



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018



City of Middleton, Wisconsin

CITY OF MIDDLETON

Middleton, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

Prepared by:

Finance Department
William Burns, Finance Director

CITY OF MIDDLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter	i – iii
Directory of Officials	iv
Organization Chart	v
FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	vi – viii
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Management's Discussion and Analysis	ix – xxi
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 – 3
Fund Financial Statements	
Balance Sheet – Governmental Funds	4 – 5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	6 – 7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Funds	9 – 10
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12 – 13
Statement of Assets and Liabilities – Agency Funds	14
Notes to the Financial Statements	15 – 60

CITY OF MIDDLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS (cont.)

	<u>Page</u>
FINANCIAL SECTION (cont.)	
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	61
Schedule of Proportionate Share of the Net Pension (Asset) Liability – Wisconsin Retirement System	62
Schedule of Employer Contributions – Wisconsin Retirement System	62
Notes to Required Supplementary Information	63
<i>SUPPLEMENTARY INFORMATION</i>	
Detailed Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund	64 – 65
Detailed Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	66 – 67
Other Major Funds	
Schedules of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Budget and Actual	
Debt Service Fund – Major Fund	68
TIF District No. 3 – Capital Projects Fund (Major Fund)	69
TIF District No. 5 – Capital Projects Fund (Major Fund)	70
Combining Balance Sheet – Capital Projects Fund (Major Fund)	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Fund (Major Fund)	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund – (Major Fund)	73

CITY OF MIDDLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS (cont.)

	<u>Page</u>
FINANCIAL SECTION (cont.)	
SUPPLEMENTARY INFORMATION (cont.)	
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	74 – 75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	76 – 77
Schedules of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Budget and Actual (cont.)	
Special Revenue Funds	
Subdividers' Deposits	78
Lost and Damaged Books	79
Library Gift	80
Library Endowment	81
Library Fund	82
Safety Impact Fee and Other	83
Economic Development Grant	84
Tourism Commission	85
Police Activities	86
EMS Activities	87
Public Land Activities	88
Youth Center Activities	89
Senior Center Activities	90
Combining Statement of Net Position – Nonmajor Proprietary Funds	91
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds	92
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	93
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	94
Statement of Cash Flows – Component Unit	95

CITY OF MIDDLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS (cont.)

	<u>Page</u>
STATISTICAL SECTION	
Statistical Section – Table of Contents	
Financial Trends:	
Net Position by Component	96
Changes in Net Position	97 – 98
Fund Balances of Governmental Funds	99
Changes in Fund Balances of Governmental Funds	100 – 101
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	102
Direct and Overlapping Property Tax Rates	103
Principal Property Tax Payers	104
Property Tax Levies and Collections	105
Debt Capacity:	
Ratios of Outstanding Debt by Type	106
Ratios of Net General Bonded Debt Outstanding	107
Direct and Overlapping Governmental Activities Debt	108
Legal Debt Margin Information	109
Demographic and Economic Information:	
Demographic and Economic Statistics	110
Principal Employers	111
Operating Information:	
City Government Employees by Function/Program	112
Operating Indicators by Function/Program	113
Capital Asset Statistics by Function/Program	114



CITY OF MIDDLETON

CITY OF MIDDLETON
7426 HUBBARD AVENUE
MIDDLETON, WI 53562-3118

PH 608.821-8350
E-MAIL: bburns@ci.middleton.wi.us
WEB: www.CityofMiddleton.us

June 10, 2019

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 (City) for the year ended December 31, 2018 is hereby submitted. This report consists of management's representations concerning the finances of the City of Middleton. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurances that the financial statements are free of any material misstatements.

The City Council retained the accounting firm of Baker Tilly Virchow Krause, LLP to perform an audit of the City's financial statements. Baker Tilly Virchow Krause, 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, 2018. 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 20,472 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, recreation, library, and other cultural and general government services. Middleton's public lands department, as well as other city departments, manages over 1,400 acres of parks, conservancy areas and other permanent public open spaces representing in total approximately 25% of the City's total land area. In addition, the City operates a municipal airport, golf course, water, sewer, and storm water utilities. The city council exercises control over a Community Development Authority that is reported in the City's financial statements as a component unit. Fire protection is provided by the Middleton Fire District which is reported as a fiduciary fund in the City's financial statements.

The annual budget process serves as the basis for financial planning and control. Operating and capital budget requests are prepared by department heads and are submitted in August of each year. The initial review of the budget requests is conducted by the city administrator and finance department. The requests are then presented to mayor and finance committee by department heads along with recommendations from finance and administration. The finance committee approves a recommended budget for consideration by the council. A public hearing on the proposed budget is held prior to approval by the council, which typically occurs in mid to late November. The level of budgetary control is established at the 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 5.1% per year adding \$782 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 2.2% in 2018.

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 2018, TID #3 had a value increment of \$463 million making it the second 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. It had an incremental value of \$43 million in 2018. Several approved projects are planned to add over \$50 million of additional value in this TID over the next couple years.

Financial Planning

The City 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

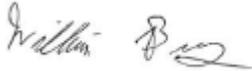
statements in several ways. For example, Middleton's fund balance policy sets a target for unassigned fund balance of two to four months of subsequent year general fund budgeted expenditures excluding transfers. (16.7% to 33.3%). In 2018 the City used \$356,367 of this balance to respond to flooding from a significant rain event in August of 2018. Even with this unanticipated use, the City was able to maintain an unassigned fund balance of 23.8% of the subsequent year's budgeted expenditures excluding transfers.

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 86% of the City's debt is scheduled to be paid within ten years. In addition, the City has only utilized 25% 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 Baker Tilly Virchow Krause, 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



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

City of Middleton, Wisconsin

7426 Hubbard Avenue
Middleton, Wisconsin 53562

ELECTED OFFICIALS

Gurdip Brar	Mayor
Kathy Olson	Aldersperson, District 1
Robert Burck	Aldersperson, District 2
JoAnna Richard	Aldersperson, District 3
Emily Kuhn	Aldersperson, District 4
Howard Teal	Aldersperson, District 5
Susan West	Aldersperson, District 6 (Council President)
Dan Ramsey	Aldersperson, District 7
Mark Sullivan	Aldersperson, District 8

ADMINISTRATION

Mike Davis	City Administrator
Bill Burns	Assistan Administrator/Finance Director
Matt Amundson	Director of Public Lands, Recreation & Forestry
Abby Attoun	Director of Community Development
Jeremy Calbaka	Golf Course General Manager
Todd Forman	Director of Information Technology
Charles Foulke	Chief of Police
Eileen Kelley	Director of Planning and Zoning
Tammy Derrickson	Senior Center Director
Bill Neitzel	Director of Building Inspection
Julie Peterman	Director of Tourism
Jocelyne Sansing	Library Director
Shawn Stauske	Public Works Director / City Engineer
Steve Wunsch	Chief of EMS
Aaron Harris	Fire Chief, Middleton Fire District

OFFICIALS ISSUING REPORT

Bill Burns	Assistant Administrator/Finance Director
Melissa Bohse	Assistant Finance Director/Human Resources Manager

Officials as of the report date of December 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Middleton
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, 2018, and the related notes to the financial statements, which collectively comprise the City of Middleton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Middleton's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Middleton'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, major fund, and the aggregate remaining fund information of the City of Middleton, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV. I. to the financial statements, net position as of December 31, 2017 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the City of Middleton as of December 31, 2017, prior to restatement, were audited by other auditors whose report dated June 15, 2018, expressed unmodified opinions on those statements.

As part of the audit of the December 31, 2018 financial statements, we also audited the adjustment described in Note IV. I. that was applied to restate the December 31, 2017 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2017 financial statements of the City of Middleton other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2017 financial statements as a whole.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middleton's basic financial statements. The "Introductory" and "Statistical" sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

Baker Tilly Veitchau Krause, LLP

Madison, Wisconsin
June 10, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Middleton's (City) annual financial statements provides the reader with management's narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, and (4) identify any changes in the City's financial plan (approved budget). The financial discussion and analysis presented in the section is intended to be used in conjunction with the accompanying financial statements.

Financial Highlights

- ◆ The assets and deferred outflows of the City of Middleton exceeded its liabilities and deferred inflows by \$134,058,426 (net position) as of December 31, 2018. Of this amount, \$115,539,800 represents the City's net investment in capital assets and \$20,263,926 is restricted for various purposes. The City's unrestricted net position has a deficit of \$1,745,300.
- ◆ At the end of 2018, the City's governmental activities reported a negative balance in unrestricted net position of \$6,912,812. This is due in part to expenditures for project costs in Tax Increment Financing Districts (TIDs) #3 and #5. These costs include significant non-capitalized redevelopment expenditures, which will be recovered through future tax increments.
- ◆ During 2018, the City incurred unanticipated expenses of \$356,367 for flood recovery and response following a significant rain event with nearly 12 inches of rain in a 16 hour period.
- ◆ At the end of the current fiscal year, the general fund had \$4,834,398 of unassigned fund balance which is equal to 23.8% of the subsequent year's budgeted general fund expenditures excluding transfers.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Middleton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant (major) funds rather than the City as a whole. Major funds are separately reported while other funds are combined into a single, aggregated presentation. Individual fund data for 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 2018, 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 Districts #3 and #5 funds, and Capital Projects Fund, which are considered to be major funds. Data from the other thirteen 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 Required Supplementary Information section for the General Fund. Budgetary comparison statements and schedules for other funds are included in the Supplementary Information section.

Proprietary funds

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

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

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

Fiduciary Funds

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

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with 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.

Government-wide Financial Analysis

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

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole. At the close of 2018, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$134,058,426.

General capital assets (e.g. land, construction in progress, land improvements, buildings, machinery, infrastructure, and equipment) for governmental activities of the City (less any outstanding debt to acquire those assets) equals \$67,484,502 or 83.7% of governmental net position. Including governmental and business-type activities, \$115,539,800 or 86.2% of total net position is represented by capital assets. The dollar values of net investment in capital assets increased due to several large capital projects occurring in 2018 (see further discussion below). The percentage of governmental activities net position represented by capital assets increased from 79.8% to 83.7% from 2017 to 2018. For business-type activities there was an increase from 89.3% to 90.0%

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position (\$20,263,626 or 15.1%) represents resources that are subject to external restrictions in how they may be used. This portion increased from the prior year due to the continued accumulation of resources in the City's TID activities to fund future project plan payments.

The City as a whole had a negative unrestricted net position of \$1,745,300 at the close of 2018. Included in this total is a negative unrestricted net position for governmental activities of \$6,912,812. The primary reason for the negative net position is the issuance of debt to finance non-capitalized improvements and development incentives in the City's TIDs that will be repaid through future tax increment collections. Business-type activities had a positive unrestricted net position of \$5,167,512 at the close of 2018.

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

NET POSITION
For the Years Ended December 31, 2018 and 2017
(amounts expressed in thousands)

	Governmental		Business Type		Total Primary	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 59,602	\$ 60,985	\$ 6,736	\$ 6,751	\$ 66,339	\$ 67,736
Capital assets	100,842	94,451	48,055	48,831	148,897	143,282
Total assets	<u>160,444</u>	<u>155,436</u>	<u>54,792</u>	<u>55,582</u>	<u>215,236</u>	<u>211,019</u>
Deferred outflows of resources	<u>4,296</u>	<u>4,840</u>	<u>388</u>	<u>429</u>	<u>4,683</u>	<u>5,269</u>
Current and other liabilities	2,848	5,179	834	802	3,682	5,981
Non-current liabilities	<u>49,639</u>	<u>52,180</u>	<u>534</u>	<u>1,937</u>	<u>50,173</u>	<u>54,118</u>
Total liabilities	<u>52,487</u>	<u>57,360</u>	<u>1,368</u>	<u>2,739</u>	<u>53,855</u>	<u>60,099</u>
Deferred inflows of resources	<u>31,611</u>	<u>28,954</u>	<u>394</u>	<u>169</u>	<u>32,006</u>	<u>29,124</u>
Net position:						
Net investment in capital assets	67,485	59,009	48,055	47,431	115,540	106,440
Restricted	20,070	18,006	194	-	20,264	18,006
Unrestricted	<u>(6,913)</u>	<u>(3,053)</u>	<u>5,168</u>	<u>5,672</u>	<u>(1,745)</u>	<u>2,619</u>
Total net position	<u>\$80,642</u>	<u>\$ 73,963</u>	<u>\$ 53,417</u>	<u>\$ 53,103</u>	<u>\$134,058</u>	<u>\$127,065</u>

Changes in Net Position

Net position of the City of Middleton increased by \$7,562,446 (6.0%) in 2018. Of this increase, 88.3% was from governmental activities and 11.7% was from business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$6,679,080. This increase was primarily a result of additional property tax collections for the City's TIDs, an increase in capital grants & contributions, and additional investment income.

Business-Type Activities

Business-type activities increased the City's net position by \$883,366. This increase is primarily due to revenues from charges for services in excess of expenses. While charges for services declined by \$404,502 (4.7%) from 2017 to 2018 they were still sufficient to result in a positive variance in net position.

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

CHANGE IN NET POSITION
For the Years Ended December 31, 2018 and 2017
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$3,659	\$3,217	\$8,233	\$8,637	\$11,892	\$11,854
Operating grants	1,201	2,710	-	-	1,201	2,710
Capital grants/ contributions	2,004	946	135	217	2,139	1,163
General Revenues:						
General Property Taxes	17,017	16,637	-	-	17,017	16,637
Property Taxes, TIF	10,066	7,076	-	-	10,066	7,076
Room taxes	2,177	1,959	-	-	2,177	1,959
Other taxes	5	7	-	-	5	7
Intergovernmental	1,135	1,472	-	-	1,135	1,472
Investments	657	315	97	46	753	361
Gain on sale of property	169	28	-	-	169	28
Miscellaneous	75	161	133	-	208	161
Total revenues	<u>38,165</u>	<u>34,528</u>	<u>8,598</u>	<u>8,900</u>	<u>46,763</u>	<u>43,428</u>
Expenses:						
General government	2,781	3,440	-	-	2,781	3,440
Public safety	9,305	10,046	-	-	9,305	10,046
Public works	5,101	5,339	-	-	5,101	5,339
Human services	531	605	-	-	531	605
Leisure activities	3,495	5,658	-	-	3,495	5,658
Conservation/devel.	9,653	3,594	-	-	9,653	3,594
Interest on LT debt	1,081	1,294	-	-	1,081	1,294
Water utility	-	-	1,923	1,894	1,923	1,894
Sewer utility	-	-	2,835	2,795	2,835	2,795
Golf Course	-	-	2,084	2,026	2,084	2,026
Nonmajor enterprise funds	-	-	413	236	413	236
Total expenses	<u>31,946</u>	<u>29,975</u>	<u>7,254</u>	<u>6,951</u>	<u>39,201</u>	<u>36,927</u>
Increase (decrease) in net position before transfers	6,219	4,553	1,344	1,949	7,562	6,502
Net Transfers	460	(133)	(460)	133	-	-
Change in net position	<u>6,679</u>	<u>4,420</u>	<u>883</u>	<u>2,082</u>	<u>7,562</u>	<u>6,502</u>
Net position-beginning - as restated	<u>73,963</u>	<u>69,543</u>	<u>52,533</u>	<u>50,451</u>	<u>126,496</u>	<u>119,994</u>
Net position-ending	<u>\$80,642</u>	<u>\$73,963</u>	<u>\$53,417</u>	<u>\$52,533</u>	<u>\$134,058</u>	<u>\$126,496</u>

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, 2018, the City's governmental funds had a combined ending fund balance of \$27,159,153. Of this balance, \$2,927,799 is non-spendable and \$20,496,724 is restricted. The remaining balance of \$3,734,630 includes \$2,780,632 assigned for specific purposes and \$953,998 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, 2018 is \$10,542,829 of which \$2,927,799 was non-spendable, \$2,780,632 was assigned, and \$4,834,398 was unassigned. The General Fund assigned fund balance consisted of the following items as of December 31, 2018:

The General Fund had a decrease in fund balance of \$238,631. This is due to the planned use of assigned fund balance for transfers of \$350,000 to the capital projects fund for vehicle replacements and \$384,000 for ambulance replacement. Without these transfers, the general fund would have had a net surplus of \$495,369 in 2018.

