 31, 2015, the most recent actuarial valuation date, was 0% 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 ration 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.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

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% based on the City's actuarial valuation. The healthcare cost trends rate is 7.5% initially, and reduced by decrements to the ultimate rate of 5.0% in 18 years.

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

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 (TIDs) are subject to review and audit in accordance with State Statute 66.1105 by an independent audit firm. The City has allocated certain expenditures for administration, public safety, public lands administration, and transit services, which were reimbursed to the City's General Fund. For 2017, these costs amount to approximately \$1.477 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, 2017, the City had outstanding commitments of \$36.7 million. During the year, the City committed to an additional \$1.8 million, and satisfied \$1.7 million. As of December 31, 2017, the City has remaining commitments of \$36.8 million pending satisfaction of the underlying agreements.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Tax Abatements

The City of Middleton, Wisconsin enters into agreements with developers under the provisions of Wisconsin Statutes 66.1105 "Tax Increment Law," which allows the City to rebate taxes generated under a specific developer agreement in order to incentive economic development.

As of December 31, 2017, the City maintains and operates Tax Increment District No. 3 and Tax Increment District No. 5, which are presented in the financial statements as capital projects funds.

TID	Purpose	Amount of Taxes Rebated During the Fiscal Year	Amount of Taxes Collected During the Fiscal Year	Percentage of Total Taxes Rebated During the Fiscal Year
3	Rebate of Taxes for the Promotion of Economic Development	\$ 1,445,179	\$ 1,596,458	90.52%
5	Rebate of Taxes for the Promotion of Economic Development	88,026	195,664	44.99%
	Total Rebate of Taxes for the Promotion of Economic Development	<u>\$ 1,533,205</u>	<u>\$ 1,792,122</u>	<u>85.55%</u>

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

F. Joint Ventures

Metropolitan Refuse District, Inc.

The Cities of Middleton and the Villages of Shorewood Hills and Waunakee are members of the Metropolitan Refuse District, Inc. (District), which owns and operates the closed local sanitary landfill. The landfill stopped accepting waste at the end of 1996. The three member communities share in the operational costs of the District based on estimated population, with the 2017 percentages as follows:

City of Middleton	56%
Village of Shorewood Hills	6%
Village of Waunakee	38%

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Joint Ventures (Continued)

Metropolitan Refuse District, Inc. (Continued)

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, 2017 is a deficit of \$1,055,641. 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 \$591,200 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 \$115,830 to the District in 2017. The City will continue to support the District's post-closure care costs in the future.

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

Multijurisdictional Public Safety Information System Commission (MJPISC)

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Joint Ventures (Continued)

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 \$840,576 to the District in 2017 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.

G. Subsequent Events

On June 5, 2018, the government issued \$3,500,000 General Obligation Promissory Notes to fund various capital projects. The interest rates on the notes range from 3.00 - 4.00% and the maturity date is March 1, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 12,830,804	\$ 12,830,804	\$ 12,769,098	\$ (61,706)
Intergovernmental	1,880,092	1,880,092	1,923,364	43,272
Licenses and Permits	893,674	893,674	915,875	22,201
Fines, Forfeitures, and Penalties	275,000	275,000	209,115	(65,885)
Public Charges for Services	1,348,959	1,348,959	1,453,674	104,715
Interdepartmental Charges for Services	1,824,356	1,824,356	1,840,547	16,191
Special Assessments	75,000	75,000	99,725	24,725
Investment Income	100,800	100,800	183,621	82,821
Miscellaneous	126,000	126,000	70,518	(55,482)
Total Revenues	<u>19,354,685</u>	<u>19,354,685</u>	<u>19,465,537</u>	<u>110,852</u>
EXPENDITURES				
Current:				
General Government	2,622,290	2,627,290	2,742,936	(115,646)
Public Safety	9,264,110	9,240,786	9,142,015	98,771
Public Works	3,947,176	3,947,176	3,812,371	134,805
Health and Human Services	475,485	475,485	515,754	(40,269)
Leisure Activities	1,688,750	1,688,750	2,306,471	(617,721)
Conservation and Development	798,730	793,730	793,167	563
Total Expenditures	<u>18,796,541</u>	<u>18,773,217</u>	<u>19,312,714</u>	<u>(539,497)</u>
Excess of Revenues Over Expenditures	<u>558,144</u>	<u>581,468</u>	<u>152,823</u>	<u>(428,645)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	525,000	525,000	473,021	(51,979)
Transfers Out	<u>(1,272,794)</u>	<u>(1,272,794)</u>	<u>(1,921,007)</u>	<u>(648,213)</u>
Total Other Financing Sources (Uses)	<u>(747,794)</u>	<u>(747,794)</u>	<u>(1,447,986)</u>	<u>(700,192)</u>
NET CHANGE IN FUND BALANCE	(189,650)	(166,326)	(1,295,163)	(1,128,837)
Fund Balance - Beginning of Year	<u>12,076,623</u>	<u>12,076,623</u>	<u>12,076,623</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 11,886,973</u>	<u>\$ 11,910,297</u>	<u>\$ 10,781,460</u>	<u>\$ (1,128,837)</u>

See accompanying Notes to Required Supplementary Information.

**CITY OF MIDDLETON, WISCONSIN
SCHEDULE OF OPEB FUNDING PROGRESS
DECEMBER 31, 2017**

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}
12/31/2017	\$ -	\$ 1,128,865	\$ 1,128,865	-	\$ 7,030,820	16.06
12/31/2016	-	1,128,865	1,128,865	-	7,030,820	16.06
12/31/2015	-	1,128,865	1,128,865	-	7,030,820	16.06
12/31/2014	-	2,862,888	2,862,888	-	8,946,525	32.00

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
DECEMBER 31, 2017**

	12/31/2016	12/31/2015	12/31/2014
City's Proportion of the Net Pension Liability (Asset)	0.07845755%	0.07799302%	0.77378190%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 646,678	\$ 1,267,371	\$ (1,900,620)
City's Covered - Employee Payroll	9,768,789	9,708,670	9,162,017
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	99.12%	98.20%	102.74%

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
DECEMBER 31, 2017**

	2017	2016	2015	2014
Contractually Required Contributions	866,859	\$ 757,861	\$ 764,194	\$ 753,137
Contributions in Relation to the Contractually Required Contributions	866,859	757,861	764,194	753,137
Contribution Deficiency (Excess)	-	-	-	-
City's Covered - Employee Payroll	\$ 10,328,500	9,768,789	9,708,670	9,162,017
Contributions as a Percentage of Covered - Employee Payroll	8.39%	7.76%	7.87%	8.22%

See accompanying Notes to Required Supplementary Information.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

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:			
General government	\$ 2,627,290	\$ 2,742,936	\$ 115,646
Health and human services	475,485	515,754	40,269
Leisure activities	1,688,750	2,306,471	617,721
EMS Activities	5,000	26,141	21,141
Youth Center Activities	80,074	80,921	847
Senior Center Activities	25,000	66,465	41,465
TIF District No. 5	715,312	985,015	269,703
Public Lands Capital Construction	785,525	996,303	210,778
Sewer Utility	2,774,012	2,794,819	20,807

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.

SUPPLEMENTARY INFORMATION

**CITY OF MIDDLETON, WISCONSIN
 DETAILED SCHEDULE OF REVENUES – BUDGET AND ACTUAL –
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General Property Tax	\$ 12,154,704	\$ 12,154,704	\$ 12,154,704	\$ -
Omitted Taxes	-	-	816	816
Fees in Lieu of Taxes	44,100	44,100	44,100	-
Business Taxes	-	-	5,156	5,156
Room Tax	630,000	630,000	557,638	(72,362)
Interest and Penalties on Taxes	2,000	2,000	6,684	4,684
Total Taxes	<u>12,830,804</u>	<u>12,830,804</u>	<u>12,769,098</u>	<u>(61,706)</u>
INTERGOVERNMENTAL				
Shared Taxes from State	272,894	272,894	279,574	6,680
State Aid - Road Allotment	1,065,811	1,065,811	1,063,506	(2,305)
State Aid - Exempt Computer Aid	250,000	250,000	252,012	2,012
State Aid - Fire Insurance Dues	100,000	100,000	120,713	20,713
State Aid - Local Aid - Police School Liaison Officer	78,042	78,042	82,955	4,913
Federal and State Aid - Other	52,345	52,345	57,645	5,300
County Aid - Signals	10,000	10,000	10,097	97
County Aid - Senior Citizens	51,000	51,000	56,862	5,862
Total Intergovernmental	<u>1,880,092</u>	<u>1,880,092</u>	<u>1,923,364</u>	<u>43,272</u>
LICENSES AND PERMITS				
Liquor and Malt Beverage Licenses	38,000	38,000	40,481	2,481
Operators' Licenses	18,000	18,000	20,436	2,436
Alarm Licenses	9,000	9,000	9,675	675
Cigarette Licenses	600	600	630	30
Dog and Cat Licenses	3,500	3,500	3,860	360
Cable TV Franchise License	272,500	272,500	263,211	(9,289)
Other Miscellaneous Licenses	1,550	1,550	4,795	3,245
Building Permits	295,000	295,000	335,829	40,829
Electrical Permits	70,000	70,000	58,085	(11,915)
Plumbing Permits	70,000	70,000	60,732	(9,268)
Erosion Control Permits	20,000	20,000	30,286	10,286
Other Permits	1,800	1,800	6,520	4,720
Other Miscellaneous Fees	33,124	33,124	24,410	(8,714)
Zoning Permits	27,600	27,600	19,709	(7,891)
Park Reservation Permits	33,000	33,000	37,216	4,216
Total Licenses and Permits	<u>893,674</u>	<u>893,674</u>	<u>915,875</u>	<u>22,201</u>
FINES, FORFEITURES, AND PENALTIES				
Court Penalties	150,000	150,000	112,892	(37,108)
Parking Violations	40,000	40,000	31,072	(8,928)
Court Costs	85,000	85,000	65,151	(19,849)
Total Fines, Forfeitures, and Penalties	<u>275,000</u>	<u>275,000</u>	<u>209,115</u>	<u>(65,885)</u>