Debt Service Fund

Debt Service fund balance as of December 31, 2018 totaled \$68,378, an increase of \$24,763. The City levied \$4,491,953 in property taxes for debt service in 2018. Principal and interest payments totaled \$4,761,585. The debt service fund also recognized \$142,164 for the issuance premium on the 2018 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 TIDs were reported in the individual funds rather than the debt service fund.

TIF District No. 3

The fund balance for the TID #3 Fund increased from \$10,520,814 to \$12,205,377 in 2018. Revenues were \$10,100,272 including \$9,225,021 in tax increment collections. Expenditures in 2018 included \$1,646,131 for administration and professionals services, \$2,580,486 for economic development incentive payments, and \$2,090,773 for capital outlay. There were also debt service payments totaling \$2,098,319 in 2018.

TIF District No. 5

The fund balance for the TID #5 Fund decreased from a deficit of \$794,423 to a deficit of \$3,878,687 in 2018. One of the primary factors contributing to this reduction is the purchase of two properties on Parmenter Street for a cost of \$2,630,000 for potential future redevelopment. TID #3 advanced an additional \$2,630,000 to TID #5 in 2018 to finance this purchase. TID #5 revenues were \$1,110,919 including \$841,145 in tax increment collections. Expenditures in 2018 included \$1,596,200 for administration and

economic development and \$3,524,505 for capital outlay. There were also debt service payments totaling \$574,478 in 2018.

Capital Projects Funds

The total fund balance for the City's Capital Projects Fund was \$1,508,619 as of December 31, 2018. Capital improvement projects expenditures for 2018 totaled \$3,832,062. Major expenditures for the year included the following projects:

• N. High Point Rd. & Foxridge Mill & Overlay Project	\$820,958
• Public Works Equipment Replacement	\$662,300
• Park Street & N. Gammon Rd. Projects	\$509,228
• Cedar Ridge Mill & Overlay Project	\$283,346
• Emerald Ash Borer Tree Removal	\$213,788
• Public Lands Equipment Replacements	\$201,056
• Street Maintenance (Surface Treatments)	\$155,157
• Police Squad Car Replacements	\$113,588
• Police Camera Replacements	\$108,328

Proprietary Funds

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

General Fund Budgetary Highlights

The 2018 adopted General Fund budget included revenues of \$19,987,792, other financing sources of \$525,000, and a planned use of assigned fund balance and surplus of \$990,650 for a total of \$21,503,442. Budgeted expenditures were \$20,209,300 with \$1,294,142 of other financing uses for a total of \$21,503,442.

Actual revenues were \$20,649,920 resulting in a favorable variance of \$662,128 to budgeted revenues. There was an additional positive variance of \$894,221 from expenditures with an actual amount of \$19,315,079. The actual net total of other financing sources and uses was a negative \$1,573,472 resulting in a negative variance of \$804,330. The combined variances of actuals to budget were a positive \$752,019. While the adopted budget included the planned use of \$990,650 of fund balance, the actual result was a reduction in fund balance of \$238,631.

The overall result of the general fund was a loss of \$238,631. Some of the significant variances in the General Fund were as follows:

Revenues

- ◆ Taxes were \$30,110 under budget primarily due to lower than anticipated room tax collections. The City increased the room tax rate from 7% to 8% in 2018. While room tax revenues increased by \$95,494 over the prior year, the City had budgeted for a larger growth in taxable sales.
- ◆ Licenses and permits were \$108,439 over budget primarily due to increased building permit and erosion control permit fees. The City continued to experience significant new construction growth in 2018 resulting in the additional permitting revenue.

- ◆ Public charges for services were \$160,335 higher than budget largely due to higher recreation program participation for the Aquatic Center, Hubbard Activity Center, and summer programs. Ambulance service fees were also \$48,183 higher than budgeted due to both an increase in fee levels and growth in call volume in 2018.
- ◆ Interdepartmental charges were \$15,555 above budget due to a reimbursement from Madison Metro for excess funds collected related to the bus transportation system.
- ◆ Special assessments revenue was \$16,151 below budget due to the planned 2018 sidewalk project not being completed. The City was unable to find a contractor to complete this work in 2018.
- ◆ Investment income was \$327,278 higher than budget. There was a significant increase in short-term interest rates in 2018 with the average yield on the City's portfolio increasing from 1.25% at the end of 2017 to 2.16% by December 2018.
- ◆ Miscellaneous revenues were \$95,825 above budget. Several items contributed to this variance including additional credit card rebate payments, material sales, reimbursements, and insurance settlements.
- ◆ Transfer In from other funds was \$70,330 under budget due to a lower than anticipated Payment in Lieu of Taxes (PILOT) calculation for the City's water utility as a result of a reduction in tax rates.

Expenditures

- ◆ General Government expenditures were \$657,365 under budget. The City's general and emergency contingencies were budgeted in this area for a total of \$661,000. Following a significant rain event in August 2018, the City Council authorized the use of these contingency funds for flood response and recovery. The City incurred \$356,367 in flood related expenditures in 2018. However, most of these costs are reported as public works and leisure activities expenditures rather than under general government.
- ◆ Expenditures for Public Safety were \$289,947 lower than budgeted. The capital contribution for the Middleton Fire District was budgeted at \$190,650. However, there were no capital expenditures for the Fire District in 2018 and this amount was added to assigned fund balance for future Fire District capital equipment. There were also savings from vacancies in the Police Department that contributed to savings of \$98,340.
- ◆ Public Works expenditures were \$96,311 under budget due to the planned 2018 sidewalk project not being completed. Budgeted funds for this project in the amount of \$107,500 were carried over to 2019 and are included in assigned fund balance at the end of 2018.
- ◆ Expenditures for Health and Human Services (Senior Center) were over budget by \$43,258. Of this amount, \$17,830 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 \$140,907 over budget. This is due to flood response and recovery costs of \$212,673. These costs were funded by contingency funds that were budgeted under General Government expenditures.
- ◆ Expenditures for Conservation and Development were \$34,763 lower than budgeted due primarily to savings from position vacancies.
- ◆ Transfers Out to Other Funds were over budget by \$734,000. This is due to the planned use of assigned fund balance to transfer \$384,000 to the Capital Projects Fund for ambulance replacement and \$350,000 to the Capital Project Fund for the City's vehicle and equipment replacement plan.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had invested \$148,897,144 in capital assets net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment and furniture, infrastructure, and construction in progress.

CITY OF MIDDLETON CAPITAL ASSETS (Net of Accumulated Depreciation) (amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land & Right-of-Way	\$ 30,915	\$ 26,192	\$ 5,247	\$ 5,247	\$36,162	\$ 31,439
Buildings & improvements	25,222	26,225	10,624	10,538	35,846	36,764
Equipment & furnishings	3,600	2,904	455	434	4,055	3,337
Streets	26,235	25,425	-	-	26,235	25,425
Storm Sewers	6,284	6,476	-	-	6,284	6,476
Traffic Signals	878	953	-	-	878	953
Sidewalks	3,113	2,848	-	-	3,113	2,848
Bridges	2,652	2,736	-	-	2,652	2,736
Fiber Optic	92	93	-	-	92	93
Rail Spur	267	283	-	-	267	283
Water Utility	-	-	20,405	20,348	20,405	20,348
Sewer Utility	-	-	11,279	11,468	11,279	11,468
Infrastructure	39,521	38,815	31,684	31,816	71,205	70,631
Construction in Progress	1,584	316	46	226	1,630	542
Total capital assets	\$100,842	\$ 94,451	\$48,055	\$ 48,261	\$148,897	\$142,713

Governmental Activities

Total capital assets net of depreciation from governmental activities increased by \$6,390,388 in 2018. Major capital assets events during the current fiscal year included to following:

- ◆ \$2,613,680 for the purchase of property on Parmenter Street for potential redevelopment in TID #5.
- ◆ \$1,608,874 for street infrastructure additions for projects on N. High Point Road, Park Street, Westchester, and the Cedar Ridge neighborhood.
- ◆ \$1,514,640 for various machinery and equipment additions including the purchase of two new patrol trucks.
- ◆ \$1,195,971 for the purchase of property in the downtown for development of a public plaza in TID #3.

- ◆ \$746,089 for construction in progress for work on the development of Taylor Park phase three improvements and park shelter building.
- ◆ \$479,834 for the purchase of property along Century Avenue in TID #5 for a future trailhead for the Pheasant Branch Conservancy.
- ◆ \$433,450 for the purchase of right-of-way at the intersection of University Avenue and Parmenter Street in order to allow of the addition of turn lanes during the reconstruction of the intersection.
- ◆ \$363,322 for sidewalk & path infrastructure for Lakeview Park and City trail system additions.

Business-Type Activities

Total capital assets net of depreciation from business-type activities increased by \$57,015 for water and \$137,782 for the Pleasant View Golf Course. Total net capital assets decreased by \$188,859 for sewer and \$212,052 for non-major funds. Major capital asset events during the current fiscal year included to following:

- ◆ \$729,701 in water utility asset additions for items including improvements to the Quarry Reservoir, two new pick-up trucks, new meters, hydrants, and transmission mains.
- ◆ \$145,247 in sewer utility asset additions for collection mains and the utility’s share of a pick-up truck.
- ◆ \$515,932 in asset additions for the Pleasant View Golf Course including \$326,179 for pump house and irrigation system improvements as well as club house renovations, cart path improvements, fencing, signage, and new capital equipment.
- ◆ \$15,752 in non-major funds for construction in progress of the Pheasant Branch Creek stabilization project in the storm water utility.

Additional information on the City of Middleton’s capital assets can be found in Note IV. D.

Long-Term Debt

At the end of the current fiscal year, the City of Middleton had total bonded debt outstanding of \$44,314,426 which is all backed by the full faith and credit of the city.

**CITY OF MIDDLETON OUTSTANDING DEBT
For the Years Ended December 31, 2018 and 2017
(amounts expressed in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds and notes	\$44,314	\$45,376	\$ -	\$1,400	\$44,314	\$46,776
Revenue bonds	-	-	-	-	-	-
Total outstanding debt	<u>\$44,314</u>	<u>\$45,376</u>	<u>\$ -</u>	<u>\$1,400</u>	<u>\$44,314</u>	<u>\$46,776</u>

State Statutes limit the amount of general obligation debt a government entity may issue to five percent of its total equalized valuation. The debt limit for the City of Middleton as of December 31, 2018 is \$177,278,560 of which the City has utilized 25.0% for its current outstanding general obligation debt.

The City of Middleton's total outstanding debt decreased by \$2,461,963 (5.3%) during the current fiscal year. The City issued \$5,000,000 of new general obligation debt and made principal payments totaling \$7,461,963 in 2018. See Note IV. F. 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 capital. Over the past ten years, the City has experienced significant growth in its population and total equalized value. The City maintains two active TIDs, several office and business parks, retail shopping areas, and seven hotels with nearly 1,000 hotel rooms.

Key Economic Factors

- ◆ The City's equalized property valuation has increased from \$2.8 billion to \$3.5 billion over the past ten years, an increase of 28.5%. 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 17,020 to 20,472 between 2009 and 2018, an increase of 20.3%
- ◆ Unemployment remains very low in Dane County at 2.2% in 2018, below the State of Wisconsin rate of 3.0% and the national rate of 3.9%.
- ◆ Per capita adjusted gross income in the City of Middleton was \$59,577 in 2017. That is an increase of \$18,229 (44.1%) since 2009.
- ◆ The City maintains a Aa1 bond rating from Moody's Investors Service, based in part on the strong economic climate of the City.

August 2018 Flooding

On August 20-21, 2018 the City of Middleton experienced a 1,000-year storm event with nearly 12 inches of rain in a 16 hour period. The high volume of rainfall in a condensed period caused significant flooding in the Middleton business park and in the Pheasant Branch Creek corridor which runs through the center of the city. The damages in the City of Middleton were included in a federal major disaster declaration made on October 18, 2018. This declaration allows for public and private sector assistance from the Federal Emergency Management Association (FEMA).

The City reported \$6.5 million in estimated public damages to FEMA. Federal and state assistance is available to cover 87.5% of approved project costs. At the end of 2018, no funds have been obligated for projects in the City of Middleton.

On April 2, 2019 City of Middleton voters approved a referendum allowing for a temporary increase in the City's storm water utility fees to pay for flood recovery projects. The additional fees are projected to generate an additional \$2.8 million in revenue over the next five years.

2019 Approved Budget

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 2019 fiscal year General Fund budget includes \$21,735,215 in projected revenues and other financing sources and \$21,735,215 in projected expenditures and other financing uses. Included in these amounts is the planned use of assigned fund balance and surplus funds

in the amount of \$802,150. The 2019 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 2019 budget, building permit revenue and interest income are conservatively budgeted below the 2018 levels. Continued state-imposed property tax levy limits and state budget pressures may constrain property taxes and intergovernmental sources in future years.

Expenditures for salaries, which represent the single largest operating cost, continue to be moderate given low inflation in the economy and active labor relations efforts. The 2019 budget includes a modest increase (2.0%) in wage adjustments. All eligible City employees are contributing toward the cost of the pension program through the Wisconsin Retirement System. Health care costs increased by 6.0% in the 2019 budget. Also included in the 2019 budget is funding for a new full-time police sergeant and additional funding for part-time recreation staff.

Request for Financial Information

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

CITY OF MIDDLETON

STATEMENT OF NET POSITION
As of December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and investments	\$ 22,986,070	\$ 7,350,436	\$ 30,336,506	\$ 635,441
Receivables (net)				
Taxes	27,826,783	-	27,826,783	-
Special assessments	7,336	2,009,059	2,016,395	-
Accounts	1,113,413	1,307,407	2,420,820	1,800
Loans	-	-	-	57,490
Accrued interest	38,120	-	38,120	-
Internal balances	4,425,526	(4,425,526)	-	-
Due from fire district	527,907	-	527,907	-
Prepaid items	458,464	-	458,464	-
Restricted Assets				
Net pension asset	2,218,742	193,794	2,412,536	-
Property held for future use	-	301,087	301,087	-
Capital Assets				
Land	10,944,889	5,246,905	16,191,794	154,000
Construction in progress	1,584,381	45,644	1,630,025	-
Right of way	19,970,094	-	19,970,094	-
Land improvements	8,877,825	2,181,751	11,059,576	-
Improvements other than buildings	-	7,516,517	7,516,517	-
Buildings and improvements	28,098,872	2,426,500	30,525,372	2,933,497
Machinery and equipment	8,397,902	1,224,615	9,622,517	-
Infrastructure	52,291,949	-	52,291,949	-
Plant in service	-	48,099,359	48,099,359	-
Less: Accumulated depreciation	(29,324,066)	(18,685,993)	(48,010,059)	(1,124,064)
Total Assets	<u>160,444,207</u>	<u>54,791,555</u>	<u>215,235,762</u>	<u>2,658,164</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	246,442	-	246,442	-
Pension related amounts	4,049,076	387,688	4,436,764	-
Total Deferred Outflows of Resources	<u>4,295,518</u>	<u>387,688</u>	<u>4,683,206</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,415,198	743,542	2,158,740	3,708
Other accrued liabilities	277,240	45,014	322,254	-
Accrued interest	334,933	-	334,933	-
Due to other governments	27,272	-	27,272	-
Deposits	793,658	-	793,658	-
Unearned revenue	-	45,370	45,370	-
Noncurrent Liabilities				
Due within one year	7,066,328	86,405	7,152,733	-
Due in more than one year	42,572,233	447,844	43,020,077	-
Total Liabilities	<u>52,486,862</u>	<u>1,368,175</u>	<u>53,855,037</u>	<u>3,708</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	27,220,371	-	27,220,371	-
Pension related amounts	4,390,670	394,464	4,785,134	-
Total Deferred Inflows of Resources	<u>31,611,041</u>	<u>394,464</u>	<u>32,005,505</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	67,484,502	48,055,298	115,539,800	1,963,433
Restricted for				
Community development	12,447,252	-	12,447,252	-
Library	464,438	-	464,438	-
Impact fees	2,705,919	-	2,705,919	-
Tourism	2,081,774	-	2,081,774	-
Senior center	152,007	-	152,007	-
Pension	2,218,742	193,794	2,412,536	-
Unrestricted (deficit)	(6,912,812)	5,167,512	(1,745,300)	691,023
TOTAL NET POSITION	<u>\$ 80,641,822</u>	<u>\$ 53,416,604</u>	<u>\$ 134,058,426</u>	<u>\$ 2,654,456</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General government	\$ 2,780,653	\$ 674,106	\$ -	\$ -
Public safety	9,305,380	2,014,061	124,627	2,440
Public works	5,100,582	214,838	57,856	1,120,641
Health and human services	531,435	46,444	82,723	-
Leisure activities	3,494,719	558,158	925,238	386,558
Conservation and economic development	9,652,513	151,652	10,219	368,802
Interest and fiscal charges	1,080,954	-	-	125,398
Total Governmental Activities	31,946,236	3,659,259	1,200,663	2,003,839
Business-type Activities				
Water utility	1,923,367	2,579,779	-	57,149
Sewer utility	2,834,608	2,646,621	-	78,291
Pleasant View golf course	2,083,603	2,602,147	-	-
Stormwater utility	252,133	282,125	-	-
Middleton utility district	4,813	-	-	-
Airport	155,768	121,936	-	-
Total Business-type Activities	7,254,292	8,232,608	-	135,440
Total Primary Government	\$ 39,200,528	\$ 11,891,867	\$ 1,200,663	\$ 2,139,279
Component Unit - Business-type Activities				
Community Development Authority	\$ 167,873	\$ -	\$ -	\$ -

General Revenues

Taxes

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for TIF purposes
- Room taxes
- Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on sale of capital assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning - as restated

NET POSITION - Ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	
\$ (2,106,547)	\$ -	\$ (2,106,547)	\$ -
(7,164,252)	-	(7,164,252)	-
(3,707,247)	-	(3,707,247)	-
(402,268)	-	(402,268)	-
(1,624,765)	-	(1,624,765)	-
(9,121,840)	-	(9,121,840)	-
(955,556)	-	(955,556)	-
<u>(25,082,475)</u>	<u>-</u>	<u>(25,082,475)</u>	<u>-</u>
-	713,561	713,561	-
-	(109,696)	(109,696)	-
-	518,544	518,544	-
-	29,992	29,992	-
-	(4,813)	(4,813)	-
-	(33,832)	(33,832)	-
-	<u>1,113,756</u>	<u>1,113,756</u>	-
<u>(25,082,475)</u>	<u>1,113,756</u>	<u>(23,968,719)</u>	-
-	-	-	<u>(167,873)</u>
12,525,513	-	12,525,513	-
4,491,953	-	4,491,953	-
10,066,166	-	10,066,166	-
2,177,106	-	2,177,106	-
5,317	-	5,317	-
1,134,969	-	1,134,969	-
656,575	96,675	753,250	8,585
168,676	-	168,676	-
74,796	133,419	208,215	21,922
<u>460,484</u>	<u>(460,484)</u>	<u>-</u>	<u>-</u>
<u>31,761,555</u>	<u>(230,390)</u>	<u>31,531,165</u>	<u>30,507</u>
6,679,080	883,366	7,562,446	(137,366)
<u>73,962,742</u>	<u>52,533,238</u>	<u>126,495,980</u>	<u>2,791,822</u>
<u>\$ 80,641,822</u>	<u>\$ 53,416,604</u>	<u>\$ 134,058,426</u>	<u>\$ 2,654,456</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>General</u>	<u>Debt Service</u>
ASSETS		
Cash and investments	\$ 7,299,510	\$ 72,178
Receivables (net)		
Taxes	12,995,581	4,682,218
Special assessments	7,336	-
Accrued interest	38,120	-
Other	718,504	-
Due from other funds	22,641	-
Due from fire district	527,907	-
Prepaid items	458,464	-
Advances to other funds	2,349,411	-
	<u>24,417,474</u>	<u>4,754,396</u>
TOTAL ASSETS	\$ 24,417,474	\$ 4,754,396
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 702,737	\$ 3,800
Other accrued liabilities	237,727	-
Deposits	-	-
Due to other governmental units	27,272	-
Due to other funds	68,175	-
Advances from other funds	-	-
Total Liabilities	<u>1,035,911</u>	<u>3,800</u>
Deferred Inflows of Resources		
Property tax levied for next period	12,808,075	4,682,218
Unavailable revenue	30,659	-
Total Deferred Inflows of Resources	<u>12,838,734</u>	<u>4,682,218</u>
Fund Balances		
Nonspendable:		
Noncurrent receivables	119,924	-
Advances	2,349,411	-
Prepaid items	458,464	-
Restricted	-	68,378
Assigned	2,780,632	-
Unassigned (deficit)	4,834,398	-
Total Fund Balances	<u>10,542,829</u>	<u>68,378</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 24,417,474	\$ 4,754,396

<u>Capital Projects Funds</u>				
<u>TIF District No. 3</u>	<u>TIF District No. 5</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,410,376	\$ 898,360	\$ 1,605,093	\$ 7,481,707	\$ 22,767,224
9,317,183	831,801	-	-	27,826,783
-	-	-	-	7,336
-	-	-	-	38,120
-	-	-	394,909	1,113,413
-	-	-	-	22,641
-	-	-	-	527,907
-	-	-	-	458,464
<u>6,823,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,172,700</u>
<u>\$ 21,550,848</u>	<u>\$ 1,730,161</u>	<u>\$ 1,605,093</u>	<u>\$ 7,876,616</u>	<u>\$ 61,934,588</u>
\$ 205,319	\$ 92,526	\$ 96,474	\$ 313,689	\$ 1,414,545
-	-	-	39,513	277,240
-	5,522	-	788,136	793,658
-	-	-	-	27,272
-	-	-	22,641	90,816
<u>-</u>	<u>4,678,999</u>	<u>-</u>	<u>-</u>	<u>4,678,999</u>
<u>205,319</u>	<u>4,777,047</u>	<u>96,474</u>	<u>1,163,979</u>	<u>7,282,530</u>
8,898,277	831,801	-	-	27,220,371
241,875	-	-	-	272,534
<u>9,140,152</u>	<u>831,801</u>	<u>-</u>	<u>-</u>	<u>27,492,905</u>
-	-	-	-	119,924
-	-	-	-	2,349,411
-	-	-	-	458,464
12,205,377	-	1,508,619	6,714,350	20,496,724
-	-	-	-	2,780,632
<u>-</u>	<u>(3,878,687)</u>	<u>-</u>	<u>(1,713)</u>	<u>953,998</u>
<u>12,205,377</u>	<u>(3,878,687)</u>	<u>1,508,619</u>	<u>6,712,637</u>	<u>27,159,153</u>
<u>\$ 21,550,848</u>	<u>\$ 1,730,161</u>	<u>\$ 1,605,093</u>	<u>\$ 7,876,616</u>	

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.	100,841,846
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.	272,534
Internal service funds are reported in the statement of net position as governmental funds.	218,193
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	(49,727,052)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	2,218,742
Deferred outflows of resources relate to pensions do not relate to current financial resources and are not reported in the governmental funds.	4,049,076
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	<u>(4,390,670)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 80,641,822</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General	Debt Service	Capital Projects TIF District No. 3
REVENUES			
Taxes	\$ 13,231,227	\$ 4,491,953	\$ 9,225,021
Intergovernmental	2,208,364	125,398	406,626
Licenses and permits	993,150	-	-
Fines, forfeitures and penalties	261,232	-	-
Public charges for services	1,522,706	-	-
Interdepartmental charges for services	1,742,989	-	-
Special assessments	33,849	-	354,060
Investment income	503,078	794	114,565
Contributions	-	-	-
Miscellaneous	153,325	-	-
Total Revenues	<u>20,649,920</u>	<u>4,618,145</u>	<u>10,100,272</u>
EXPENDITURES			
Current			
General government	2,964,011	-	1,646,131
Public safety	9,332,638	-	-
Public works	3,902,917	-	-
Health and human services	530,524	-	-
Leisure activities	1,812,359	-	-
Conservation and development	772,630	-	2,580,486
Capital Outlay	-	-	2,090,773
Debt Service			
Principal retirement	-	3,780,000	1,920,000
Interest and fiscal charges	-	1,106,983	178,319
Total Expenditures	<u>19,315,079</u>	<u>4,886,983</u>	<u>8,415,709</u>
Excess (deficiency) of revenues over expenditures	<u>1,334,841</u>	<u>(268,838)</u>	<u>1,684,563</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	1,437	-
Premium on debt	-	142,164	-
Sale of capital assets	-	-	-
Transfers in	454,670	150,000	-
Transfers (out)	<u>(2,028,142)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,573,472)</u>	<u>293,601</u>	<u>-</u>
Net Change in Fund Balance	(238,631)	24,763	1,684,563
FUND BALANCES (DEFICIT) - Beginning	<u>10,781,460</u>	<u>43,615</u>	<u>10,520,814</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 10,542,829</u>	<u>\$ 68,378</u>	<u>\$ 12,205,377</u>

<u>Capital Projects</u>		<u>Nonmajor</u>	<u>Total</u>
<u>TIF District</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
<u>No. 5</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
\$ 841,145	\$ -	\$ 1,523,974	\$ 29,313,320
192,465	97,594	886,244	3,916,691
-	-	-	993,150
-	-	-	261,232
-	-	468,108	1,990,814
-	-	-	1,742,989
-	-	219,279	607,188
14,068	-	26,659	659,164
-	-	101,499	101,499
63,241	10,000	39,095	265,661
<u>1,110,919</u>	<u>107,594</u>	<u>3,264,858</u>	<u>39,851,708</u>
150	-	166,760	4,777,052
-	-	-	9,332,638
-	-	-	3,902,917
-	-	19,672	550,196
-	-	2,233,578	4,045,937
1,596,050	-	1,129,289	6,078,455
3,524,505	3,832,062	1,099,015	10,546,355
361,963	-	-	6,061,963
212,515	-	-	1,497,817
<u>5,695,183</u>	<u>3,832,062</u>	<u>4,648,314</u>	<u>46,793,330</u>
<u>(4,584,264)</u>	<u>(3,724,468)</u>	<u>(1,383,456)</u>	<u>(6,941,622)</u>
1,500,000	3,498,563	-	5,000,000
-	-	-	142,164
-	70,127	-	70,127
-	744,000	2,233,731	3,582,401
-	-	(1,089,589)	(3,117,731)
<u>1,500,000</u>	<u>4,312,690</u>	<u>1,144,142</u>	<u>5,676,961</u>
(3,084,264)	588,222	(239,314)	(1,264,661)
<u>(794,423)</u>	<u>920,397</u>	<u>6,951,951</u>	<u>28,423,814</u>
<u>\$ (3,878,687)</u>	<u>\$ 1,508,619</u>	<u>\$ 6,712,637</u>	<u>\$ 27,159,153</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ (1,264,661)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	10,546,355
Less: Some items are reported as capital outlay but are not capitalized	(888,622)
Depreciation is reported in the government-wide statements	(3,210,118)
<p>The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense.</p>	
	(57,227)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>	
	(479,023)
<p>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</p>	
	127,395
<p>Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds</p>	
	(530,330)
<p>Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds</p>	
	(2,492,600)
<p>Debt and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Debt issued	(5,000,000)
Debt retired	6,061,963
Landfill post-closure liability	56,850
Premium debt issued	(142,164)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	490,091
Other postemployment benefits	205,812
Net pension asset	2,838,496
Amortization of debt premium and loss on refunding	235,056
Accrued interest on debt	181,807
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 6,679,080

See accompanying notes to financial statements.

CITY OF MIDDLETON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2018

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets						
Cash and investments	\$ 4,160,011	\$ 1,750,695	\$ 289,087	\$ 1,150,643	\$ 7,350,436	\$ 218,846
Accounts receivable	514,694	720,782	-	71,931	1,307,407	-
Due from other funds	50,356	14,344	-	3,475	68,175	-
Total Current Assets	<u>4,725,061</u>	<u>2,485,821</u>	<u>289,087</u>	<u>1,226,049</u>	<u>8,726,018</u>	<u>218,846</u>
Noncurrent Assets						
Restricted Assets						
Net pension asset	76,961	35,392	81,441	-	193,794	-
Capital Assets						
Land	222,277	66,830	1,476,500	3,481,298	5,246,905	-
Construction in progress	-	-	6,794	38,850	45,644	-
Land improvements	-	-	-	2,181,751	2,181,751	-
Improvements other than buildings	-	-	7,516,517	-	7,516,517	-
Buildings and improvements	-	-	1,681,208	745,292	2,426,500	-
Machinery and equipment	-	-	1,017,078	207,537	1,224,615	-
Plant in service	30,879,789	17,219,570	-	-	48,099,359	-
Accumulated depreciation	(10,474,650)	(5,940,256)	(1,546,957)	(724,130)	(18,685,993)	-
Other Assets						
Special assessments	-	2,009,059	-	-	2,009,059	-
Property held for future use	301,087	-	-	-	301,087	-
Total Noncurrent Assets	<u>21,005,464</u>	<u>13,390,595</u>	<u>10,232,581</u>	<u>5,930,598</u>	<u>50,559,238</u>	<u>-</u>
Total Assets	<u>25,730,525</u>	<u>15,876,416</u>	<u>10,521,668</u>	<u>7,156,647</u>	<u>59,285,256</u>	<u>218,846</u>
Deferred Outflows of Resources						
Pension related amounts	145,357	64,794	177,537	-	387,688	-
Total Deferred Outflows of Resources	<u>145,357</u>	<u>64,794</u>	<u>177,537</u>	<u>-</u>	<u>387,688</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 25,875,882</u>	<u>\$ 15,941,210</u>	<u>\$ 10,699,205</u>	<u>\$ 7,156,647</u>	<u>\$ 59,672,944</u>	<u>\$ 218,846</u>