**CITY OF MIDDLETON, WISCONSIN
 DETAILED SCHEDULE OF REVENUES – BUDGET AND ACTUAL –
 GENERAL FUND (CONTINUED)
 YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Clerk Fees	\$ 15,000	\$ 15,000	\$ 15,405	\$ 405
Police Special Services	-	-	51	51
Police Department Fees	9,000	9,000	19,633	10,633
Ambulance Services	932,329	932,329	948,952	16,623
Plan Commission Charges	17,000	17,000	13,025	(3,975)
Senior Citizens	19,700	19,700	36,296	16,596
Swimming Pool	171,000	171,000	210,148	39,148
Aquatic Concession Revenue	31,248	31,248	28,549	(2,699)
Summer Recreation	47,500	47,500	46,389	(1,111)
Fall-Winter-Spring Recreation	47,000	47,000	58,107	11,107
Hubbard Art Center Program	47,982	47,982	60,828	12,846
Public Works Charges	-	-	182	182
Administration Reimbursements - Recycling	10,000	10,000	14,734	4,734
Donations	1,200	1,200	1,375	175
Total Public Charges for Services	<u>1,348,959</u>	<u>1,348,959</u>	<u>1,453,674</u>	<u>104,715</u>
INTERDEPARTMENTAL CHARGES FOR SERVICES				
Administration Reimbursements - Utilities	135,000	135,000	135,000	-
Administration Reimbursements - Metro	-	-	16,191	16,191
Administrative Reimbursements - TIF	1,476,530	1,476,530	1,476,530	-
EMS Fixed Cost Abatement	205,226	205,226	205,226	-
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>1,824,356</u>	<u>1,824,356</u>	<u>1,840,547</u>	<u>16,191</u>
SPECIAL ASSESSMENTS				
Curb, Gutter, and Sidewalks	75,000	75,000	99,725	24,725
Total Special Assessments	<u>75,000</u>	<u>75,000</u>	<u>99,725</u>	<u>24,725</u>
INVESTMENT INCOME				
	<u>100,800</u>	<u>100,800</u>	<u>183,621</u>	<u>82,821</u>
MISCELLANEOUS REVENUES				
Credit Card Rebate	40,000	40,000	44,113	4,113
Polar Express Track Lease	20,000	20,000	-	(20,000)
Sale of Materials	1,500	1,500	512	(988)
Miscellaneous	64,000	64,000	25,043	(38,957)
Interlocking Ignition Device	500	500	850	350
Total Miscellaneous Revenues	<u>126,000</u>	<u>126,000</u>	<u>70,518</u>	<u>(55,482)</u>
OTHER FINANCING SOURCES				
Transfer In - Water Utility	525,000	525,000	473,021	(51,979)
Total Revenues and Other Financing Sources	<u>\$ 19,879,685</u>	<u>\$ 19,879,685</u>	<u>\$ 19,938,558</u>	<u>\$ 58,873</u>

**CITY OF MIDDLETON, WISCONSIN
 DETAILED SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 66,386	\$ 66,386	\$ 65,917	\$ 469
Boards and Commissions	10,350	10,350	9,307	1,043
General Administration	222,919	222,919	224,462	3,457
Municipal Court	110,608	110,608	93,545	17,063
Finance	687,729	687,729	688,234	(505)
General Administration - Sick Leave	-	-	177,147	(177,147)
Information Technology	720,768	720,768	721,470	(702)
Legal Counseling	226,000	226,000	221,722	4,278
Buildings and Grounds	-	-	40	(40)
Illegal Taxes and Tax Refunds	10,080	10,080	121,813	(111,733)
General Contingency	140,000	140,000	-	140,000
Risk Management and Insurance	380,000	380,000	372,115	7,885
Bank Fees	-	-	4,701	(4,701)
Miscellaneous	47,450	47,450	42,463	4,987
Total General Government	<u>2,622,290</u>	<u>2,627,290</u>	<u>2,742,936</u>	<u>(115,646)</u>
PUBLIC SAFETY				
Police Department	5,449,254	5,449,254	5,399,958	49,296
Fire Suppression	1,028,335	1,028,335	988,048	40,287
Public Fire Protection	485,000	485,000	437,391	47,609
EMS	1,793,808	1,770,484	1,806,762	(36,278)
Building Inspector	408,473	408,473	420,142	(11,669)
Emergency Preparedness	99,240	99,240	89,714	9,526
Total Public Safety	<u>9,264,110</u>	<u>9,240,786</u>	<u>9,142,015</u>	<u>98,771</u>
PUBLIC WORKS				
Machinery	859,960	859,960	800,492	59,468
Street Maintenance	1,553,413	1,553,413	1,520,545	32,868
Traffic Signs and Markings	5,000	5,000	(421)	5,421
Street Lighting	123,000	123,000	117,630	5,370
Storm Sewers	54,000	54,000	50,121	3,879
Mass Transit	435,784	435,784	422,203	13,581
Garbage Collection	522,000	522,000	511,747	10,253
Sanitary Landfill	116,330	116,330	115,830	500
Recycling	277,689	277,689	274,224	3,465
Total Public Works	<u>3,947,176</u>	<u>3,947,176</u>	<u>3,812,371</u>	<u>134,805</u>
HEALTH AND HUMAN SERVICES				
Senior Center	475,485	475,485	515,754	(40,269)
LEISURE ACTIVITIES				
Recreation Facilities	290,486	290,486	267,625	22,861
Recreation Administration	356,128	356,128	365,504	(9,376)
Libraries	-	-	52	(52)
Public Lands	1,042,136	1,042,136	1,673,290	(631,154)
Total Leisure Activities	<u>1,688,750</u>	<u>1,688,750</u>	<u>2,306,471</u>	<u>(617,721)</u>

**CITY OF MIDDLETON, WISCONSIN
 DETAILED SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL –
 GENERAL FUND (CONTINUED)
 YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CONSERVATION AND DEVELOPMENT				
Sustainability Committee	\$ 13,250	\$ 13,250	\$ 13,162	\$ 88
Forestry	242,274	242,274	239,996	2,278
Water Resources	21,159	21,159	21,153	6
Conservancy Lands	144,584	144,584	144,011	573
Planning	368,463	363,463	366,401	(2,938)
Other	9,000	9,000	8,444	556
Total Conservation and Development	<u>798,730</u>	<u>793,730</u>	<u>793,167</u>	<u>563</u>
OTHER FINANCING USES				
Transfers Out - Nonmajor Funds - Other	47,124	47,124	89,468	(42,344)
Transfers Out - Library Fund	1,225,670	1,225,670	1,225,670	-
Transfers Out - Pleasant View Golf Course Fund	-	-	605,869	(605,869)
Total Other Financing Uses	<u>1,272,794</u>	<u>1,272,794</u>	<u>1,921,007</u>	<u>(648,213)</u>
Total Expenditures and Other Financing Uses	<u>\$ 20,069,335</u>	<u>\$ 20,046,011</u>	<u>\$ 21,233,721</u>	<u>\$ (1,187,710)</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	TIF District No. 5	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund	Safety Impact Fee and Other	Economic Development Grant
ASSETS								
Cash and Investments	\$ 1,263,232	\$ 2,886,979	\$ 66,868	\$ 18,870	\$ 292,745	\$ 112,585	\$ 903,754	\$ 280,431
Taxes Receivable	813,851	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,077,083</u>	<u>\$ 2,886,979</u>	<u>\$ 66,868</u>	<u>\$ 18,870</u>	<u>\$ 292,745</u>	<u>\$ 112,585</u>	<u>\$ 903,754</u>	<u>\$ 280,431</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)								
LIABILITIES								
Accounts Payable	\$ 8,656	\$ 6,096	\$ 154	\$ -	\$ -	\$ 33,916	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Advances from Other Funds	2,048,999	-	-	-	-	-	-	-
Deposits	-	908,873	-	-	-	-	-	-
Total Liabilities	<u>2,057,655</u>	<u>914,969</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>33,916</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Subsequent Year Tax Levy	813,851	-	-	-	-	-	-	-
Total Deferred Inflows	<u>813,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)								
Restricted	-	1,972,010	-	18,870	292,745	78,669	903,754	280,431
Committed	-	-	66,714	-	-	-	-	-
Unassigned	(794,423)	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>(794,423)</u>	<u>1,972,010</u>	<u>66,714</u>	<u>18,870</u>	<u>292,745</u>	<u>78,669</u>	<u>903,754</u>	<u>280,431</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,077,083</u>	<u>\$ 2,886,979</u>	<u>\$ 66,868</u>	<u>\$ 18,870</u>	<u>\$ 292,745</u>	<u>\$ 112,585</u>	<u>\$ 903,754</u>	<u>\$ 280,431</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2017**