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Current Liabilities						
Accounts payable	\$ 64,597	\$ 562,014	\$ 82,578	\$ 34,353	\$ 743,542	\$ 653
Other accrued liabilities	5,189	4,155	35,670	-	45,014	-
Compensated absences	33,849	14,594	37,962	-	86,405	-
Unearned revenue	-	-	-	45,370	45,370	-
Total Current Liabilities	<u>103,635</u>	<u>580,763</u>	<u>156,210</u>	<u>79,723</u>	<u>920,331</u>	<u>653</u>
Noncurrent Liabilities						
Compensated absences	192,147	103,397	152,300	-	447,844	-
Advances from other funds	-	-	4,493,701	-	4,493,701	-
Total Noncurrent Liabilities	<u>192,147</u>	<u>103,397</u>	<u>4,646,001</u>	<u>-</u>	<u>4,941,545</u>	<u>-</u>
Total Liabilities	<u>295,782</u>	<u>684,160</u>	<u>4,802,211</u>	<u>79,723</u>	<u>5,861,876</u>	<u>653</u>
Deferred Inflows of Resources						
Pension related amounts	<u>156,701</u>	<u>71,228</u>	<u>166,535</u>	<u>-</u>	<u>394,464</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	20,627,416	11,346,144	10,151,140	5,930,598	48,055,298	-
Restricted for pension	76,961	35,392	81,441	-	193,794	-
Unrestricted (deficit)	<u>4,719,022</u>	<u>3,804,286</u>	<u>(4,502,122)</u>	<u>1,146,326</u>	<u>5,167,512</u>	<u>218,193</u>
Total Net Position	<u>25,423,399</u>	<u>15,185,822</u>	<u>5,730,459</u>	<u>7,076,924</u>	<u>53,416,604</u>	<u>218,193</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 25,875,882</u>	<u>\$ 15,941,210</u>	<u>\$ 10,699,205</u>	<u>\$ 7,156,647</u>	<u>\$ 59,672,944</u>	<u>\$ 218,846</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise		
OPERATING REVENUES						
Charges for services	\$ 2,579,779	\$ 2,646,621	\$ 2,602,147	\$ 404,061	\$ 8,232,608	\$ 445,500
Miscellaneous operating income	109,348	3,517	-	-	112,865	-
Total Operating Revenues	<u>2,689,127</u>	<u>2,650,138</u>	<u>2,602,147</u>	<u>404,061</u>	<u>8,345,473</u>	<u>445,500</u>
OPERATING EXPENSES						
Operations and maintenance	1,308,671	2,480,246	1,909,588	297,229	5,995,734	433,538
Depreciation	614,696	354,362	143,765	115,485	1,228,308	-
Total Operating Expenses	<u>1,923,367</u>	<u>2,834,608</u>	<u>2,053,353</u>	<u>412,714</u>	<u>7,224,042</u>	<u>433,538</u>
Operating Income (Loss)	<u>765,760</u>	<u>(184,470)</u>	<u>548,794</u>	<u>(8,653)</u>	<u>1,121,431</u>	<u>11,962</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	50,646	22,365	10,461	13,203	96,675	96,299
Miscellaneous nonoperating income	10,340	-	-	10,214	20,554	19,134
Interest expense	-	-	(30,250)	-	(30,250)	-
Total Nonoperating Revenues (Expenses)	<u>60,986</u>	<u>22,365</u>	<u>(19,789)</u>	<u>23,417</u>	<u>86,979</u>	<u>115,433</u>
Income Before Contributions and Transfers	826,746	(162,105)	529,005	14,764	1,208,410	127,395
Capital contributions	57,149	78,291	-	-	135,440	-
Transfers in	14,741	-	4,186	-	18,927	-
Transfers (out)	-	(14,741)	(10,000)	-	(24,741)	-
Transfers - tax equivalent	(454,670)	-	-	-	(454,670)	-
Change in Net Position	<u>443,966</u>	<u>(98,555)</u>	<u>523,191</u>	<u>14,764</u>	<u>883,366</u>	<u>127,395</u>
TOTAL NET POSITION - Beginning (as restated)	<u>24,979,433</u>	<u>15,284,377</u>	<u>5,207,268</u>	<u>7,062,160</u>	<u>52,533,238</u>	<u>90,798</u>
TOTAL NET POSITION - ENDING	<u>\$ 25,423,399</u>	<u>\$ 15,185,822</u>	<u>\$ 5,730,459</u>	<u>\$ 7,076,924</u>	<u>\$ 53,416,604</u>	<u>\$ 218,193</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Received from customers	\$ 2,752,769	\$ 2,636,235	\$ 2,640,331	\$ 460,503	\$ 8,489,838	\$ 464,634
Paid to suppliers for good and services	(732,860)	(2,111,274)	(1,165,468)	(196,616)	(4,206,218)	(432,885)
Paid to employees	(503,984)	(263,275)	(853,758)	-	(1,621,017)	-
Net Cash Flows From Operating Activities	<u>1,515,925</u>	<u>261,686</u>	<u>621,105</u>	<u>263,887</u>	<u>2,662,603</u>	<u>31,749</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Paid to municipality for tax equivalent	(454,670)	-	-	-	(454,670)	-
Transfers in	14,741	-	4,186	-	18,927	-
Transfers out	-	(14,741)	(10,000)	-	(24,741)	-
Net Cash Flows From Noncapital Financing Activities	<u>(439,929)</u>	<u>(14,741)</u>	<u>(5,814)</u>	<u>-</u>	<u>(460,484)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of and construction of capital assets	(691,967)	(145,247)	(319,731)	(15,752)	(1,172,697)	-
Capital contributed by customers	50,688	-	-	-	50,688	-
Principal paid on long-term debt	-	-	(1,400,000)	-	(1,400,000)	-
Interest paid on long-term debt	-	-	(30,250)	-	(30,250)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(641,279)</u>	<u>(145,247)</u>	<u>(1,749,981)</u>	<u>(15,752)</u>	<u>(2,552,259)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	50,646	22,365	10,461	13,203	96,675	96,299
Net Cash Flows From Investing Activities	<u>50,646</u>	<u>22,365</u>	<u>10,461</u>	<u>13,203</u>	<u>96,675</u>	<u>96,299</u>
Net Increase (Decrease) in Cash and Cash Equivalents	485,363	124,063	(1,124,229)	261,338	(253,465)	128,048
CASH AND CASH EQUIVALENTS - Beginning	<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>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,160,011</u>	<u>\$ 1,750,695</u>	<u>\$ 289,087</u>	<u>\$ 1,150,643</u>	<u>\$ 7,350,436</u>	<u>\$ 218,846</u>

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 765,760	\$ (184,470)	\$ 548,794	\$ (8,653)	\$ 1,121,431	\$ 11,962
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities						
Nonoperating income	10,340	-	-	10,214	20,554	19,134
Depreciation expense	614,696	354,362	143,765	115,485	1,228,308	-
Depreciation charged to sewer utility	20,256	(20,256)	-	-	-	-
Impairment of capital asset	-	-	-	112,319	112,319	-
Depreciation on transferred asset	-	-	38,184	-	38,184	-
Changes in Assets, Liabilities, and Deferred Inflows and Outflows						
Accounts receivable	26,882	6,696	-	1,009	34,587	-
Other accounts receivable	1,250	-	-	-	1,250	-
Due from other funds	4,914	(343)	-	(151)	4,420	-
Accounts payable	45,932	100,614	(151,033)	(11,706)	(16,193)	653
Compensated absences	3,391	(6,508)	27,010	-	23,893	-
Other current liabilities	1,457	449	679	-	2,585	-
Unearned revenues	-	-	-	45,370	45,370	-
Pension related deferrals and liabilities	21,047	11,142	13,706	-	45,895	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,515,925</u>	<u>\$ 261,686</u>	<u>\$ 621,105</u>	<u>\$ 263,887</u>	<u>\$ 2,662,603</u>	<u>\$ 31,749</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS						
Cash and investments	\$ 4,160,011	\$ 1,750,695	\$ 289,087	\$ 1,150,643	\$ 7,350,436	\$ 218,846
Total Cash and Investments	<u>4,160,011</u>	<u>1,750,695</u>	<u>289,087</u>	<u>1,150,643</u>	<u>7,350,436</u>	<u>218,846</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,160,011</u>	<u>\$ 1,750,695</u>	<u>\$ 289,087</u>	<u>\$ 1,150,643</u>	<u>\$ 7,350,436</u>	<u>\$ 218,846</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Capital assets transferred between funds	\$ -	\$ -	\$ 5,814	\$ -	\$ 5,814	\$ -
Impairment loss	\$ -	\$ -	\$ -	\$ 112,319	\$ 112,319	\$ -

See accompanying notes to financial statements.

CITY OF MIDDLETON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 20,816,399
Taxes receivable	20,204,245
Accounts receivable	411,086
Due from other governmental units	<u>358,870</u>
TOTAL ASSETS	<u>\$ 41,790,600</u>
LIABILITIES	
Accounts payable	\$ 22,255
Accrued liabilities	51,713
Due to other governmental units	<u>41,716,632</u>
TOTAL LIABILITIES	<u>\$ 41,790,600</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE	Page
I. Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
1. Deposits and Investments	22
2. Receivables	24
3. Inventories and Prepaid Items	25
4. Restricted Assets	25
5. Capital Assets	26
6. Deferred Outflows of Resources	27
7. Basis for Existing Rates – Proprietary Funds	27
8. Compensated Absences	27
9. Long-Term Obligations/Conduit Debt	28
10. Claims and Judgments	28
11. Deferred Inflows of Resources	28
12. Equity Classifications	28
13. Pension	30
II. Reconciliation of Government-Wide and Fund Financial Statements	30
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	30
III. Stewardship, Compliance, and Accountability	31
A. Budgetary Information	31
B. Excess Expenditures and Other Financing Uses Over Appropriations	31
C. Deficit Balances	31
D. Limitations on the City's Tax Levy	32
IV. Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	36
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables, Advances and Transfers	41
F. Long-Term Obligations	44
G. Governmental Activities Net Position/Fund Balances	47
H. Business-type Activities/Net Position	49
I. Restatement of Net Position	49
J. Component Unit	49

CITY OF MIDDLETON

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.) As of and for the Year Ended December 31, 2018

NOTE (cont.)	<u>Page</u>
V. Other Information	50
A. Employees' Retirement System	50
B. Risk Management	56
C. Commitments and Contingencies	56
D. Joint Ventures	57
E. Effect of New Accounting Standards on Current-Period Financial Statements	58
F. Tax Abatement	59
G. Subsequent Events	60

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Unit

Middleton Community Development Authority

The government-wide financial statements include the Middleton Community Development Authority (“Authority”) as a component unit. The Authority is a legally separate organization. The board of the Authority is appointed by the mayor of Middleton. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the Authority, and also create a potential financial benefit to or burden on the City. See Note IV. I. As a component unit, the Authority’s financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2018. Separate financial statements of the Middleton Community Development Authority are not issued.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

The City reports the following 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 TIF or enterprise fund debt.
- Tax Incremental Financing District (TIF) No. 3 Capital Projects Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.
- Tax Incremental Financing District (TIF) No. 5 Capital Projects Fund – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.
- Capital Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for the acquisition or construction of capital assets.

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system.
- Sewer Utility – accounts for operations of the sewer system.
- Pleasant View Golf Course – accounts for operations of the Pleasant View Golf Course.

The City reports the following nonmajor governmental and enterprise funds:

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

Subdividers’ Deposits	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	

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

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

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

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

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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

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

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

Proprietary 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 focus.

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

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

All Financial Statements

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments

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

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

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

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

The City believes it is in compliance with all restrictions.

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments (cont.)

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

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

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments (cont.)

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (“WISC”). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. At December 31, 2018, the City’s share of the WISC’s assets was substantially equal to the amount reported in these statements.

The Madison Community Foundation (the “Foundation”) is a community endowment fund. The Foundation is not registered with the Securities and Exchange Commission. It constitutes a contractual agreement between the City and the Foundation with respect to investment of City assets. The Foundation reports the fair value of its underlying assets annually. At December 31, 2018, the fair value of the Foundation’s assets was substantially equal to the City’s share as reported in Note IV. A.

See Note IV. A. for further information.

2. Receivables

Property Taxes

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

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	March 31, 2019
Third installment due	May 31, 2019
Fourth installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October 2021

Uncollectible Accounts

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 utility accounts receivable has been made for the water, sewer, and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

2. Receivables (cont.)

Interfund Transactions

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. Capital assets are generally defined by the utilities as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their estimated acquisition value at the date of donation.

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

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

Buildings	40 Years
Land Improvements	30 Years
Machinery and Equipment	3 – 15 Years
Infrastructure	20 – 50 Years
Water Plant	
Source of Supply	34 Years
Pumping	22 – 31 Years
Water Treatment	22 – 30 Years
Transmission and Distribution	18 – 77 Years
General	4 – 17 Years
Sewer Plant	
Collecting System	30 – 77 Years
Collecting System Pumping	20 – 40 Years
General	7 – 40 Years

Fund Financial Statements

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

6. Deferred Outflows of Resources

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

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

7. Basis for Existing Rates – Proprietary Funds

Water Utility

Current water rates were approved by the Public Service Commission and became effective July 1, 2015.

Sanitary Sewer

Current wastewater rates were approved by the Common Council and effective December 15, 2017.

Stormwater Utility

Current stormwater rates were approved by the Common Council and effective July 1, 2015.

8. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

9. Long-Term Obligations/Conduit Debt

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

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

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

The City has approved the issuance of industrial development revenue bond (IDRB) for the benefit of private business enterprises. IDRBS are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IDRBS outstanding at the end of the year is \$4.7 million, made up of one issue.

10. Claims and Judgements

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

11. Deferred Inflows of Resources

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

12. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

12. Equity Classifications (cont.)

Government-Wide Statements (cont.)

- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has, by resolution, adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. The assignment of General Fund balances shall be reviewed and confirmed annually by the Finance Committee and City Council. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

The City has established a fund balance policy for the General Fund to maintain an unassigned fund balance of between two and four months of operating expenditures, defined as 16.7% to 33.3% of subsequent year General Fund budgeted expenditures, excluding transfers for debt service and one-time transfers to other funds. At December 31, 2018, the General Fund maintained \$4,834,398 or 23.8% of the subsequent year’s budgeted expenditures excluding transfers.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

12. Equity Classifications (cont.)

Fund Statements (cont.)

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

See Note IV. G. for further information.

13. Pension

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

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$49,727,052 difference in liabilities are as follows:

Bonds and notes payable	\$ 44,314,426
Landfill postclosure liability	534,350
Compensated absences	4,168,899
Accrued interest	334,933
Unamortized debt premiums	620,886
Unamortized loss on refunding	<u>(246,442)</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 49,727,052</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. A budget has been adopted for all of the funds of the City as required by Wisconsin Statute Section 65.90.

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

The following individual funds had an excess of expenditures and other financing uses over appropriations at the legal level of budgetary control for the year ended December 31, 2018.

	Excess
Debt Service	\$ 93,647
TIF District No. 5	4,424,705
Youth Center Activities	3,069
Library Gift	483
EMS Activities	23,440

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 department level for management purposes. The detail of those items can be found in the City's year-end budget to actual report.

C. DEFICIT BALANCES

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

As of December 31, 2018, the following nonmajor individual fund held a deficit balance:

Fund	Amount	Reason
Youth Center Activities	\$ 1,713	Expenditures exceeding funding
TIF District No. 5	3,878,687	Expenditures exceeding funding

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

C. DEFICIT BALANCES (cont.)

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits and cash on hand	\$ 23,145,079	\$ 19,304,191	Custodial credit
Certificates of deposit (negotiable)	1,210,877	1,210,877	Custodial credit, credit, interest rate, concentration of credit
Commercial paper	2,521,007	2,521,007	Custodial credit, credit, interest rate, concentration of credit
U.S. agencies implicitly guaranteed	10,401,508	10,401,508	Custodial credit, credit, interest rate, concentration of credit
U.S. treasuries	1,974,900	1,974,900	Custodial credit, interest rate
Mutual funds – other than bond funds	53,849	53,849	N/A
Madison Community Foundation	239,863	239,863	Credit
LGIP	25,608	25,608	Credit
Wisconsin Investment Services Cooperative Investment Pool (WISC)	11,580,214	11,580,214	Credit
Total Cash and Investments	\$ 51,152,905	\$ 47,312,017	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 30,336,506		
Per statement of assets and liabilities			
– Agency Funds	20,816,399		
Total Cash and Investments	\$ 51,152,905		

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

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

The City's library had \$211,006 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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

The City maintains collateral agreements with its banks. As of December 31, 2018, the bank had pledged various government securities in the amount of \$3,100,000 to secure the City's deposits.

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

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

- > Quoted market prices

Investment Type	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Mutual funds – other than bond funds	\$ 53,849	\$ -	\$ -	\$ 53,849
U.S. treasuries	1,974,900	-	-	1,974,900
Commercial paper	-	2,521,007	-	2,521,007
U.S. agencies implicitly guaranteed	-	10,401,508	-	10,401,508
Certificates of deposit (negotiable)	-	1,210,877	-	1,210,877
Totals	<u>\$ 2,028,749</u>	<u>\$ 14,133,392</u>	<u>\$ -</u>	<u>\$ 16,162,141</u>

Custodial Credit Risk

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

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

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

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2018, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. Agencies Implicitly Guaranteed		
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal Home Loan Bank	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Franklin American Mortgage Company	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Commercial Paper	A-1	P-1
Wisconsin Investment Series Cooperative Investment Pool (WISC)	AAAm	

The City also had investments which are not rated:

LGIP
Madison Community Foundation
Certificates of Deposit (negotiable)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2018, the City's investments were as follows:

Investment Type	Fair Value	Less Than 1 Year	1 – 5 Years
U.S. Agencies Implicitly Guaranteed	\$ 10,401,508	\$ 4,465,515	\$ 5,935,993
U.S. Treasuries	1,974,900	990,490	984,410
Certificates of Deposit (negotiable)	1,210,877	-	1,210,877
Commercial Paper	2,521,007	2,521,007	-
Totals	\$ 16,108,292	\$ 7,977,012	\$ 8,131,280

Concentration of Credit Risk

Concentration of credit risk is the risk that the City has a high percentage of its investments invested in one type of investment. At December 31, 2018, of the City's total portfolio, 17% was invested in FHLB's, 5% in FHLMC's, 5% in FNMA's, and 9% in commercial paper issued by JP Morgan.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

B. RECEIVABLES

All receivable balances are expected to be collected within one year with the exception of \$272,534 in special assessments and \$119,924 of delinquent personal property taxes.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ -	\$ 27,220,371
Special assessments/special charges not yet due	<u>272,534</u>	<u>-</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 272,534</u>	<u>\$ 27,220,371</u>

C. RESTRICTED ASSETS

Net pension asset – Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,655,404	\$ 4,289,485	\$ -	\$ 10,944,889
Right-of-ways	19,536,644	433,450	-	19,970,094
Construction work in progress	<u>315,915</u>	<u>1,506,229</u>	<u>237,763</u>	<u>1,584,381</u>
Total Capital Assets Not Being Depreciated	<u>26,507,963</u>	<u>6,229,164</u>	<u>237,763</u>	<u>32,499,364</u>
Capital assets being depreciated				
Land improvements	8,749,696	179,486	51,357	8,877,825
Buildings	28,098,872	-	-	28,098,872
Machinery and equipment	7,383,074	1,514,640	499,812	8,397,902
Streets – infrastructure	30,920,048	1,608,874	616,650	31,912,272
Storm sewers – infrastructure	9,623,110	-	-	9,623,110
Traffic signals – infrastructure	1,878,437	-	-	1,878,437
Sidewalks – infrastructure	4,580,880	363,332	-	4,944,212
Bridges – infrastructure	3,355,742	-	-	3,355,742
Fiber optic – infrastructure	96,013	-	-	96,013
Rail spur – infrastructure	<u>482,163</u>	<u>-</u>	<u>-</u>	<u>482,163</u>
Total Capital Assets Being Depreciated	<u>95,168,035</u>	<u>3,666,332</u>	<u>1,167,819</u>	<u>97,666,548</u>
Less: Accumulated depreciation for				
Land improvements	(4,300,838)	(443,633)	7,704	(4,736,767)
Buildings	(6,322,438)	(695,546)	-	(7,017,984)
Machinery and equipment	(4,479,387)	(804,762)	486,238	(4,797,911)
Streets – infrastructure	(5,495,084)	(797,807)	616,650	(5,676,241)
Storm sewers – infrastructure	(3,147,094)	(192,462)	-	(3,339,556)
Traffic signals – infrastructure	(925,742)	(75,137)	-	(1,000,879)
Sidewalks – infrastructure	(1,732,552)	(98,885)	-	(1,831,437)
Bridges – infrastructure	(619,461)	(83,894)	-	(703,355)
Fiber optic – infrastructure	(2,553)	(1,920)	-	(4,473)
Rail spur – infrastructure	<u>(199,391)</u>	<u>(16,072)</u>	<u>-</u>	<u>(215,463)</u>
Total Accumulated Depreciation	<u>(27,224,540)</u>	<u>(3,210,118)</u>	<u>1,110,592</u>	<u>(29,324,066)</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>67,943,495</u>	<u>456,214</u>	<u>57,227</u>	<u>68,342,482</u>
 Total Capital Assets, Net of Depreciation	<u>\$ 94,451,458</u>	<u>\$ 6,685,378</u>	<u>\$ 294,990</u>	<u>\$ 100,841,846</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 58,670
Public safety	543,577
Public works	1,736,497
Conservation and economic development	220,861
Leisure activities	<u>650,513</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,210,118</u>

	Beginning*			Ending
	Balance	Additions	Deletions	Balance
<u>Water Utility</u>				
Capital assets not being depreciated				
Land and land rights	\$ 222,277	\$ -	\$ -	\$ 222,277
		-		
Capital assets being depreciated				
Source of supply	781,509	-	-	781,509
Pumping	2,800,898	-	12,434	2,788,464
Treatment	343,242	-	-	343,242
Transmission and distribution	24,210,670	622,880	189,983	24,643,567
Administrative and general assets	<u>2,275,423</u>	<u>106,821</u>	<u>59,237</u>	<u>2,323,007</u>
Total Capital Assets Being Depreciated	<u>30,411,742</u>	<u>729,701</u>	<u>261,654</u>	<u>30,879,789</u>
Less: Accumulated depreciation for				
Source of supply	(470,000)	(33,893)	-	(503,893)
Pumping	(1,784,325)	(87,708)	-	(1,872,033)
Treatment	(334,732)	(8,510)	-	(343,242)
Transmission and distribution	(6,613,354)	(387,148)	189,983	(6,810,519)
Administrative and general assets	<u>(861,207)</u>	<u>(142,993)</u>	<u>59,237</u>	<u>(944,963)</u>
Total Accumulated Depreciation	<u>(10,063,618)</u>	<u>(660,252)</u>	<u>249,220</u>	<u>(10,474,650)</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>20,348,124</u>	<u>69,449</u>	<u>12,434</u>	<u>20,405,139</u>
Total Capital Assets, Net of Depreciation	<u>\$ 20,570,401</u>	<u>\$ 69,449</u>	<u>\$ 12,434</u>	<u>\$ 20,627,416</u>

* Beginning balance of capital assets has been restated by \$569,373 to correct an error in the recording of additions to utility plant. See Note I.V.I.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer Utility</u>				
Capital assets not being depreciated				
Land and land rights	\$ 66,830	\$ -	\$ -	\$ 66,830
Capital assets being depreciated				
Collection system	14,348,213	116,718	2,060	14,462,871
Collection system pumping	1,726,367	-	-	1,726,367
Administrative and general assets	1,001,803	28,529	-	1,030,332
Total Capital Assets Being Depreciated	<u>17,076,383</u>	<u>145,247</u>	<u>2,060</u>	<u>17,219,570</u>
Less: Accumulated depreciation	<u>(5,608,210)</u>	<u>(334,106)</u>	<u>2,060</u>	<u>(5,940,256)</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>11,468,173</u>	<u>(188,859)</u>	<u>-</u>	<u>11,279,314</u>
Total Capital Assets, Net of Depreciation	<u>\$ 11,535,003</u>	<u>\$ (188,859)</u>	<u>\$ -</u>	<u>\$ 11,346,144</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Pleasant View Golf Course</u>				
Capital assets not being depreciated				
Land and land rights	\$ 1,476,500	\$ -	\$ -	\$ 1,476,500
Construction in progress	202,995	6,794	202,995	6,794
Total Capital Assets Not Being Depreciated	<u>1,679,495</u>	<u>6,794</u>	<u>202,995</u>	<u>1,483,294</u>
Capital assets being depreciated				
Land improvements	7,483,289	33,228	-	7,516,517
Buildings	1,325,553	355,655	-	1,681,208
Equipment	918,129	127,049*	28,100	1,017,078
Total Capital Assets Being Depreciated	<u>9,726,971</u>	<u>515,932</u>	<u>28,100</u>	<u>10,214,803</u>
Less: Accumulated depreciation for				
Land improvements	(318,127)	(30,591)	-	(348,718)
Buildings	(525,931)	(54,301)	-	(580,232)
Equipment	(549,050)	(96,547)*	27,590	(618,007)
Total Accumulated Depreciation	<u>(1,393,108)</u>	<u>(181,439)</u>	<u>27,590</u>	<u>(1,546,957)</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>8,333,863</u>	<u>334,493</u>	<u>510</u>	<u>8,667,846</u>
Total Capital Assets, Net of Depreciation	<u>\$ 10,013,358</u>	<u>\$ 341,287</u>	<u>\$ 203,505</u>	<u>\$ 10,151,140</u>

* These amounts include the transfer of a mower from the Governmental Activities to the Pleasant View Golf Course. Transfer included a historical value of \$41,860 and accumulated depreciation on the mower.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Nonmajor Enterprise Funds</u>				
Capital assets not being depreciated				
Land and land rights	\$ 3,481,298	\$ -	\$ -	\$ 3,481,298
Construction in progress	23,098	15,752	-	38,850
Total Capital Assets Not Being Depreciated	3,504,396	15,752	-	3,520,148
Capital assets being depreciated				
Land improvements	2,181,751	-	-	2,181,751
Buildings	745,292	-	-	745,292
Vehicles and equipment	207,537	-	-	207,537
Total Capital Assets Being Depreciated	3,134,580	-	-	3,134,580
Less: Accumulated depreciation for				
Land improvements	(278,892)	(200,176)	-	(479,068)
Buildings	(74,528)	(18,632)	-	(93,160)
Vehicles and equipment	(142,906)	(8,996)	-	(151,902)
Total Accumulated Depreciation	(496,326)	(227,804)	-	(724,130)
Capital Assets Being Depreciated, Net of Depreciation	2,638,254	(227,804)	-	2,410,450
 Total Capital Assets, Net of Depreciation	\$ 6,142,650	\$ (212,052)	\$ -	\$ 5,930,598
 Total Business-Type Activities Capital Assets, Net of Depreciation	\$ 48,261,412	\$ 9,825	\$ 215,939	\$ 48,055,298

Depreciation expense was charged to functions as follows:

Business-type Activities

Water utility	\$ 614,696
Sewer utility	354,362
Pleasant View Golf Course	143,765
Nonmajor enterprise funds	115,485
Total Business-type Activities Depreciation Expense	\$ 1,228,308

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets. An additional variance exists due to an asset impairment of \$112,319 in the nonmajor enterprise funds.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise fund – Water Utility	General	\$ 50,356
Enterprise fund – Sewer Utility	General	14,344
Nonmajor enterprise fund	General	3,475
General	Nonmajor governmental fund	<u>22,641</u>
Sub-Total – Fund Financial Statements		90,816
Less: Fund eliminations		(22,641)
Less: Interfund advances		<u>(4,493,701)</u>
Total – Government-Wide Financial Statements		<u>\$ (4,425,526)</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 68,175
Business-type activities	Governmental activities	<u>(4,493,701)</u>
Total – Government-Wide Financial Statements		<u>\$ (4,425,526)</u>

All of these amounts are due within one year.

The principal purpose of these interfunds is for delinquent utility bills placed on the tax roll and deficit cash in the Youth Center Activities Fund (nonmajor governmental).

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	Pleasant View Golf Course	\$ 2,349,411	\$ 1,949,411
TIF District No. 3	TIF District No. 5	4,678,999	4,678,999
TIF District No. 3	Pleasant View Golf Course	<u>2,144,290</u>	<u>2,144,290</u>
Sub-Totals – Fund Financial Statements		9,172,700	<u>\$ 8,772,700</u>
Less: Eliminations		<u>(4,678,999)</u>	
Total – Government-Wide Financial Statements		<u>\$ 4,493,701</u>	

The 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 intended to be fully repaid by 2024, and the outstanding advance due to TIF District No. 3 is intended 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. A formal repayment schedule has not been established.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Nonmajor governmental fund	General fund	\$ 1,214,784	Operating budget support
Nonmajor governmental fund	General fund	79,358	Operating budget support
Capital projects	General fund	20,441	Assigned fund balance for vehicle replacement plan
Capital projects	General fund	329,559	Assigned fund balance for vehicle replacement plan
Capital projects	Pleasant View golf course	10,000	Cash contribution for John Deere mower
Capital projects	General fund	384,000	Assigned fund balance for ambulance replacement
Debt service fund	Nonmajor governmental fund	150,000	Transfer impact fees for debt service
Water utility	Sewer utility	14,741	Tax equivalent charged to sewer
General fund	Water utility	454,670	Tax equivalent
Nonmajor governmental fund	Nonmajor governmental fund	939,589	Park fees-in-lieu of dedication moved for tracking purposes
Total – Fund Financial Statements		3,597,142	
Less: Fund Eliminations		(3,132,472)	
Less: Transfer of capital assets from governmental activities		(4,186)	
Total Transfers – Government-wide Statement of Activities		<u>\$ 460,484</u>	

Fund Transferred To	Fund Transferred From	Amount
Governmental activities	Business-type activities	\$ 464,670
Business-type activities	Governmental activities	(4,186)
Total		<u>\$ 460,484</u>

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 45,376,389	\$ 5,000,000	\$ 6,061,963	\$ 44,314,426	\$ 6,315,224
Debt premium and discount	728,275	142,164	249,553	620,886	-
Landfill post-closure liability	591,200	-	56,850	534,350	-
Sub-Totals	<u>46,695,864</u>	<u>5,142,164</u>	<u>6,368,366</u>	<u>45,469,662</u>	<u>6,315,224</u>
Other Liabilities:					
Vested compensated absences	<u>4,658,990</u>	<u>1,136,164</u>	<u>1,626,255</u>	<u>4,168,899</u>	<u>751,104</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 51,354,854</u>	<u>\$ 6,278,328</u>	<u>\$ 7,994,621</u>	<u>\$ 49,638,561</u>	<u>\$ 7,066,328</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -	\$ -
Other Liabilities:					
Vested compensated absences	<u>510,356</u>	<u>42,894</u>	<u>19,001</u>	<u>534,249</u>	<u>86,405</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,910,356</u>	<u>\$ 42,894</u>	<u>\$ 1,419,001</u>	<u>\$ 534,249</u>	<u>\$ 86,405</u>