	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Youth Center Activities	Senior Center Activities	Total Nonmajor Governmental Funds
ASSETS							
Cash and Investments	\$ 1,748,888	\$ -	\$ 29,265	\$ 1,365,529	\$ -	\$ 142,952	\$ 9,112,098
Taxes Receivable	-	-	-	-	-	-	813,851
Accounts Receivable	304,235	-	-	-	-	-	304,235
Total Assets	<u>\$ 2,053,123</u>	<u>\$ -</u>	<u>\$ 29,265</u>	<u>\$ 1,365,529</u>	<u>\$ -</u>	<u>\$ 142,952</u>	<u>\$ 10,230,184</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
LIABILITIES							
Accounts Payable	\$ 218,530	\$ -	\$ -	\$ 29,186	\$ 2,857	\$ -	\$ 299,395
Due to Other Funds	-	-	-	-	1,538	-	1,538
Advances from Other Funds	-	-	-	-	-	-	2,048,999
Deposits	-	-	-	-	-	-	908,873
Total Liabilities	<u>218,530</u>	<u>-</u>	<u>-</u>	<u>29,186</u>	<u>4,395</u>	<u>-</u>	<u>3,258,805</u>
DEFERRED INFLOWS OF RESOURCES							
Subsequent Year Tax Levy	-	-	-	-	-	-	813,851
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813,851</u>
FUND BALANCES (DEFICITS)							
Restricted	1,834,593	-	29,265	1,336,343	-	142,952	6,889,632
Committed	-	-	-	-	-	-	66,714
Unassigned	-	-	-	-	(4,395)	-	(798,818)
Total Fund Balances (Deficits)	<u>1,834,593</u>	<u>-</u>	<u>29,265</u>	<u>1,336,343</u>	<u>(4,395)</u>	<u>142,952</u>	<u>6,157,528</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 2,053,123</u>	<u>\$ -</u>	<u>\$ 29,265</u>	<u>\$ 1,365,529</u>	<u>\$ -</u>	<u>\$ 142,952</u>	<u>\$ 10,230,184</u>

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	TIF District No. 5	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund	Safety Impact Fee and Other	Economic Development Grant
REVENUES								
Taxes	\$ 885,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	19,922	-	-	-	-	811,570	-	-
Licenses and Permits	-	6,926	-	-	-	-	169,784	-
Public Charges for Services	-	155,339	22,931	-	-	18,556	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	-	-
Contributions	-	-	-	2,919	10,783	-	-	-
Investment Income	10,908	-	-	-	38,295	-	-	2,268
Miscellaneous	-	-	-	-	-	6	-	-
Total Revenues	<u>916,728</u>	<u>162,265</u>	<u>22,931</u>	<u>2,919</u>	<u>49,078</u>	<u>830,132</u>	<u>169,784</u>	<u>2,268</u>
EXPENDITURES								
Current:								
General Government	150	-	-	-	-	-	-	-
Health and Human Services	-	-	-	-	-	-	-	-
Leisure Activities	-	-	1,612	367	6,442	2,030,537	-	-
Conservation and Development	88,026	-	-	-	-	-	-	-
Capital Outlay	324,527	93,920	-	-	-	5,503	-	-
Debt Service:								
Principal	353,611	-	-	-	-	-	-	-
Interest and Fiscal Charges	218,701	-	-	-	-	-	-	-
Total Expenditures	<u>985,015</u>	<u>93,920</u>	<u>1,612</u>	<u>367</u>	<u>6,442</u>	<u>2,036,040</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(68,287)	68,345	21,319	2,552	42,636	(1,205,908)	169,784	2,268
OTHER FINANCING SOURCES (USES)								
Transfers In	-	27,500	-	-	-	1,225,670	-	-
Transfers Out	(726,136)	-	-	-	-	-	(150,000)	-
Total Other Financing Sources (Uses)	<u>(726,136)</u>	<u>27,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,225,670</u>	<u>(150,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(794,423)	95,845	21,319	2,552	42,636	19,762	19,784	2,268
Fund Balances (Deficits) - Beginning of Year	-	1,876,165	45,395	16,318	250,109	58,907	883,970	278,163
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (794,423)</u>	<u>\$ 1,972,010</u>	<u>\$ 66,714</u>	<u>\$ 18,870</u>	<u>\$ 292,745</u>	<u>\$ 78,669</u>	<u>\$ 903,754</u>	<u>\$ 280,431</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2017**

	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Youth Center Activities	Senior Center Activities	Total Nonmajor Governmental Funds
REVENUES							
Taxes	\$ 1,301,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,187,103
Intergovernmental	-	2,800	4,374	-	28,127	17,131	883,924
Licenses and Permits	-	-	-	-	-	-	176,710
Public Charges for Services	-	-	-	567,908	7,325	-	772,059
Intergovernmental Charges for Services	-	-	20,000	-	-	-	20,000
Contributions	-	-	-	25,885	-	27,517	67,104
Investment Income	-	-	-	-	-	-	51,471
Miscellaneous	11,842	-	-	-	-	-	11,848
Total Revenues	1,313,047	2,800	24,374	593,793	35,452	44,648	4,170,219
EXPENDITURES							
Current:							
General Government	141,740	-	-	-	-	-	141,890
Health and Human Services	-	-	-	-	-	66,465	66,465
Leisure Activities	-	-	-	116,644	80,921	-	2,236,523
Conservation and Development	1,063,473	-	-	7,310	-	-	1,158,809
Capital Outlay	-	848	26,141	125,377	-	-	576,316
Debt Service:							
Principal	-	-	-	-	-	-	353,611
Interest and Fiscal Charges	-	-	-	-	-	-	218,701
Total Expenditures	1,205,213	848	26,141	249,331	80,921	66,465	4,752,315
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	107,834	1,952	(1,767)	344,462	(45,469)	(21,817)	(582,096)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	47,124	-	1,300,294
Transfers Out	-	-	-	(13,000)	-	-	(889,136)
Total Other Financing Sources (Uses)	-	-	-	(13,000)	47,124	-	411,158
NET CHANGE IN FUND BALANCES (DEFICITS)	107,834	1,952	(1,767)	331,462	1,655	(21,817)	(170,938)
Fund Balances (Deficits) - Beginning of Year	1,726,759	(1,952)	31,032	1,004,881	(6,050)	164,769	6,328,466
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 1,834,593	\$ -	\$ 29,265	\$ 1,336,343	\$ (4,395)	\$ 142,952	\$ 6,157,528

**CITY OF MIDDLETON, WISCONSIN
COMBINING BALANCE SHEET – CAPITAL PROJECTS FUND
DECEMBER 31, 2017**

	Public Works Capital Construction	Public Lands Capital Construction	General Capital Projects	Total
ASSETS				
Cash and Investments	\$ 1,638,951	\$ 74,522	\$ 465,405	\$ 2,178,878
Receivables	<u>9,182</u>	<u>110,406</u>	<u>-</u>	<u>119,588</u>
 Total Assets	 <u><u>\$ 1,648,133</u></u>	 <u><u>\$ 184,928</u></u>	 <u><u>\$ 465,405</u></u>	 <u><u>\$ 2,298,466</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	<u>\$ 1,196,185</u>	<u>\$ 57,572</u>	<u>\$ 13,906</u>	<u>\$ 1,267,663</u>
Total Liabilities	<u>1,196,185</u>	<u>57,572</u>	<u>13,906</u>	<u>1,267,663</u>
 DEFERRED INFLOWS OF RESOURCES				
Other Receivable	<u>-</u>	<u>110,406</u>	<u>-</u>	<u>110,406</u>
Total Deferred Inflows	<u>-</u>	<u>110,406</u>	<u>-</u>	<u>110,406</u>
 FUND BALANCES (DEFICITS)				
Restricted	<u>451,948</u>	<u>16,950</u>	<u>451,499</u>	<u>920,397</u>
Total Fund Balances (Deficits)	<u>451,948</u>	<u>16,950</u>	<u>451,499</u>	<u>920,397</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u><u>\$ 1,648,133</u></u>	 <u><u>\$ 184,928</u></u>	 <u><u>\$ 465,405</u></u>	 <u><u>\$ 2,298,466</u></u>

**CITY OF MIDDLETON, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND
 YEAR ENDED DECEMBER 31, 2017**

	Public Works Capital Construction	Public Lands Capital Construction	General Capital Projects	TIF District No. 5	Intrafund Eliminations	Total
REVENUES						
Intergovernmental	\$ -	\$ 125,594	\$ 41,251	\$ -	-	166,845
Contributions	-	30,000	-	-	-	30,000
Miscellaneous	9,182	20,500	6,738	-	-	36,420
Total Revenues	<u>9,182</u>	<u>176,094</u>	<u>47,989</u>	<u>-</u>	<u>-</u>	<u>233,265</u>
EXPENDITURES						
Capital Outlay	2,476,331	996,303	907,030	-	-	4,379,664
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,467,149)	(820,209)	(859,041)	-	-	(4,146,399)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	2,687,285	770,525	542,120	-	-	3,999,930
Proceeds from Sale of Capital Assets	62,433	-	-	-	-	62,433
Transfers In	-	42,196	107,260	726,136	(143,956)	731,636
Transfers Out	(163,956)	-	-	-	143,956	(20,000)
Total Other Financing Sources (Uses)	<u>2,585,762</u>	<u>812,721</u>	<u>649,380</u>	<u>726,136</u>	<u>-</u>	<u>4,047,863</u>
NET CHANGE IN FUND BALANCES	118,613	(7,488)	(209,661)	726,136	-	(98,536)
Fund Balances - Beginning of Year	333,335	24,438	661,160	(726,136)	-	292,797
FUND BALANCES - END OF YEAR	<u>\$ 451,948</u>	<u>\$ 16,950</u>	<u>\$ 451,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 920,397</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF NET POSITION –
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2017**

ASSETS	<u>Stormwater</u>	<u>Middleton Utility District</u>	<u>Airport</u>	<u>Totals</u>
Current Assets:				
Cash and Investments	\$ 586,325	\$ 38,088	\$ 264,892	\$ 889,305
Accounts Receivable	72,940	-	-	72,940
Due from Other Funds	3,324	-	-	3,324
Total Current Assets	<u>662,589</u>	<u>38,088</u>	<u>264,892</u>	<u>965,569</u>
Noncurrent Assets:				
Capital Assets:				
Capital Assets Not Being Depreciated	1,958,247	-	1,546,149	3,504,396
Capital Assets Being Depreciated	2,170,451	-	964,129	3,134,580
Less: Accumulated Depreciation	<u>(272,112)</u>	<u>-</u>	<u>(224,214)</u>	<u>(496,326)</u>
Total Capital Assets, Net	<u>3,856,586</u>	<u>-</u>	<u>2,286,064</u>	<u>6,142,650</u>
Total Noncurrent Assets	<u>3,856,586</u>	<u>-</u>	<u>2,286,064</u>	<u>6,142,650</u>
Total Assets	<u>4,519,175</u>	<u>38,088</u>	<u>2,550,956</u>	<u>7,108,219</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	<u>1,312</u>	<u>-</u>	<u>44,747</u>	<u>46,059</u>
Total Current Liabilities	<u>1,312</u>	<u>-</u>	<u>44,747</u>	<u>46,059</u>
Total Liabilities	<u>1,312</u>	<u>-</u>	<u>44,747</u>	<u>46,059</u>
NET POSITION				
Net Investment in Capital Assets	3,856,586	-	2,286,064	6,142,650
Unrestricted	<u>661,277</u>	<u>38,088</u>	<u>220,145</u>	<u>919,510</u>
Total Net Position	<u>\$ 4,517,863</u>	<u>\$ 38,088</u>	<u>\$ 2,506,209</u>	<u>\$ 7,062,160</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION – NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Stormwater	Middleton Utility District	Airport	Total
OPERATING REVENUES				
Charges for Services and Sales	\$ 279,914	\$ 485,541	\$ 117,831	\$ 883,286
Miscellaneous	-	-	7,640	7,640
Total Operating Revenues	<u>279,914</u>	<u>485,541</u>	<u>125,471</u>	<u>890,926</u>
OPERATING EXPENSES				
Operation and Maintenance	7,892	5,414	86,339	99,645
Depreciation	108,523	-	28,193	136,716
Total Operating Expenses	<u>116,415</u>	<u>5,414</u>	<u>114,532</u>	<u>236,361</u>
OPERATING INCOME	<u>163,499</u>	<u>480,127</u>	<u>10,939</u>	<u>654,565</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	<u>2,727</u>	<u>-</u>	<u>2,727</u>	<u>5,454</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	166,226	480,127	13,666	660,019
CAPITAL CONTRIBUTIONS	<u>216,924</u>	<u>-</u>	<u>-</u>	<u>216,924</u>
CHANGE IN NET POSITION	383,150	480,127	13,666	876,943
Net Position (Deficit) - Beginning of Year	<u>4,134,713</u>	<u>(442,039)</u>	<u>2,492,543</u>	<u>6,185,217</u>
NET POSITION - END OF YEAR	<u>\$ 4,517,863</u>	<u>\$ 38,088</u>	<u>\$ 2,506,209</u>	<u>\$ 7,062,160</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Stormwater	Middleton Utility District	Airport	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 277,224	\$ 503,758	\$ 125,471	\$ 906,453
Payments to Suppliers for Goods and Services	(6,563)	(5,414)	(92,245)	(104,222)
Net Cash Provided by Operating Activities	<u>270,661</u>	<u>498,344</u>	<u>33,226</u>	<u>802,231</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment of Advance from TIF No. 3	-	(460,256)	-	(460,256)
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>(460,256)</u>	<u>-</u>	<u>(460,256)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(23,098)	-	-	(23,098)
Net Cash Used by Capital and Related Financing Activities	<u>(23,098)</u>	<u>-</u>	<u>-</u>	<u>(23,098)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income Received	2,727	-	2,727	5,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	250,290	38,088	35,953	324,331
Cash and Cash Equivalents - Beginning of Year	<u>336,035</u>	<u>-</u>	<u>228,939</u>	<u>564,974</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 586,325</u>	<u>\$ 38,088</u>	<u>\$ 264,892</u>	<u>\$ 889,305</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2017**

	<u>Stormwater</u>	<u>Middleton Utility District</u>	<u>Airport</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	\$ 163,499	\$ 480,127	\$ 10,939	\$ 654,565
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	108,523	-	28,193	136,716
Changes in Noncash Components of Working Capital:				
Accounts Receivable	(2,690)	18,217	-	15,527
Due from Other Funds	17	-	-	17
Accounts Payable	1,312	-	(5,906)	(4,594)
Net Cash Provided by Operating Activities	<u>\$ 270,661</u>	<u>\$ 498,344</u>	<u>\$ 33,226</u>	<u>\$ 802,231</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and Investments	<u>\$ 586,325</u>	<u>\$ 38,088</u>	<u>\$ 264,892</u>	<u>\$ 889,305</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES				
City Financed Additions to Utility Capital Assets	<u>\$ 216,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,924</u>

STATISTICAL SECTION

**CITY OF MIDDLETON, WISCONSIN
STATISTICAL SECTION
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section of the City of Middleton's comprehensive annual financial report presents detailed information as context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition through multi-year comparative data.

<u>Contents</u>	<u>Pages</u>
Financial Trends: Tables 1 – 4	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	92 - 97
Revenue Capacity: Tables 5 – 8	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	98 - 101
Debt Capacity: Tables 9 – 12	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	102 - 105
Demographic and Economic Information: Tables 13 – 14	106 - 107
These schedules provide demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	
Operating Information: Tables 15 – 17	108 - 110
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.	

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

Table 1

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 49,528,130	\$ 44,205,346	\$ 42,289,738	\$ 40,190,979	\$ 34,367,993	\$ 25,305,516	\$ 31,784,434	\$ 26,852,456	\$ 26,390,247	\$ 27,441,980
Restricted	18,006,381	16,207,298	12,928,495	10,822,454	11,489,077	8,692,927	5,026,548	2,143,636	1,882,284	3,373,712
Unrestricted	6,428,231	9,130,412	7,595,832	4,427,136	5,056,636	10,398,364	5,447,129	6,168,519	3,640,768	3,260,699
Total governmental activities net position	<u>\$ 73,962,742</u>	<u>\$ 69,543,056</u>	<u>\$ 62,814,065</u>	<u>\$ 55,440,569</u>	<u>\$ 50,913,706</u>	<u>\$ 44,396,807</u>	<u>\$ 42,258,111</u>	<u>\$ 35,164,611</u>	<u>\$ 31,913,299</u>	<u>\$ 34,076,391</u>
Business-type activities										
Net investment in capital assets	47,430,785	47,875,591	41,296,083	35,939,954	33,777,825	31,978,016	31,776,305	30,753,530	29,945,600	29,059,718
Restricted	-	60,820	243,140	60,820	60,820	55,165	55,165	55,165	54,000	54,000
Unrestricted	5,671,824	3,084,004	5,232,480	5,764,851	5,985,906	5,679,801	5,374,078	5,947,953	6,589,342	7,015,228
Total business-type activities net position	<u>\$ 53,102,609</u>	<u>\$ 51,020,415</u>	<u>\$ 46,771,703</u>	<u>\$ 41,765,625</u>	<u>\$ 39,824,551</u>	<u>\$ 37,712,982</u>	<u>\$ 37,205,548</u>	<u>\$ 36,756,648</u>	<u>\$ 36,588,942</u>	<u>\$ 36,128,946</u>
Primary government										
Net investment in capital assets	96,958,915	92,080,937	83,585,821	76,130,933	68,145,818	57,283,532	63,560,739	57,605,986	56,335,847	56,501,698
Restricted	18,006,381	16,268,118	13,171,635	10,883,274	11,549,897	8,748,092	5,081,713	2,198,801	1,936,284	3,427,712
Unrestricted	12,100,055	12,214,416	12,828,312	10,191,987	11,042,542	16,078,165	10,821,207	12,116,472	10,230,110	10,275,927
Total primary government net position	<u>\$ 127,065,351</u>	<u>\$ 120,563,471</u>	<u>\$ 109,585,768</u>	<u>\$ 97,206,194</u>	<u>\$ 90,738,257</u>	<u>\$ 82,109,789</u>	<u>\$ 79,463,659</u>	<u>\$ 71,921,259</u>	<u>\$ 68,502,241</u>	<u>\$ 70,205,337</u>