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of \$3,545,571,200. The debt limit as of December 31, 2018, was \$177,278,560. Total general obligation debt outstanding at year end was \$44,314,426.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
Governmental Activities					
General Obligation Debt					
2010 General Obligation Refunding Bonds	04/15/10	09/01/29	1.45 – 8.50%	\$ 10,110,000	\$ 6,835,000
2010 Taxable General Obligation Refunding Bonds	11/23/10	09/01/20	0.85 – 3.75%	6,580,000	1,675,000
2010 General Obligation Refunding Bonds	11/23/10	09/01/20	2.00 – 4.00%	4,625,000	1,235,000
2011 General Obligation Promissory Notes	05/09/11	09/01/19	2.00 – 3.00%	2,500,000	465,000
2012 Taxable General Obligation Promissory Notes	05/12/12	03/01/19	0.46 – 1.85%	2,540,000	375,000
2012 General Obligation Promissory Notes	05/12/12	09/01/20	2.00 – 2.25%	2,015,000	535,000
2012 General Obligation Promissory Notes	12/28/12	09/01/21	1.00 – 2.00%	4,500,000	2,035,000
2012 General Obligation Refunding Bonds	12/28/12	09/01/32	1.05 – 3.80%	5,110,000	4,565,000
2013 General Obligation Promissory Notes	12/23/13	02/01/23	2.00 – 3.00%	4,000,000	2,545,000
2014 General Obligation Promissory Notes	12/09/14	08/01/22	2.00 – 3.00%	2,000,000	1,020,000
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	2,160,000
2016 General Obligation Refunding Bonds	05/23/16	02/01/27	2.00%	3,900,000	3,830,000
2016 State Trust Fund Loan	03/14/16	03/15/34	3.75%	2,100,000	1,929,426
2017 General Obligation Promissory Notes	04/11/17	03/01/27	2.00 – 3.00%	4,000,000	3,610,000
2018 State Trust Fund Loan	02/09/18	03/15/35	4.00%	1,500,000	1,500,000
2018 General Obligation Promissory Notes	06/05/18	09/01/26	3.00%	3,500,000	<u>3,500,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 44,314,426</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		
	Principal	Interest	Totals
2019	\$ 6,315,224	\$ 1,404,621	\$ 7,719,845
2020	5,778,418	1,224,471	7,002,889
2021	4,167,042	1,052,827	5,219,869
2022	3,978,681	939,210	4,917,891
2023	3,620,576	822,180	4,442,756
2024 – 2028	14,425,470	2,521,143	16,946,613
2029 – 2033	5,617,820	561,438	6,179,258
2034 – 2035	411,195	21,246	432,441
Totals	\$ 44,314,426	\$ 8,547,136	\$ 52,861,562

Other Debt Information

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

See Note V. D. for information regarding the landfill liability.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 10,944,889
Right-of-way	19,970,094
Construction work in progress	1,584,381
Other capital assets, net of accumulated depreciation	68,342,482
Less: Related long-term capital debt outstanding	(33,527,584)
Less: Unamortized debt premium	(620,886)
Add: Unamortized loss on debt refunding	246,442
Add: Unspent debt proceeds	544,684
Total Net Investment in Capital Assets	<u>67,484,502</u>
Restricted	
Community development	12,447,252
Library	464,438
Impact fees	2,705,919
Tourism	2,081,774
Senior center	152,007
Pension	2,218,742
Total Restricted	<u>20,070,132</u>
Unrestricted (deficit)	<u>(6,912,812)</u>
Total Governmental Activities Net Position	<u>\$ 80,641,822</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

Governmental Funds

	General Fund	Debt Service	TIF District No. 3	TIF District No. 5	Capital Projects	Nonmajor	Total
Nonspendable							
Prepaid items	\$ 458,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,464
Advances to other funds	2,349,411	-	-	-	-	-	2,349,411
Noncurrent receivables	119,924	-	-	-	-	-	119,924
Sub-total	<u>2,927,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,927,799</u>
Restricted							
EMS	-	-	-	-	-	11,265	11,265
Police activities	-	-	-	-	-	40	40
Subdividers' deposits	-	-	-	-	-	991,663	991,663
Debt service	-	68,378	-	-	-	-	68,378
Community development	-	-	12,205,377	-	-	1,725,583	13,930,960
Library	-	-	-	-	-	464,438	464,438
Capital improvements	-	-	-	-	1,508,619	-	1,508,619
Safety impact fees	-	-	-	-	-	980,336	980,336
Economic development	-	-	-	-	-	307,244	307,244
Tourism	-	-	-	-	-	2,081,774	2,081,774
Senior Center	-	-	-	-	-	152,007	152,007
Sub-total	<u>-</u>	<u>68,378</u>	<u>12,205,377</u>	<u>-</u>	<u>1,508,619</u>	<u>6,714,350</u>	<u>20,496,724</u>
Assigned							
Carryovers	107,500	-	-	-	-	-	107,500
Compensated absences	1,693,528	-	-	-	-	-	1,693,528
Public safety – Fire	634,971	-	-	-	-	-	634,971
Public safety – EMS	60,000	-	-	-	-	-	60,000
Other/flood recovery	284,633	-	-	-	-	-	284,633
Sub-total	<u>2,780,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,780,632</u>
Unassigned (deficit)	<u>4,834,398</u>	<u>-</u>	<u>-</u>	<u>(3,878,687)</u>	<u>-</u>	<u>(1,713)</u>	<u>953,998</u>
Total Fund Balances	<u>\$ 10,542,829</u>	<u>\$ 68,378</u>	<u>\$ 12,205,377</u>	<u>\$ (3,878,687)</u>	<u>\$ 1,508,619</u>	<u>\$ 6,712,637</u>	<u>\$ 27,159,153</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

H. BUSINESS-TYPE ACTIVITIES/NET POSITION

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

	Water Utility	Sewer Utility	Pleasant View Golf Course	Nonmajor Enterprise Funds
Land	\$ 222,277	\$ 66,830	\$ 1,476,500	\$ 3,481,298
CWIP	-	-	6,794	38,850
Buildings	-	-	1,681,208	745,292
Improvements	-	-	7,516,517	2,181,751
Machinery and equipment	-	-	1,017,078	207,537
Plant in service	30,879,789	17,219,570	-	-
Accumulated depreciation	<u>(10,474,650)</u>	<u>(5,940,256)</u>	<u>(1,546,957)</u>	<u>(724,130)</u>
Total Net Investment in Capital Assets	<u>\$ 20,627,416</u>	<u>\$ 11,346,144</u>	<u>\$ 10,151,140</u>	<u>\$ 5,930,598</u>

I. RESTATEMENT OF NET POSITION

Net position in the Business-Type Activities and the Water Utility fund have been restated to correct an error in the recording of additions to utility plant in prior years. The City of Middleton recorded well rehabilitation and water tower paintings as capital additions rather than as maintenance expense in the year incurred.

	Water Utility	Business-type Activities
Net Position – December 31, 2017 (as reported)	\$ 25,548,806	\$ 53,102,611
Restatement	<u>(569,373)</u>	<u>(569,373)</u>
Net Position – December 31, 2017 (as restated)	<u>\$ 24,979,433</u>	<u>\$ 52,533,238</u>

J. COMPONENT UNIT

Community Development Authority

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

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

a. Basis of Accounting/Measurement Focus

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNIT (cont.)

Community Development Authority (cont.)

b. Deposits and Investments

As of December 31, 2018, the CDA’s total cash balance is \$635,441. The CDA, as a fund of the City, maintains common cash and investment accounts at the same financial institutions utilized by the City. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Middleton as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the CDA.

c. Loans Receivable

The CDA has outstanding loans receivable which were granted through a down payment assistant program. If the borrower remains in the home for fifteen years, they are able to repay the loan with no interest or appreciation. If the property is sold prior to maturity, the borrower is responsible for paying interest and an appreciation payment. As of December 31, 2018, the CDA has an outstanding loans receivable balance of \$57,490.

d. 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	(1,049,256)	(74,808)	-	(1,124,064)	-
Totals	\$ 2,038,241	\$ (74,808)	\$ -	\$ 1,963,433	

NOTE V – OTHER INFORMATION

A. EMPLOYEES’ RETIREMENT SYSTEM

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

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, if hired on or before December 31, 2016) 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.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$858,689 in contributions from the City.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the City reported an asset of \$2,412,536 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.08125430%, which was an increase of 0.00279675% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$1,097,188.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

At December 31, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,065,187	\$ 1,433,793
Changes in assumption	476,670	-
Net differences between projected and actual earnings on pension plan investments	-	3,315,807
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	35,534
Employer contributions subsequent to the measurement date	894,907	-
Totals	\$ 4,436,764	\$ 4,785,134

\$894,907 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2019	\$ 244,895
2020	(32,047)
2021	(832,284)
2022	(629,600)
2023	5,759

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

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 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City’s proportionate share of the net pension liability (asset)	\$6,242,055	\$(2,412,536)	\$(8,990,294)

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

At December 31, 2018, the City reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

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. COMMITMENTS AND CONTINGENCIES

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

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

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Expenditures of the City's Tax Incremental Districts (TIDs) are subject to review and audit in accordance with State Statute 66.1105 by an independent audit firm. The City has allocated certain expenditures for administration, public safety, public lands administration, and transit services, which were reimbursed to the City's General Fund. For 2018, these costs amount to approximately \$1.377 million. Review by the Wisconsin Department of Revenue or the overlapping taxation districts could result in a portion of these expenditures being disallowed.

Developer Agreements

The City has entered into various development agreements in connection with the Tax Incremental Districts. Under the terms of these agreements, the City has made commitments for development incentives or reimbursements. As of January 1, 2018, the City had outstanding commitments of \$36.8 million. During the year, the City committed to an additional \$13.6 million, and satisfied \$4.1 million. As of December 31, 2018, the City has remaining commitments of \$46,304,874 pending satisfaction of the underlying agreements.

D. 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 communicates share in the operational costs of the District based on estimated population, with the 2018 percentages as follows:

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

The District is made up of members from each community. For the City, the corporate member is the Mayor or the Mayor's appointed designee. For each of the villages, the corporate member is the village president or the village president's appointed designee. At the annual meeting, members appoint directors and offers as the governing body. The governing body has authority to adopt its own budget and control of financial affairs of the District. The District's fund balance at December 31, 2018 is a deficit of \$954,834. 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 \$534,350 of the District's net deficit. The City's share of the net deficit has been reported in the government-wide statement of net position as landfill post-closure cost. This cost is an estimate that is subject to changes resulting from inflation, deflation, technology, or changes in applicable laws and regulations. The City made payments totaling \$93,270 to the District in 2018. The City will continue to support the District's post-closure costs in the future.

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Multijurisdictional Public Safety Information System Commission (MJPISC)

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

Middleton Fire District

The City of Middleton and the Towns of Springfield, Westport, and Middleton jointly operate the local fire district, which is called the Middleton Fire District, which provides fire protection. The communities share in the operations of the District based on the ratio of equalized values of each member. The governing body is made up of elected officials from each community. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the District. The City has made payments totaling \$917,395 to the District in 2018 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 financial statements of the District are not prepared.

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

F. TAX ABATEMENT

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

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

As of December 31, 2018, the City maintains and operates Tax Incremental District No. 3 and Tax Incremental District No. 5, which are presented in the financial statements as Capital Projects Funds.

Project	Agreement Date	District	Type	12/31/2017	Additions	Payments	12/31/2018
COSTCO (Discovery Springs)	02/07/2007	TID #3	Developer financed	\$ 372,901	\$ 51,632	\$ (138,862)	\$ 285,671
Infrared (Spectrum)	04/27/2012	TID #3	Developer financed	1,478,012	149,058	(710,660)	916,410
ACS (Nursery Drive)	02/19/2013	TID #3	Developer financed	240,315	-	(53,340)	186,975
Hung Springs (Mead & Hunt)	06/25/2013	TID #3	Developer financed	1,324,911	132,010	(154,885)	1,302,036
Parmenter Circle	07/01/2014	TID #3 / TID #5	Developer financed	1,732,489	(474,615)	(133,317)	1,124,557
Esser Place (WTS Paradigm)	07/15/2014	TID #3	Developer financed	299,100	-	-	299,100
Latitude Graphics	10/07/2014	TID #5	Developer financed	25,037	-	(2,601)	22,436
Tribeca Phase III	11/17/2014	TID #5	Developer financed	252,830	-	(31,835)	220,995
Fiskars	05/05/2015	N/A	Developer financed	2,977,490	-	(420,481)	2,557,009
Meadow Ridge	07/15/2015	TID #5	Traditional TIF	-	-	-	-
Primrose Day Care	12/21/2015	TID #3	Developer financed	300,000	8,843	(55,800)	253,043
Middleton Station	10/04/2016	TID #3	Developer financed	1,244,439	(244,115)	(81,492)	918,832
Market West Apartments	05/18/2016	TID #3	Developer financed	7,868,698	(1,917,217)	(72,437)	5,879,044
Infrared Expansion (Spectrum)	06/07/2016	TID #3	Developer financed	700,000	-	(252,580)	447,420
Cardinal Row	06/07/2016	TID #5	Developer financed	653,562	(28,118)	(3,247)	622,197
PPD (Vanta) Greenway	06/09/2016	TID #3	Developer financed	1,495,073	113,054	(401,441)	1,206,686
Middleton Center	07/05/2016	TID #3	Developer financed	7,279,900	-	-	7,279,900
Laser Express	09/20/2016	TID #3	Developer financed	1,474,427	32,715	(40,879)	1,466,263
Gammex	11/01/2016	TID #3	Developer financed	156,000	-	-	156,000
Electronic Theater Controls (ETC)	03/07/2017	TID #3	Developer financed	3,614,090	-	-	3,614,090
Oak Ridge	01/30/2017	TID #5	Traditional TIF	1,500,000	-	(1,500,000)	-
Middleton Center Phase 2 Amendment	10/11/2017	TID #3	Developer financed	801,584	-	-	801,584
SACO Foods	08/2017	TID #3	Developer financed	315,000	-	-	315,000
Cascade Development (Holiday Inn Express)	10/2017	TID #3	Developer financed	645,000	-	-	645,000
Pheasant Creek, LLC (Stagecoach)	02/06/2018	TID #5	Developer financed	-	1,600,000	-	1,600,000
Timbra Holdings, LLC (Treysta/Middleton Market)	02/20/2018	TID #5	Developer financed	-	8,487,500	-	8,487,500
SBH-Madison, LLC (Miramont)	05/05/2018	TID #3	Developer financed	-	1,188,200	-	1,188,200
Live Site, LLC (Hy Cite)	06/05/2018	TID #3	Developer financed	-	3,144,803	-	3,144,803
Stardust Investments, LLC	07/11/2018	TID #5	Developer financed	-	544,243	-	544,243
Nikki & Hanna, LLC	07/17/2018	TID #3	Developer financed	-	348,084	-	348,084
Whispering Pines, LLC	08/21/2018	TID #3	Developer financed	-	471,796	-	471,796
				<u>\$ 36,750,858</u>	<u>\$ 13,607,873</u>	<u>\$ (4,053,857)</u>	<u>\$ 46,304,874</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

F. TAX ABATEMENT (cont.)

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.

G. SUBSEQUENT EVENTS

The City, through referendum on the April 12, 2019 ballot, approved a temporary rate increase for the stormwater utility effective for 2019 through 2024 to provide funding for flood recovery.

The City has been awarded five grants from the Wisconsin Department of Natural Resources for a total of \$697,776. These grants provide fifty percent matching funds for streambank restoration in the Pheasant Branch Creek corridor and conservancy and may be used to help restore damage caused by flooding in August of 2018.

On May 7, 2019, the City issued a general obligation promissory note in the amount of \$3,490,000 with an average interest rate of 3.50% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 13,261,337	\$ 13,231,227	\$ (30,110)
Intergovernmental	2,193,639	2,208,364	14,725
Licenses and permits	884,711	993,150	108,439
Fines, forfeitures and penalties	275,000	261,232	(13,768)
Public charges for services	1,362,371	1,522,706	160,335
Interdepartmental charges for services	1,727,434	1,742,989	15,555
Special assessments	50,000	33,849	(16,151)
Investment income	175,800	503,078	327,278
Miscellaneous	57,500	153,325	95,825
Total Revenues	<u>19,987,792</u>	<u>20,649,920</u>	<u>662,128</u>
EXPENDITURES			
Current			
General government	3,621,376	2,964,011	657,365
Public safety	9,622,585	9,332,638	289,947
Public works	3,999,228	3,902,917	96,311
Health and human services	487,266	530,524	(43,258)
Leisure activities	1,671,452	1,812,359	(140,907)
Conservation and development	807,393	772,630	34,763
Total Expenditures	<u>20,209,300</u>	<u>19,315,079</u>	<u>894,221</u>
Excess (deficiency) of revenues over expenditures	<u>(221,508)</u>	<u>1,334,841</u>	<u>1,556,349</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	525,000	454,670	(70,330)
Transfers (out)	<u>(1,294,142)</u>	<u>(2,028,142)</u>	<u>(734,000)</u>
Total Other Financing Sources (Uses)	<u>(769,142)</u>	<u>(1,573,472)</u>	<u>(804,330)</u>
Net Change in Fund Balance	(990,650)	(238,631)	752,019
FUND BALANCE - Beginning	<u>10,781,460</u>	<u>10,781,460</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 9,790,810</u>	<u>\$ 10,542,829</u>	<u>\$ 752,019</u>

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

CITY OF MIDDLETON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/18	0.08125430%	\$ (2,412,536)	\$ 10,329,319	23.36%	102.93%
12/31/17	0.07845755%	646,678	9,768,789	6.62%	99.12%
12/31/16	0.07799302%	1,267,371	9,708,670	13.05%	98.20%
12/31/15	0.77378190%	(1,900,620)	9,162,017	19.43%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 894,907	\$ 894,907	\$ -	\$ 10,666,587	8.39%
12/31/17	866,859	866,859	-	10,328,500	8.39%
12/31/16	757,861	757,861	-	9,768,789	7.76%
12/31/15	764,194	764,194	-	9,708,670	7.87%

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

CITY OF MIDDLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in the notes to the financial statements.

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

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Current Expenditures			
General Administration	\$ 184,284	\$ 191,292	\$ 7,008
Finance	773,346	788,670	15,324
Information Technology	752,736	790,204	37,468
Legal Counsel	226,000	233,355	247,355
EMS	1,870,597	1,884,194	13,597
Public Fire Protection	438,000	485,243	47,243
Senior Center	487,266	530,524	43,258
Recreation Administration	367,313	395,503	28,190
Public Lands	1,019,763	1,167,240	147,477
Forestry	243,714	243,974	260
Transfers Out	1,294,142	2,028,142	734,000

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. The detail of those items can be found in the City's year end budget to actual report.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON

GENERAL FUND
 DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property tax	\$ 12,525,513	\$ 12,525,513	\$ -
Fees in lieu of taxes	44,100	44,100	-
Business taxes	9,724	5,317	(4,407)
Room tax	680,000	653,132	(26,868)
Interest and penalties on taxes	2,000	3,165	1,165
Total Taxes	<u>13,261,337</u>	<u>13,231,227</u>	<u>(30,110)</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	277,552	281,329	3,777
State aid - road allotment	1,109,327	1,120,641	11,314
State aid - exempt computer aid	255,717	255,717	-
State aid - fire insurance dues	136,000	120,227	(15,773)
State aid - police school liaison officer	82,202	84,199	1,997
Federal and state aid - other	273,841	274,980	1,139
County aid - signals	8,000	17,275	9,275
County aid - senior citizens	51,000	53,996	2,996
Total Intergovernmental Revenues	<u>2,193,639</u>	<u>2,208,364</u>	<u>14,725</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	40,000	47,972	7,972
Operators' licenses	20,000	17,708	(2,292)
Alarm licenses	9,000	8,599	(401)
Cigarette licenses	600	680	80
Dog and cat licenses	3,500	3,654	154
Cable TV franchise license	272,500	265,219	(7,281)
Other miscellaneous licenses	2,350	4,370	2,020
Building permits	295,000	352,710	57,710
Electrical permits	70,000	81,824	11,824
Plumbing permits	70,000	71,728	1,728
Erosion control permits	20,000	27,414	7,414
Other permits	4,000	7,450	3,450
Other miscellaneous fees	24,161	24,574	413
Zoning permits	20,600	25,509	4,909
Park reservation permits	33,000	53,739	20,739
Total Licenses and Permits	<u>884,711</u>	<u>993,150</u>	<u>108,439</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties	150,000	160,646	10,646
Court costs	85,000	73,893	(11,107)
Parking violations	40,000	26,693	(13,307)
Total Fines, Forfeitures and Penalties	<u>275,000</u>	<u>261,232</u>	<u>(13,768)</u>

CITY OF MIDDLETON

GENERAL FUND
 DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
CHARGES FOR SERVICES			
Clerk fees	\$ 15,000	\$ 17,417	\$ 2,417
Police special services	-	85	85
Police department fees	9,000	10,022	1,022
Ambulance services	938,741	986,924	48,183
Plan commission charges	12,000	15,937	3,937
Senior citizens	31,700	46,444	14,744
Swimming pool	171,000	212,869	41,869
Aquatic concession revenue	31,248	29,758	(1,490)
Summer recreation	47,500	69,889	22,389
Seasonal recreation	47,000	45,523	(1,477)
Hubbard art center program	47,982	69,425	21,443
Public works charges	-	277	277
Administration reimbursements - recycling	10,000	17,436	7,436
Donations	1,200	700	(500)
Total Charges for Services	<u>1,362,371</u>	<u>1,522,706</u>	<u>160,335</u>
INTERDEPARTMENT CHARGES FOR SERVICES			
Administration reimbursements - utilities	135,000	135,000	-
Administration reimbursements - metro	-	15,555	15,555
Administration reimbursements - TIF	1,376,530	1,376,530	-
Administration reimbursements - landfill	5,000	5,000	-
Administration reimbursements - fire district	2,600	2,600	-
EMS fixed cost abatement	208,304	208,304	-
Total Interdepartmental Charges for Services	<u>1,727,434</u>	<u>1,742,989</u>	<u>15,555</u>
SPECIAL ASSESSMENTS			
Curb, gutter and sidewalks	50,000	33,849	(16,151)
INVESTMENT INCOME			
Investment income	175,800	503,078	327,278
MISCELLANEOUS REVENUES			
Credit card rebate	40,000	63,211	23,211
Sale of materials	1,500	4,025	2,525
Interlocking ignition device	-	1,200	1,200
Other miscellaneous	16,000	84,889	68,889
Total Miscellaneous Revenues	<u>57,500</u>	<u>153,325</u>	<u>95,825</u>
OTHER FINANCING SOURCES			
Transfers In	525,000	454,670	(70,330)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 20,512,792</u>	<u>\$ 21,104,590</u>	<u>\$ 591,798</u>

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES For the Year Ended December 31, 2018

CURRENT EXPENDITURES	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Council	\$ 68,222	\$ 68,004	\$ 218
Boards and commissions	23,600	13,931	9,669
General administration	184,284	191,292	(7,008)
Municipal court	100,934	95,137	5,797
Finance	773,346	788,670	(15,324)
General administration - sick leave	210,000	172,314	37,686
Information technology	752,736	790,204	(37,468)
Legal counsel	226,000	233,355	(7,355)
Buildings and grounds	63,100	53,091	10,009
Illegal taxes and tax refunds	10,080	7,170	2,910
General contingency	25,000	21,797	3,203
Risk management and insurance	375,000	375,000	-
Elections	85,920	43,854	42,066
Miscellaneous	723,154	110,192	612,962
Total General Government	<u>3,621,376</u>	<u>2,964,011</u>	<u>657,365</u>
PUBLIC SAFETY			
Police department	5,657,612	5,537,776	119,836
Fire suppression	1,123,801	917,395	206,406
Public fire protection	438,000	485,243	(47,243)
EMS	1,870,597	1,884,194	(13,597)
Building inspector	470,075	449,197	20,878
Emergency preparedness	62,500	58,833	3,667
Total Public Safety	<u>9,622,585</u>	<u>9,332,638</u>	<u>289,947</u>
PUBLIC WORKS			
Engineering and administration	884,860	879,746	5,114
Street maintenance	838,231	919,451	(81,220)
Fleet maintenance	343,517	342,629	888
City garage	97,670	86,570	11,100
Sidewalk maintenance	140,000	37,337	102,663
Snow removal	82,500	74,552	7,948
Traffic signs and markings	67,500	64,894	2,606
Street lighting	141,000	121,874	19,126
Storm sewers	55,000	46,637	8,363
Mass transit	424,891	420,216	4,675
Garbage collection	535,000	526,922	8,078
Sanitary landfill	93,270	93,270	-
Recycling	295,789	288,819	6,970
Total Public Works	<u>3,999,228</u>	<u>3,902,917</u>	<u>96,311</u>

CITY OF MIDDLETON

GENERAL FUND
 DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (cont.)
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
HEALTH AND HUMAN SERVICES			
Senior center	\$ 487,266	\$ 530,524	\$ (43,258)
LEISURE ACTIVITIES			
Recreation facilities	284,376	249,616	34,760
Recreation administration	367,313	395,503	(28,190)
Public lands	1,019,763	1,167,240	(147,477)
Total Leisure Activities	<u>1,671,452</u>	<u>1,812,359</u>	<u>(140,907)</u>
CONSERVATION AND DEVELOPMENT			
Forestry	243,714	243,974	(260)
Water resources	21,439	21,438	1
Conservancy lands	144,584	132,478	12,106
Planning	397,656	374,740	22,916
Total Conservation and Development	<u>807,393</u>	<u>772,630</u>	<u>34,763</u>
OTHER FINANCING USES			
Transfers out	<u>1,294,142</u>	<u>2,028,142</u>	<u>(734,000)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 21,503,442</u>	<u>\$ 21,343,221</u>	<u>\$ 160,221</u>

OTHER MAJOR FUNDS

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE (MAJOR FUND)
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes	\$ 4,491,953	\$ 4,491,953	\$ -
Intergovernmental	124,995	125,398	403
Investment income	-	794	794
Total Revenues	<u>4,616,948</u>	<u>4,618,145</u>	<u>1,197</u>
EXPENDITURES			
Debt Service			
Principal retirement	3,780,000	3,780,000	-
Interest and fiscal charges	<u>1,013,336</u>	<u>1,106,983</u>	<u>(93,647)</u>
Total Expenditures	<u>4,793,336</u>	<u>4,886,983</u>	<u>(93,647)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(176,388)</u>	<u>(268,838)</u>	<u>(92,450)</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	1,437	1,437
Premium on debt	-	142,164	142,164
Transfer in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Other Financing Sources	<u>150,000</u>	<u>293,601</u>	<u>143,601</u>
Net Change in Fund Balance	(26,388)	24,763	51,151
FUND BALANCE - Beginning	<u>43,615</u>	<u>43,615</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 17,227</u>	<u>\$ 68,378</u>	<u>\$ 51,151</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
TIF DISTRICT NO. 3 - CAPITAL PROJECTS FUND (MAJOR FUND)
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 9,400,000	\$ 9,225,021	\$ (174,979)
Intergovernmental	350,000	406,626	56,626
Special assessments	177,030	354,060	177,030
Investment income	62,176	114,565	52,389
Total Revenues	<u>9,989,206</u>	<u>10,100,272</u>	<u>111,066</u>
EXPENDITURES			
Current			
General government	1,761,530	1,646,131	115,399
Conservation and development	5,500,000	2,580,486	2,919,514
Capital outlay	1,445,000	2,090,773	(645,773)
Debt Service			
Principal retirement	1,920,000	1,920,000	-
Interest and fiscal charges	178,319	178,319	-
Total Expenditures	<u>10,804,849</u>	<u>8,415,709</u>	<u>2,389,140</u>
Net Change in Fund Balance	(815,643)	1,684,563	2,500,206
FUND BALANCE - Beginning	<u>10,520,814</u>	<u>10,520,814</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 9,705,171</u>	<u>\$ 12,205,377</u>	<u>\$ 2,500,206</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL -
TIF DISTRICT NO. 5 - CAPITAL PROJECTS FUND (MAJOR FUND)
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 855,000	\$ 841,145	\$ (13,855)
Intergovernmental	192,250	192,465	215
Investment income	-	14,068	14,068
Miscellaneous	-	63,241	63,241
Total Revenues	<u>1,047,250</u>	<u>1,110,919</u>	<u>63,669</u>
EXPENDITURES			
Current			
General government	-	150	(150)
Conservation and development	91,000	1,596,050	(1,505,050)
Capital Outlay	605,000	3,524,505	(2,919,505)
Debt Service			
Principal	361,963	361,963	-
Interest and fiscal charges	212,515	212,515	-
Total Expenditures	<u>1,270,478</u>	<u>5,695,183</u>	<u>(4,424,705)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(223,228)</u>	<u>(4,584,264)</u>	<u>(4,361,036)</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	1,500,000	1,500,000
Net Change in Fund Balances	(223,228)	(3,084,264)	(2,861,036)
FUND BALANCE (DEFICIT) - Beginning	<u>(794,423)</u>	<u>(794,423)</u>	-
FUND BALANCE (DEFICIT) - Ending	<u>\$ (1,017,651)</u>	<u>\$ (3,878,687)</u>	<u>\$ (2,861,036)</u>

CITY OF MIDDLETON

COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND (MAJOR FUND)

As of December 31, 2018

	<u>General Capital Projects</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>Total Capital Projects Fund</u>
ASSETS				
Cash and investments	\$ 841,109	\$ 435,540	\$ 328,444	\$ 1,605,093
TOTAL ASSETS	<u>\$ 841,109</u>	<u>\$ 435,540</u>	<u>\$ 328,444</u>	<u>\$ 1,605,093</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 745	\$ 101,767	\$ (6,038)	\$ 96,474
Fund Balance				
Restricted	<u>840,364</u>	<u>333,773</u>	<u>334,482</u>	<u>1,508,619</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 841,109</u>	<u>\$ 435,540</u>	<u>\$ 328,444</u>	<u>\$ 1,605,093</u>

CITY OF MIDDLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND (MAJOR FUND)