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

Table 2

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
General Government	\$ 3,440,019	\$ 3,373,515	\$ 3,576,763	\$ 3,499,140	\$ 4,235,573	\$ 4,523,508	\$ 4,492,490	\$ 2,492,179	\$ 2,402,174	\$ 1,869,327
Public Safety	10,045,808	9,708,266	8,768,029	8,857,148	9,318,550	8,370,063	8,596,721	8,785,916	7,927,957	13,407,936
Public Works	5,338,976	5,661,834	4,413,417	5,387,692	4,175,004	4,412,170	4,374,018	5,020,491	4,855,110	6,580,494
Health and Human Services	604,866	523,561	458,109	467,424	437,254	434,778	660,176	158,318	-	-
Leisure Activities	4,918,071	4,279,623	5,712,480	5,105,093	5,001,318	4,806,093	5,302,560	4,741,367	5,491,187	4,502,720
Conservation and Economic Development	4,333,647	5,713,888	4,889,708	1,843,956	816,021	2,890,340	2,467,418	1,613,009	2,074,865	502,418
Interest and Fiscal Charges	1,294,086	1,430,035	1,487,334	1,455,644	1,285,861	2,347,693	2,370,898	3,156,069	2,268,167	2,506,404
Total Governmental Activities	29,975,473	30,690,722	29,305,840	26,616,097	25,269,581	27,784,645	28,264,281	25,967,349	25,019,460	29,369,299
Business-type Activities:										
Water	1,894,175	1,707,466	1,665,644	1,663,981	1,521,927	1,656,283	1,395,899	1,522,331	1,439,828	1,399,500
Sewer	2,794,819	2,798,438	2,248,664	2,218,802	2,216,007	1,898,574	1,829,965	1,697,356	1,555,245	1,505,546
Pleasant View Golf Course	2,025,692	1,845,233	1,561,830	1,651,439	1,702,459	1,844,019	1,716,697	1,769,506	1,761,637	1,786,498
Nonmajor Enterprise Funds	236,361	404,080	259,955	-	-	-	-	-	-	-
Total Business-type Activities	6,951,047	6,755,217	5,736,093	5,534,222	5,440,393	5,398,876	4,942,561	4,989,193	4,756,710	4,691,544
Total Expenses	\$ 36,926,520	\$ 37,445,939	\$ 35,041,933	\$ 32,150,319	\$ 30,709,974	\$ 33,183,521	\$ 33,206,842	\$ 30,956,542	\$ 29,776,170	\$ 34,060,843
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	252,282	262,789	241,765	241,434	243,220	1,640,879	1,620,302	192,663	110,889	123,290
Public Safety	2,166,381	2,474,315	2,177,110	1,906,784	1,846,772	1,508,641	2,333,240	1,096,310	1,123,061	720,394
Public Works	120,485	232,199	111,507	45,414	130,417	120,161	97,673	343,020	336,935	379,969
Health and Human Services	36,296	32,442	28,453	28,414	28,995	21,783	23,703	-	-	-
Leisure Activities	441,749	409,688	379,749	374,183	430,584	439,759	301,471	366,942	550,115	407,710
Conservation and Economic Development	199,475	631,904	363,097	499,054	193,813	208,504	381,932	22,363	19,176	25,250
Operating Grants and Contributions	2,710,128	1,785,109	2,432,652	2,440,921	2,770,483	2,946,476	2,942,587	2,446,856	2,828,235	4,923,528
Capital Grants and Contributions	945,985	1,694,137	620,068	595,666	786,066	908,544	520,543	220,005	482,209	1,030,077
Total Governmental Activities	\$ 6,872,781	\$ 7,522,583	\$ 6,354,401	\$ 6,131,870	\$ 6,430,350	\$ 7,794,747	\$ 8,221,451	\$ 4,688,159	\$ 5,450,620	\$ 7,610,218
Business-type Activities:										
Charges for Services										
Water	2,668,978	2,684,956	2,317,608	2,225,334	2,202,387	2,290,946	2,110,739	1,822,183	1,864,871	1,843,579
Sewer	2,486,160	2,343,986	2,162,934	2,022,849	1,966,351	1,885,048	1,678,783	1,576,970	1,607,782	1,591,228
Pleasant View Golf Course	2,591,046	2,430,426	2,105,814	1,860,169	1,832,607	1,881,715	1,743,935	1,799,560	1,860,503	1,839,315
Nonmajor Enterprise Funds	890,926	415,274	136,580	-	-	-	-	-	-	-
Capital Grants and Contributions	216,924	1,213,827	1,371,232	593,153	1,918,147	179,207	184,994	177,358	24,547	380,176
Total Business-type Activities	8,854,034	9,088,469	8,094,168	6,701,505	7,919,142	6,236,916	5,718,451	5,376,071	5,357,703	5,654,298
Total Program Revenues	\$ 15,726,815	\$ 16,611,052	\$ 14,448,569	\$ 12,833,375	\$ 14,349,842	\$ 14,031,663	\$ 13,939,902	\$ 10,064,230	\$ 10,808,323	\$ 13,264,516
Net (Expense) Revenue										
Governmental Activities	\$ (23,102,692)	\$ (23,168,139)	\$ (22,951,439)	\$ (20,484,227)	\$ (18,839,231)	\$ (19,989,898)	\$ (20,042,830)	\$ (21,279,190)	\$ (19,568,840)	\$ (21,759,081)
Business-type Activities	1,902,987	2,333,252	2,358,075	1,167,283	2,479,099	838,040	775,890	386,878	600,993	962,754
Total Net (Expense) Revenue	\$ (21,199,705)	\$ (20,834,887)	\$ (20,593,364)	\$ (19,316,944)	\$ (16,360,132)	\$ (19,151,858)	\$ (19,266,940)	\$ (20,892,312)	\$ (18,967,847)	\$ (20,796,327)

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

Table 2 (continued)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues										
Governmental Activities:										
Property Taxes	23,713,395	25,556,528	24,784,036	22,922,386	22,254,410	19,007,908	20,431,794	20,456,016	16,328,410	18,835,740
Other Taxes	1,702,805	1,699,681	1,715,156	1,530,158	1,427,906	1,543,914	1,446,332	1,307,476	874,231	1,074,251
Cable Television Franchise Fees	263,211	258,069	257,791	223,308	211,878	197,355	232,320	197,483	194,844	197,604
Intergovernmental - Unrestricted	1,471,975	1,160,158	1,602,903	821,534	733,100	592,244	836,548	1,180,841	919,207	841,811
Public Gifts and/or Grants	-	-	-	-	-	-	-	63,680	90,036	56,275
Unrestricted Investment Earnings	314,935	170,210	106,838	108,978	199,791	170,893	268,769	529,597	707,445	1,118,929
Gain (Loss) on Sale of Property	28,358	2,659,850	-	-	1,605	232,617	2,414,956	-	-	-
Miscellaneous	160,547	596,707	433,314	154,809	114,547	108,952	160,483	415,496	446,115	796,022
Transfers In (Out)	(132,848)	(1,904,073)	(2,274,762)	(750,083)	412,893	381,958	381,498	379,913	345,840	305,271
Total General Revenues and Transfers	27,522,378	30,197,130	26,625,276	25,011,090	25,356,130	22,235,841	26,172,700	24,530,502	19,906,128	23,225,903
Business-type Activities:										
Unrestricted Investment Earnings	46,359	11,387	12,521	23,708	45,363	51,352	54,509	160,741	204,844	263,227
Miscellaneous	-	-	-	-	-	-	-	-	-	5,000
Transfers In (Out)	132,848	1,904,073	2,274,762	750,083	(412,893)	(381,958)	(381,498)	(379,913)	(345,840)	(305,271)
Total Business-type Activities	179,207	1,915,460	2,287,283	773,791	(367,530)	(330,606)	(326,989)	(219,172)	(140,996)	(37,044)
Total Primary Government	\$ 27,701,585	\$ 32,112,590	\$ 28,912,559	\$ 25,784,881	\$ 24,988,600	\$ 21,905,235	\$ 25,845,711	\$ 24,311,330	\$ 19,765,132	\$ 23,188,859
Change in Net Assets										
Governmental Activities	\$ 4,419,686	\$ 7,028,991	\$ 3,673,837	\$ 4,526,863	\$ 6,516,899	\$ 2,245,943	\$ 6,129,870	\$ 3,251,312	\$ 337,288	\$ 1,466,822
Business Activities	2,082,194	4,248,712	4,645,358	1,941,074	2,111,569	507,434	448,901	167,706	459,997	925,710
Total Change in Net Assets	\$ 6,501,880	\$ 11,277,703	\$ 8,319,195	\$ 6,467,937	\$ 8,628,468	\$ 2,753,377	\$ 6,578,771	\$ 3,419,018	\$ 797,285	\$ 2,392,532

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

Table 3

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 2,656,519	\$ 2,857,944	\$ 2,775,698	\$ 2,631,468	\$ 2,822,815	\$ 2,805,956	\$ 2,927,135	\$ 2,968,928	\$ 2,524,026	\$ 2,089,826
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,814,251	4,083,717	3,179,261	1,856,034	2,966,360	2,571,060	1,508,797	-	308,000	610,000
Unassigned	5,310,690	5,134,962	4,853,363	4,590,217	3,656,420	3,519,147	3,418,827	305,747	1,308,160	1,957,975
Total General Fund	<u>\$ 10,781,460</u>	<u>\$ 12,076,623</u>	<u>\$ 10,808,322</u>	<u>\$ 9,077,719</u>	<u>\$ 9,445,595</u>	<u>\$ 8,896,163</u>	<u>\$ 7,854,759</u>	<u>\$ 3,274,675</u>	<u>\$ 4,140,186</u>	<u>\$ 4,657,801</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,150	\$ 2,288,873	\$ -	\$ -	\$ 852,996
Restricted	18,374,458	15,751,251	11,080,164	12,928,560	14,556,430	14,045,654	4,243,638	1,643,978	1,734,969	7,395,002
Committed	66,714	45,395	169,109	132,997	145,283	-	-	-	-	-
Assigned	-	-	-	-	-	2,603,355	2,885,817	-	-	-
Unassigned	(798,818)	(8,002)	-	-	-	-	(2,246,580)	8,085,400	9,492,276	9,013,815
Total All Other Governmental Funds	<u>\$ 17,642,354</u>	<u>\$ 15,788,644</u>	<u>\$ 11,249,273</u>	<u>\$ 13,061,557</u>	<u>\$ 14,701,713</u>	<u>\$ 17,082,159</u>	<u>\$ 7,171,748</u>	<u>\$ 9,729,378</u>	<u>\$ 11,227,245</u>	<u>\$ 17,261,813</u>

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

Table 4

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Taxes	\$ 26,469,976	\$ 27,996,294	\$ 26,659,527	\$ 24,747,047	\$ 23,890,021	\$ 20,548,206	\$ 21,882,099	\$ 21,763,492	\$ 17,202,642	\$ 20,909,991
Intergovernmental	3,311,485	3,586,827	4,241,419	3,190,958	3,419,874	3,487,885	3,615,354	3,563,916	3,722,979	3,690,414
Licenses and Permits	1,092,585	2,052,304	1,362,251	1,299,213	1,066,160	982,890	1,305,047	613,757	566,070	638,737
Fines, Forfeitures, and Penalties	209,115	262,164	287,498	266,264	291,296	280,513	279,306	273,886	308,665	272,849
Public Charges for Services	2,225,733	2,845,384	1,951,717	1,799,282	1,868,315	1,604,915	1,601,193	1,588,929	1,837,245	1,526,424
Intergovernmental Charges for Services	1,860,547	1,946,971	1,825,802	1,933,130	1,919,130	1,537,130	1,528,130	350,600	368,470	307,010
Special Assessments	276,755	467,638	287,987	215,422	314,332	297,282	280,868	275,201	278,672	270,284
Contributions	97,104	92,877	72,150	79,764	29,495	-	-	-	-	-
Investment and Interest Income	322,838	241,516	188,670	194,508	299,403	299,131	397,102	524,520	620,119	1,298,658
Miscellaneous	118,786	262,799	197,807	331,851	524,005	297,370	609,521	377,756	579,063	934,101
Total Revenues	<u>35,984,924</u>	<u>39,754,774</u>	<u>37,074,828</u>	<u>34,057,439</u>	<u>33,622,031</u>	<u>29,335,322</u>	<u>31,498,620</u>	<u>29,332,057</u>	<u>25,483,925</u>	<u>29,848,468</u>
EXPENDITURES										
Current:										
General Government	4,773,175	4,891,814	4,687,066	4,749,043	5,596,888	4,374,997	4,075,997	2,830,370	2,507,617	2,276,316
Public Safety	9,142,015	8,462,228	8,235,296	8,014,769	8,291,149	7,725,228	7,787,629	7,210,788	7,289,601	6,284,033
Public Works	3,812,371	3,614,497	3,418,670	3,421,300	3,332,707	3,122,255	3,040,471	3,068,521	3,018,238	3,087,043
Health and Human Services	582,219	503,577	457,636	467,424	437,254	434,778	402,763	123,076	-	-
Leisure Activities	4,542,994	3,613,783	4,985,647	4,855,900	4,511,872	4,180,637	3,765,181	3,458,548	3,553,733	3,485,120
Conservation and Economic Development	3,548,191	5,141,006	4,766,299	752,453	790,671	2,292,530	2,446,175	1,212,377	1,109,694	2,008,303
Debt Service:										
Principal	5,953,611	5,680,000	13,850,000	5,280,000	11,975,000	11,253,304	7,978,615	17,986,937	11,349,563	16,681,154
Debt Issuance Costs	-	-	170,241	74,875	62,575	57,599	39,175	175,943	13,950	73,622
Interest and Fiscal Charges	1,429,245	1,378,669	1,457,238	1,408,082	1,455,297	1,648,260	1,905,763	2,272,564	2,483,154	2,605,665
Capital Outlay	<u>5,667,693</u>	<u>5,819,222</u>	<u>7,358,067</u>	<u>14,885,402</u>	<u>3,591,381</u>	<u>3,202,683</u>	<u>3,483,436</u>	<u>6,232,380</u>	<u>13,038,350</u>	<u>8,998,432</u>
Total Expenditures	<u>39,451,514</u>	<u>39,104,796</u>	<u>49,386,160</u>	<u>43,909,248</u>	<u>40,044,794</u>	<u>38,292,271</u>	<u>34,925,205</u>	<u>44,571,504</u>	<u>44,363,900</u>	<u>45,499,688</u>
Excess (Deficiency) of Revenues over Expenditures	(3,466,590)	649,978	(12,311,332)	(9,851,809)	(6,422,763)	(8,956,949)	(3,426,585)	(15,239,447)	(18,879,975)	(15,651,220)

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

Table 4 (continued)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
OTHER FINANCING SOURCES (USES)										
Transfers In	2,654,951	10,853,679	8,303,965	8,215,745	9,842,324	11,731,611	10,581,289	9,399,890	9,627,715	9,406,756
Transfer Out	(2,830,143) (1)	(10,503,575)	(7,840,895)	(8,965,828)	(9,429,431)	(11,319,587)	(10,199,791)	(9,019,977)	(9,281,875)	(9,101,485)
Long-Term Debt Issued	4,000,000	6,000,000	11,375,000	8,500,000	4,000,000	19,165,000	2,500,000	2,110,000	11,900,000	14,830,000
Discount on Debt Issued	-	-	-	-	-	(172,175)	-	-	(15,000)	(145,300)
Premium on Debt Issued	137,896	133,867	391,581	83,554	169,047	271,299	49,084	255,130	78,300	276,581
Refunding Bonds Issued	-	-	-	-	-	-	-	21,315,000	-	-
Proceeds from Sale of Capital Assets	62,433	2,683,656	-	306	9,809	232,617	2,518,459	127,398	18,652	7,591
Contribution from Other Municipalities	-	-	-	-	-	-	-	-	-	2,161,241
Refunding Payment to Escrow Agent	-	(4,009,933)	-	-	-	-	-	(11,311,372)	-	-
Total Other Financing Sources (Uses)	<u>4,025,137</u>	<u>5,157,694</u>	<u>12,229,651</u>	<u>7,833,777</u>	<u>4,591,749</u>	<u>19,908,765</u>	<u>5,449,041</u>	<u>12,876,069</u>	<u>12,327,792</u>	<u>17,435,384</u>
 Net Change in Fund Balances	 <u>\$ 558,547</u>	 <u>\$ 5,807,672</u>	 <u>\$ (81,681)</u>	 <u>\$ (2,018,032)</u>	 <u>\$ (1,831,014)</u>	 <u>\$ 10,951,816</u>	 <u>\$ 2,022,456</u>	 <u>\$ (2,363,378)</u>	 <u>\$ (6,552,183)</u>	 <u>\$ 1,784,164</u>
 Debt Services as a Percentage of Noncapital Expenditures	 21.85%	 21.21%	 36.83%	 23.30%	 37.01%	 36.93%	 31.56%	 53.30%	 44.20%	 53.04%

(1) The government began recording property tax revenues directly in the fund that benefits from them, rather than transferring the revenues out of the General Fund.

City of Middleton

Table 5

**Assessed Value and Estimated Actual Value of Taxable Property
For the fiscal years ended December 31, 2008 through 2017**

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Manufacturing Property	Other Real Estate Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2017	\$ 1,682,991,300	\$ 1,131,175,500	\$ 81,289,700	\$ 684,900	\$ 161,624,408	\$ 3,057,765,808	\$ 6.52	\$ 3,360,068,100	91.00%
2016	1,650,435,700	1,093,251,200	84,168,500	1,152,000	147,639,823	2,976,647,223	6.35	3,143,766,900	94.68%
2015	1,621,443,200	1,050,934,000	96,489,100	1,680,500	144,111,587	2,914,658,387	6.59	2,907,335,100	100.25%
2014	1,496,032,600	960,656,400	91,263,000	1,094,300	136,767,920	2,685,814,220	6.95	2,837,344,300	94.66%
2013	1,478,766,200	944,586,400	92,798,900	752,800	123,233,439	2,640,137,739	6.55	2,763,439,000	95.54%
2012	1,484,951,800	935,904,900	92,736,100	915,200	120,156,750	2,634,664,750	6.04	2,711,639,500	97.16%
2011	1,485,717,300	936,304,367	95,987,500	915,800	118,587,085	2,637,512,052	5.65	2,652,658,000	99.43%
2010	1,475,568,000	926,635,200	95,727,800	918,900	117,785,339	2,616,635,239	5.42	2,699,486,100	96.93%
2009	1,468,050,900	960,514,800	98,257,500	478,500	126,447,255	2,653,748,955	5.42	2,759,147,700	96.18%
2008	1,458,194,000	912,343,100	110,396,500	685,600	103,573,476	2,585,192,676	5.19	2,732,429,600	94.61%

Notes: (1) Source - Assessed Values for Non-Manufacturing Property: City Assessor
 (2) Source - Manufacturing Assessed Values and Taxable Equalized Value: Wisconsin Department of Revenue
 (3) Tax rates are expressed in rate per \$1,000 in assessed value

City of Middleton

Table 6

**Direct and Overlapping Property Tax Rates
For the fiscal years ended December 31, 2008 through 2017
(Per \$1,000 of Assessed Valuation)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Direct Rates:										
General Fund	4.80	4.62	6.59	6.96	6.55	6.04	5.65	5.42	5.42	5.19
Debt Service Fund	1.72	1.73	-	-	-	-	-	-	-	-
Total City Rate	6.52	6.35	6.59	6.96	6.55	6.04	5.65	5.42	5.42	5.19
Overlapping Rates										
State of Wisconsin	-	0.18	0.17	0.18	0.18	0.17	0.17	0.18	0.18	0.18
Dane County	3.45	3.30	3.14	3.29	3.26	3.09	2.89	2.80	2.64	2.50
Madison College	1.03	1.02	0.93	0.99	1.93	1.87	1.72	1.52	1.37	1.28
School Districts										
Middleton-Cross Plains	11.34	11.22	11.66	12.16	11.64	11.23	10.47	11.08	10.17	9.42
Waunakee Community	12.49	12.25	5.14	12.00	12.02	11.68	11.48	11.74	n/a	n/a
Less: State School Tax Credit	(1.83)	(1.67)	(1.65)	(1.52)	(1.51)	(1.47)	(1.45)	(1.43)	(1.39)	(1.39)
Totals by School District										
Middleton-Cross Plains	20.52	20.40	20.83	22.05	22.05	20.94	19.45	19.57	18.39	17.18
Waunakee Area	21.68	21.43	14.31	21.89	22.43	21.39	20.46	20.23	n/a	n/a

Notes:

- (1) Information presented in the year in which taxes were levied.
- (2) Overlapping rates are those of local, county, and state governments that apply to property owners within the City.
- (3) Not all overlapping rates apply to all property owners. The rates for school districts apply only to the portion of the City's property owners whose property is located within the geographic boundaries of the school district.
- (4) In 2015 and prior years the City levied funds for debt service in the general fund and made a transfer to the debt service fund.
- (5) The first year in which the City contained property located in the Waunakee Area School District was 2010.

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

Table 7

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AX Madison Greenway	\$ 115,593,800	1	3.780%			
PPD	47,714,563	2	1.560%			
Infrared LLC	38,597,700	3	1.262%			
Greenway Station SPE	35,432,000	4	1.159%			
Research Way LLC	33,514,300	5	1.096%			
Electronic Theatre Controls	26,936,400	6	0.881%	26,882,600.00	4	1.040%
Atrium Finance II	26,681,792	7	0.873%			
American Girl Brands	26,581,553	8	0.869%	22,119,300.00	8	0.856%
Fred-Ashbury Woods Limited	22,079,000	9	0.722%	24,702,900.00	6	0.956%
Deer Creek of Middleton LLC	18,658,000	10	0.610%			
Greenway Office Center				125,073,900.00	1	4.838%
Greenway Center LLC				57,395,500.00	2	2.220%
J Q Hammons				27,366,400.00	3	1.059%
Bruce Company				25,757,100.00	5	0.996%
Galina Land Company				22,549,500.00	7	0.872%
LeSilve				17,027,000.00	9	0.659%
Grosse				13,810,400.00	10	0.534%
TOTAL	\$ 391,789,108		12.813%	362,684,600.00		14.029%

Note: Source: City Assessor

City of Middleton
Property Tax Levies and Collections
For the fiscal years ended December 31, 2008 through 2017

Table 8

Levy Year	Budget Year	City Operating Tax Levy	Tax Increment Levy	Total City Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2018	\$ 17,017,467	\$ 10,038,872	\$ 27,056,339	n/a	n/a	n/a	n/a	n/a
2016	2017	16,592,200	7,933,858	24,526,058	24,496,720	99.9%	-	24,496,720	99.9%
2015	2016	16,386,140	9,574,449	25,960,589	25,858,416	99.6%	47,599.00	25,906,015	99.8%
2014	2015	16,002,815	9,032,662	25,035,476	24,984,854	99.8%	24,576.00	24,984,854	99.8%
2013	2014	15,046,561	8,032,782	23,079,343	23,048,115	99.9%	*	23,048,115	99.9%
2012	2013	13,581,439	8,611,683	22,193,122	22,172,045	99.9%	*	22,172,045	99.9%
2011	2012	13,403,494	5,525,247	18,928,741	18,868,406	99.7%	*	18,868,406	99.7%
2010	2011	12,020,000	8,336,483	20,356,484	20,311,674	99.8%	*	20,311,674	99.8%
2009	2010	12,082,158	8,360,806	20,442,964	20,414,836	99.9%	*	20,414,836	99.9%
2008	2009	12,269,908	4,079,004	16,348,912	16,327,312	99.9%	*	16,327,312	99.9%

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

* Records not readily available

City of Middleton

Table 9

Ratios of Outstanding Debt by Type

For the fiscal years ended December 31, 2008 through 2017

Year	Governmental Activities	Business-type Activities			Total Primary Government	Percentage of Adjusted Gross Income	Per Capita
	General Obligation Bond/Notes	Water Utility Bond/Notes	Sewer Utility Bond/Notes	Golf Course Bonds/Notes			
2017	\$ 45,376,389	-	-	1,400,000	46,776,389	n/a	2,321.29
2016	47,330,000	-	-	1,700,000	49,030,000	3.85%	2,538.18
2015	50,730,000	-	-	2,645,000	53,375,000	4.69%	2,837.59
2014	53,205,000	-	-	3,470,000	56,675,000	5.32%	3,093.11
2013	49,985,000	-	-	5,405,000	55,390,000	5.33%	3,052.46
2012	57,960,000	-	-	6,000,000	63,960,000	6.62%	3,572.59
2011	49,038,304	255,000	135,000	6,495,000	55,923,304	6.16%	3,185.61
2010	53,551,919	495,000	260,000	7,055,000	61,361,919	8.00%	3,518.06
2009	37,193,856	725,000	380,000	7,575,000	45,873,856	6.52%	2,695.29
2008	45,758,419	940,000	555,000	9,745,000	56,998,419	7.14%	3,360.76

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

City of Middleton

Table 10

Ratios Of Net General Bonded Debt Outstanding

For the fiscal years ended December 31, 2008 through 2017

<u>Year</u>	<u>General Obligation Bonds (2)</u>	<u>Other General Obligation Debt (2)</u>	<u>Total General Obligation Debt (2)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>General Obligation Debt Per Capital (4)</u>
2017	\$ 28,590,000	18,186,389	46,776,389	1.53%	2,321.29
2016	25,050,000	23,980,000	49,030,000	1.65%	2,538.18
2015	28,130,000	25,245,000	53,375,000	1.83%	2,837.59
2014	31,230,000	25,445,000	56,675,000	2.11%	3,093.11
2013	34,000,000	21,390,000	55,390,000	2.10%	3,052.46
2012	36,595,000	27,365,000	63,960,000	2.43%	3,572.59
2011	29,810,000	26,113,304	55,923,304	2.12%	3,185.61
2010	33,165,000	28,196,919	61,361,919	2.35%	3,518.06
2009	13,540,000	32,333,856	45,873,856	1.73%	2,695.29
2008	14,085,000	42,913,419	56,998,419	2.20%	3,360.76

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

City of Middleton

Direct and Overlapping Governmental Activities Debt As of December 31, 2017

Table 11

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable To City</u>	<u>Estimated Share of Overlapping Debt</u>
City of Middleton	\$ 46,776,389	100.00%	\$ 46,776,389
Dane County	354,740,000	5.53%	19,617,122
School Districts:			
Middleton Area	74,785,000	42.96%	32,129,303
Waunakee Community	81,850,000	3.02%	2,473,131
Madison Area			
Technical College	<u>188,044,417</u>	3.60%	<u>6,771,718</u>
Subtotal Overlapping	<u>699,419,417</u>		<u>60,991,274</u>
Total Direct and Overlapping Debt	<u>\$ 746,195,806</u>		<u>\$ 107,767,663</u>

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

City of Middleton
Legal Debt Margin Information
For the fiscal years ended December 31, 2008 through 2017

Table 12

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation	\$ 3,360,068,100
Legal debt limit (5% of equalized valuation)	168,003,405
Less: Long-term debt	<u>46,776,389</u>
Legal debt margin	<u>\$ 121,227,016</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	168,003,405	157,188,345	145,366,755	141,867,215	138,171,950	135,581,975	132,632,900	134,974,305	137,957,385	136,621,480
Total net debt applicable to limit	46,776,389	49,030,000	53,375,000	56,675,000	55,390,000	63,960,000	55,923,304	61,361,919	45,873,856	56,998,419
Legal Debt Margin	121,227,016	108,158,345	91,991,755	85,192,215	82,781,950	71,621,975	76,709,596	73,612,386	92,083,529	79,623,061
Total net debt applicable to limit as a percentage of debt limit	27.84%	31.19%	36.72%	39.95%	40.09%	47.17%	42.16%	45.46%	33.25%	41.72%

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

City of Middleton

Table 13

Demographic and Economic Statistics

For the fiscal years ended December 31, 2008 through 2017

Year	Population (1)	Adjusted Gross Income (2)	Per Capital Adjusted Gross Income			Unemployment Rates (3)	
			City of Middleton	Dane County	State of Wisconsin	Dane County	State of Wisconsin
2017	20,151	n/a	n/a	n/a	n/a	2.4%	3.3%
2016	19,317	\$ 1,272,689,634	\$ 65,884	\$ 37,523	\$ 29,711	2.9	4.1
2015	18,810	1,138,112,299	60,506	36,614	29,145	3.2	4.6
2014	18,323	1,064,677,170	58,106	34,798	27,671	3.7	5.4
2013	18,146	1,039,145,850	57,266	33,922	26,963	4.7	6.7
2012	17,903	966,812,380	54,003	32,092	26,271	4.9	7.0
2011	17,555	908,000,370	51,723	30,295	24,942	5.3	7.8
2010	17,442	766,606,700	43,952	29,506	24,218	5.9	8.7
2009	17,020	703,726,658	41,347	28,460	23,211	5.8	8.6
2008	16,960	797,787,081	47,039	29,876	24,329	3.4	4.9

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

City of Middleton
Principal Employers
Current Year and Nine Years Ago

Table 14

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Number of Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment (2)</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (3)</u>
PPD (Bio-Pharmaceutical)	1350	1	7.5%	400	5	2.3%
Middleton Cross Plains Area School District	1122	(4) 2	6.2%	795	2	4.6%
Electronic Theatre Controls	830	(5) 3	4.6%	450	3	2.6%
Spectrum Brands	670	(6) 4	3.7%			
UW Medical Foundation	650	5	3.6%			
Springs Window Fashions	550	6	3.0%	800	1	4.6%
American Girl	527	(7) 7	2.9%	754	3	4.3%
North Central Group	443	(8) 8	2.5%			
Telephone and Data Systems, Inc. (TDS)	364	(9) 9	2.0%	350	6	2.0%
Veterans Health Administration	350	10	1.9%			
Bruce Company of Wisconsin				450	(10) 4	2.6%
Certgy, Inc.				300	7	1.7%
Capitol Indemnity Corp				200	8	1.1%
J.G. Hammons (Marriott)				200	9	1.1%
Power Electronic Systems				150	10	0.9%

- Notes:** (1) Source - In Business Greater Madison-September 2017
(2) Source - U.S. Census
(3) Source - Wisconsin Business Services and Manufacturers Directory 2008
(4) Includes 753 full-time and 369 part-time employees
(5) Includes 817 full-time and 13 part-time employees
(6) Includes 648 full-time and 22 part-time employees
(7) Includes 437 full-time and 90 part-time employees
(8) Includes 317 full-time and 126 part-time employees
(9) Includes 353 full-time and 11 part-time employees
(10) Includes seasonal employees

City of Middleton

Table 15

City Government Employees by Function/Program
For the fiscal years ended December 31, 2008 through 2017
(full-time equivalents)

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Municipal Court	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00
Information Technology	3.50	3.00	3.00	3.00	3.00	3.00	3.00	2.00	1.00	1.00
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
Finance/City Clerk	5.50	5.50	5.50	5.50	5.50	5.50	5.50	4.50	4.50	4.50
Public Safety:										
Police	48.25	48.00	45.50	45.50	46.50	46.50	47.00	47.00	41.00	41.00
Emergency Medical Services	16.00	16.00	14.00	14.00	14.50	15.50	14.00	14.00	7.00	7.00
Building Inspection	3.50	4.00	3.75	3.75	3.75	2.75	2.75	2.75	2.75	2.75
Community Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50
Public Works:										
Public Works	20.13	18.75	26.75	26.75	17.75	17.75	16.75	20.00	21.00	21.00
Health and Human Services:										
Senior Center	5.60	5.40	5.38	5.38	5.05	5.05	5.00	5.00	5.00	5.00
Leisure Activities:										
Recreation	17.75	17.50	17.55	17.55	12.75	12.75	12.75	12.75	12.75	12.75
Youth Center	1.30	1.30	1.00	1.00	1.00	1.00	1.00	-	-	-
Library	24.30	24.30	15.80	15.80	24.75	25.35	15.50	16.00	15.00	15.00
Conservation/Development:										
Planning	3.39	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Forestry	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Public Lands/Conservancy	9.95	9.35	9.35	9.35	9.00	9.00	7.00	7.00	7.00	6.00
Tourism	3.00	3.00	2.50	2.50	2.00	2.00	2.00	2.00	1.50	1.00
Water and Sewer Utilities	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00
Golf Course	17.00	17.00	17.00	17.00	17.50	17.00	7.00	7.00	7.00	6.00
Total Employment	<u>193.17</u>	<u>190.35</u>	<u>183.08</u>	<u>183.08</u>	<u>179.05</u>	<u>179.15</u>	<u>154.75</u>	<u>155.00</u>	<u>138.50</u>	<u>135.50</u>

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

City of Middleton

Operating Indicators by Function/Program

For the fiscal years ended December 31, 2008 through 2017

Table 16

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Real estate parcels	6,641	6,633	6,596	6,586	6,582	6,525	6,517	6,474	*	*
Personal property accounts	761	881	851	856	861	861	906	811	*	*
Dog licenses issued	592	601	608	568	495	484	*	516	517	487
Operator licenses Issued	341	286	262	317	250	316	252	331	290	327
Public Safety										
Calls for police service	21,335	22,184	20,998	17,038	18,803	18,281	19,229	19,237	20,406	19,195
Police reports processed	11,700	12,206	11,638	7,115	8,586	8,537	8,844	9,263	9,463	8,454
Criminal arrests processed	436	366	422	362	465	618	619	640	736	700
Citations processed	2,871	3,592	4,008	3,534	5,432	5,617	6,012	5,891	6,155	4,822
Warnings processed	4,190	4,468	3,821	936	1,162	1,234	1,878	2,022	1,872	1,771
911 calls received	3,342	3,085	3,296	3,028	3,207	3,049	3,343	3,048	2,378	*
EMS responses	1,816	1,776	1,680	1,673	1,618	1,612	1,594	1,458	1,404	1,415
Public Works										
City roadway miles maintained	73.2	72.3	72.1	71.1	70.8	70.8	68.5	68.3	68.1	68.9
Homes receiving refuse collection	5,020	4,985	4,935	4,858	4,795	4,711	4,626	4,587	4,543	*
Health and Human Services										
Senior center daily participants	188	191	192	183	195	165	134	175	173	142
Case management contacts	4,847	6,426	4,965	5,520	4,297	4,487	2,980	3,348	2,321	1,240
Meals on Wheels delivered	4,691	4,906	5,061	5,311	5,585	5,855	6,061	5,863	6,523	5,910
Dining center meals served	4,534	4,910	5,465	5,823	5,952	5,539	3,864	3,287	3,462	2,670
Public Lands/Recreation										
Aquatic center attendance	30,000	34,169	34,247	30,000	37,000	38,500	*	*	*	*
Summer recreation participation	1,208	1,070	1,078	1,120	1,086	1,173	*	*	*	*
Fall, Winter, Spring participation	598	140	322	549	569	568	*	*	*	*
Park facility rentals	469	399	326	515	390	389	445	429	439	*
Library										
Library items circulated	733,924	675,565	710,108	718,840	769,485	776,132	769,064	803,496	794,573	755,727
Library user visits	367,266	334,192	351,363	344,515	361,994	377,218	368,396	367,954	335,748	507,136
Registered borrowers	18,676	19,414	18,880	18,555	18,041	20,752	19,180	16,900	17,279	16,604
Library event participants	41,449	32,174	30,247	25,404	20,348	19,642	19,240	16,782	15,065	15,632
Water Utility										
Number of customers										
Gallons sold (millions)										
Sewer Utility										
Number of customers										

Notes: (1) Source - City department records

City of Middleton

Table 17

Capital Asset Statistics by Function/Program

For the fiscal years ended December 31, 2008 through 2017

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	21	21	21	22	22	22	22	*	*	*
EMS stations	1	1	1	1	1	1	1	1	1	1
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	73.2	72.3	72.1	71.1	70.8	70.8	68.5	68.3	68.1	68.9
Traffic signals	17	16	16	15	15	15	15	15	15	13
Public Lands										
Park acreage	516	516	499	499	499	*	*	*	*	*
Conservancy acreage	828	828	850	818	818	820	820	800	*	*
Miles of maintained trails	30.0	30.0	30.0	28.0	22.5	21.0	17.0	35.0	*	*
Water Utility										
Miles of water main	91.9	90.0	89.2	88.6	89.0	88.9	88.6	88.4	88.2	88.1
Number of pumping stations	8	8	8	8	8	8	8	8	7	7
Number of fire hydrants	990	990	985	967	956	927	925	923	920	918
Number of water meters	6,377	6,350	6,246	6,165	5,941	5,450	6,016	5,381	5,277	5,788
Sewer Utility										
Miles of sanitary sewer	81.5	81.5	80.9	81.0	78.0	78.0	78.0	77.4	77.4	77.0
Number of pumping stations	9	9	9	9	9	9	9	9	9	9

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