For the Year Ended December 31, 2018

	General Capital Projects	Public Works Capital Construction	Public Lands Capital Construction	Total Capital Projects Fund
REVENUES				
Intergovernmental	\$ 7,467	\$ -	\$ 90,127	\$ 97,594
Miscellaneous	-	-	10,000	10,000
Total Revenues	<u>7,467</u>	<u>-</u>	<u>100,127</u>	<u>107,594</u>
EXPENDITURES				
Capital outlay	<u>474,397</u>	<u>2,683,611</u>	<u>674,054</u>	<u>3,832,062</u>
Deficiency of revenues over expenditures	<u>(466,930)</u>	<u>(2,683,611)</u>	<u>(573,927)</u>	<u>(3,724,468)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	498,595	2,448,068	551,900	3,498,563
Sale of capital assets	-	70,127	-	70,127
Transfer in	384,000	47,241	339,559	770,800
Transfers out	<u>(26,800)</u>	<u>-</u>	<u>-</u>	<u>(26,800)</u>
Total Other Financing Sources (Uses)	<u>855,795</u>	<u>2,565,436</u>	<u>891,459</u>	<u>4,312,690</u>
Net Change in Fund Balance	388,865	(118,175)	317,532	588,222
FUND BALANCE - Beginning	<u>451,499</u>	<u>451,948</u>	<u>16,950</u>	<u>920,397</u>
FUND BALANCE - Ending	<u>\$ 840,364</u>	<u>\$ 333,773</u>	<u>\$ 334,482</u>	<u>\$ 1,508,619</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND (MAJOR FUND)
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 22,000	\$ 97,594	\$ 75,594
Miscellaneous	-	10,000	10,000
Total Revenues	<u>22,000</u>	<u>107,594</u>	<u>85,594</u>
EXPENDITURES			
Capital Outlay	<u>4,876,729</u>	<u>3,832,062</u>	<u>1,044,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,854,729)</u>	<u>(3,724,468)</u>	<u>1,130,261</u>
OTHER FINANCING SOURCES			
Long-term debt issued	3,498,563	3,498,563	-
Sale of capital assets	-	70,127	70,127
Transfers in	<u>2,223,000</u>	<u>744,000</u>	<u>(1,479,000)</u>
Total Other Financing Sources (Uses)	<u>5,721,563</u>	<u>4,312,690</u>	<u>(1,408,873)</u>
Net Change in Fund Balance	866,834	588,222	(278,612)
FUND BALANCE - Beginning	<u>920,397</u>	<u>920,397</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 1,787,231</u>	<u>\$ 1,508,619</u>	<u>\$ (278,612)</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF MIDDLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>Subdividers'</u> <u>Deposits</u>	<u>Lost and</u> <u>Damaged</u> <u>Books</u>	<u>Library</u> <u>Gift</u>	<u>Library</u> <u>Endowment</u>	<u>Library</u> <u>Fund</u>
ASSETS					
Cash and investments	\$ 1,815,638	\$ 88,005	\$ 24,016	\$ 293,259	\$ 119,165
Other receivables	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,815,638</u>	<u>\$ 88,005</u>	<u>\$ 24,016</u>	<u>\$ 293,259</u>	<u>\$ 119,165</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 35,839	\$ 470	\$ -	\$ -	\$ 25,326
Other accrued liabilities	-	-	-	-	34,211
Deposits	788,136	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>823,975</u>	<u>470</u>	<u>-</u>	<u>-</u>	<u>59,537</u>
Fund Balances					
Restricted	991,663	87,535	24,016	293,259	59,628
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	<u>991,663</u>	<u>87,535</u>	<u>24,016</u>	<u>293,259</u>	<u>59,628</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,815,638</u>	<u>\$ 88,005</u>	<u>\$ 24,016</u>	<u>\$ 293,259</u>	<u>\$ 119,165</u>

Safety Impact Fee and Other	Economic Development Grant	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Youth Center Activities	Senior Center Activities	Total Nonmajor Governmental Funds
\$ 980,336	\$ 307,244	\$ 1,914,589	\$ 40	\$ 11,265	\$ 1,776,143	\$ -	\$ 152,007	\$ 7,481,707
-	-	371,909	-	-	-	23,000	-	394,909
<u>\$ 980,336</u>	<u>\$ 307,244</u>	<u>\$ 2,286,498</u>	<u>\$ 40</u>	<u>\$ 11,265</u>	<u>\$ 1,776,143</u>	<u>\$ 23,000</u>	<u>\$ 152,007</u>	<u>\$ 7,876,616</u>
\$ -	\$ -	\$ 200,847	\$ -	\$ -	\$ 50,560	\$ 647	\$ -	\$ 313,689
-	-	3,877	-	-	-	1,425	-	39,513
-	-	-	-	-	-	-	-	788,136
-	-	-	-	-	-	22,641	-	22,641
-	-	204,724	-	-	50,560	24,713	-	1,163,979
980,336	307,244	2,081,774	40	11,265	1,725,583	-	152,007	6,714,350
-	-	-	-	-	-	(1,713)	-	(1,713)
<u>980,336</u>	<u>307,244</u>	<u>2,081,774</u>	<u>40</u>	<u>11,265</u>	<u>1,725,583</u>	<u>(1,713)</u>	<u>152,007</u>	<u>6,712,637</u>
<u>\$ 980,336</u>	<u>\$ 307,244</u>	<u>\$ 2,286,498</u>	<u>\$ 40</u>	<u>\$ 11,265</u>	<u>\$ 1,776,143</u>	<u>\$ 23,000</u>	<u>\$ 152,007</u>	<u>\$ 7,876,616</u>

CITY OF MIDDLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	836,227
Public charges for services	9,063	22,060	-	-	20,869
Licenses and permits	4,890	-	-	-	-
Investment income (loss)	-	998	266	(1,160)	8,991
Contributions	-	-	5,363	5,535	-
Miscellaneous	-	-	-	-	9
Total Revenues	<u>13,953</u>	<u>23,058</u>	<u>5,629</u>	<u>4,375</u>	<u>866,096</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Health and human services	-	-	-	-	-
Leisure activities	-	2,237	483	3,861	2,099,921
Conservation and development	-	-	-	-	-
Capital Outlay	54,711	-	-	-	-
Total Expenditures	<u>54,711</u>	<u>2,237</u>	<u>483</u>	<u>3,861</u>	<u>2,099,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,758)</u>	<u>20,821</u>	<u>5,146</u>	<u>514</u>	<u>(1,233,825)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,214,784
Transfers (out)	(939,589)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(939,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,784</u>
Net Change in Fund Balance	(980,347)	20,821	5,146	514	(19,041)
FUND BALANCE (DEFICIT) - Beginning	<u>1,972,010</u>	<u>66,714</u>	<u>18,870</u>	<u>292,745</u>	<u>78,669</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 991,663</u>	<u>\$ 87,535</u>	<u>\$ 24,016</u>	<u>\$ 293,259</u>	<u>\$ 59,628</u>

Safety Impact Fee and Other	Economic Development Grant	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Youth Center Activities	Senior Center Activities	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,523,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,523,974
-	-	-	2,476	4,440	-	26,746	16,355	886,244
-	-	-	-	-	403,976	12,140	-	468,108
214,389	-	-	-	-	-	-	-	219,279
12,193	5,371	-	-	-	-	-	-	26,659
-	-	-	-	-	78,229	-	12,372	101,499
-	21,442	11,644	-	6,000	-	-	-	39,095
<u>226,582</u>	<u>26,813</u>	<u>1,535,618</u>	<u>2,476</u>	<u>10,440</u>	<u>482,205</u>	<u>38,886</u>	<u>28,727</u>	<u>3,264,858</u>
-	-	166,760	-	-	-	-	-	166,760
-	-	-	-	-	-	-	19,672	19,672
-	-	-	-	-	11,514	115,562	-	2,233,578
-	-	1,121,677	-	-	7,612	-	-	1,129,289
-	-	-	2,436	28,440	1,013,428	-	-	1,099,015
-	-	<u>1,288,437</u>	<u>2,436</u>	<u>28,440</u>	<u>1,032,554</u>	<u>115,562</u>	<u>19,672</u>	<u>4,648,314</u>
<u>226,582</u>	<u>26,813</u>	<u>247,181</u>	<u>40</u>	<u>(18,000)</u>	<u>(550,349)</u>	<u>(76,676)</u>	<u>9,055</u>	<u>(1,383,456)</u>
-	-	-	-	-	939,589	79,358	-	2,233,731
(150,000)	-	-	-	-	-	-	-	(1,089,589)
<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939,589</u>	<u>79,358</u>	<u>-</u>	<u>1,144,142</u>
76,582	26,813	247,181	40	(18,000)	389,240	2,682	9,055	(239,314)
<u>903,754</u>	<u>280,431</u>	<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>6,951,951</u>
<u>\$ 980,336</u>	<u>\$ 307,244</u>	<u>\$ 2,081,774</u>	<u>\$ 40</u>	<u>\$ 11,265</u>	<u>\$ 1,725,583</u>	<u>\$ (1,713)</u>	<u>\$ 152,007</u>	<u>\$ 6,712,637</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SUBDIVIDERS' DEPOSITS - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Public charges for services	\$ 125,000	\$ 9,063	\$ (115,937)
Licenses and permits	<u>25,000</u>	<u>4,890</u>	<u>(20,110)</u>
Total Revenues	<u>150,000</u>	<u>13,953</u>	<u>(136,047)</u>
EXPENDITURES			
Capital Outlay	<u>150,000</u>	<u>54,711</u>	<u>95,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(40,758)</u>	<u>(40,758)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(939,589)</u>	<u>(939,589)</u>
Net Change in Fund Balance	-	(980,347)	(980,347)
FUND BALANCE - Beginning	<u>1,972,010</u>	<u>1,972,010</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,972,010</u>	<u>\$ 991,663</u>	<u>\$ (980,347)</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
LOST AND DAMAGED BOOKS - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Public charges for services	\$ 20,000	\$ 22,060	\$ 2,060
Investment income	-	998	998
Total Revenues	<u>20,000</u>	<u>23,058</u>	<u>3,058</u>
EXPENDITURES			
Current			
Leisure activities	<u>30,000</u>	<u>2,237</u>	<u>27,763</u>
Net Change in Fund Balance	(10,000)	20,821	30,821
FUND BALANCE - Beginning	<u>66,714</u>	<u>66,714</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 56,714</u>	<u>\$ 87,535</u>	<u>\$ 30,821</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
LIBRARY GIFT - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 266	\$ 266
Contributions	<u>5,000</u>	<u>5,363</u>	<u>363</u>
Total Revenues	<u>5,000</u>	<u>5,629</u>	<u>629</u>
EXPENDITURES			
Current			
Leisure activities	<u>-</u>	<u>483</u>	<u>(483)</u>
Net Change in Fund Balance	5,000	5,146	146
FUND BALANCE - Beginning	<u>18,870</u>	<u>18,870</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 23,870</u>	<u>\$ 24,016</u>	<u>\$ 146</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
LIBRARY ENDOWMENT - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income (loss)	\$ 5,500	\$ (1,160)	\$ (6,660)
Contributions	5,000	5,535	535
Total Revenues	<u>10,500</u>	<u>4,375</u>	<u>(6,125)</u>
EXPENDITURES			
Current			
Leisure activities	<u>20,000</u>	<u>3,861</u>	<u>16,139</u>
Net Change in Fund Balance	(9,500)	514	10,014
FUND BALANCE - Beginning	<u>292,745</u>	<u>292,745</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 283,245</u>	<u>\$ 293,259</u>	<u>\$ 10,014</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
LIBRARY FUND - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 833,592	\$ 836,227	\$ 2,635
Public charges for services	15,000	20,869	5,869
Investment income	-	8,991	8,991
Miscellaneous	-	9	9
Total Revenues	<u>848,592</u>	<u>866,096</u>	<u>17,504</u>
EXPENDITURES			
Current			
Leisure activities	2,057,392	2,099,921	(42,529)
Capital Outlay	<u>61,984</u>	-	<u>61,984</u>
Total Expenditures	<u>2,119,376</u>	<u>2,099,921</u>	<u>19,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,270,784)</u>	<u>(1,233,825)</u>	<u>36,959</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,214,784</u>	<u>1,214,784</u>	-
Net Change in Fund Balance	(56,000)	(19,041)	36,959
FUND BALANCE - Beginning	<u>78,669</u>	<u>78,669</u>	-
FUND BALANCE - ENDING	<u>\$ 22,669</u>	<u>\$ 59,628</u>	<u>\$ 36,959</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SAFETY IMPACT FEE AND OTHER - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Licenses and permits	\$ 200,000	\$ 214,389	\$ 14,389
Investment income	-	12,193	12,193
Total Revenues	<u>200,000</u>	<u>226,582</u>	<u>26,582</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>200,000</u>	<u>226,582</u>	<u>26,582</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net Change in Fund Balance	50,000	76,582	26,582
FUND BALANCE - Beginning	<u>903,754</u>	<u>903,754</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 953,754</u>	<u>\$ 980,336</u>	<u>\$ 26,582</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
ECONOMIC DEVELOPMENT GRANT - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 500	\$ 5,371	\$ 4,871
Miscellaneous	-	21,442	21,442
Total Revenues	<u>500</u>	<u>26,813</u>	<u>26,313</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	500	26,813	26,313
FUND BALANCE - Beginning	<u>280,431</u>	<u>280,431</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 280,931</u>	<u>\$ 307,244</u>	<u>\$ 26,313</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
TOURISM COMMISSION - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,600,000	\$ 1,523,974	\$ (76,026)
Miscellaneous	-	11,644	11,644
Total Revenues	<u>1,600,000</u>	<u>1,535,618</u>	<u>(64,382)</u>
EXPENDITURES			
Current			
General government	170,230	166,760	3,470
Conservation and development	<u>1,170,716</u>	<u>1,121,677</u>	<u>49,039</u>
Total Expenditures	<u>1,340,946</u>	<u>1,288,437</u>	<u>52,509</u>
Net Change in Fund Balance	259,054	247,181	(11,873)
FUND BALANCE - Beginning	<u>1,834,593</u>	<u>1,834,593</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,093,647</u>	<u>\$ 2,081,774</u>	<u>\$ (11,873)</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
POLICE ACTIVITIES - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 5,000	\$ 2,476	\$ (2,524)
EXPENDITURES			
Capital Outlay	<u>5,000</u>	<u>2,436</u>	<u>2,564</u>
Net Change in Fund Balance	-	40	40
FUND BALANCE - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
EMS ACTIVITIES - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 5,000	\$ 4,440	\$ (560)
Miscellaneous	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Total Revenues	<u>5,000</u>	<u>10,440</u>	<u>5,440</u>
EXPENDITURES			
Capital Outlay	<u>5,000</u>	<u>28,440</u>	<u>(23,440)</u>
Net Change in Fund Balance	-	(18,000)	(18,000)
FUND BALANCE - Beginning	<u>29,265</u>	<u>29,265</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 29,265</u>	<u>\$ 11,265</u>	<u>\$ (18,000)</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
PUBLIC LAND ACTIVITIES - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Public charges for services	\$ 300,000	\$ 403,976	\$ 103,976
Contributions	-	78,229	78,229
Total Revenues	<u>300,000</u>	<u>482,205</u>	<u>182,205</u>
EXPENDITURES			
Current			
Leisure activities	-	11,514	(11,514)
Conservation and development	-	7,612	(7,612)
Capital Outlay	<u>1,183,000</u>	<u>1,013,428</u>	<u>169,572</u>
Total Expenditures	<u>1,183,000</u>	<u>1,032,554</u>	<u>150,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(883,000)</u>	<u>(550,349)</u>	<u>332,651</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>939,589</u>	<u>939,589</u>
Net Change in Fund Balance	(883,000)	389,240	1,272,240
FUND BALANCE - Beginning	<u>1,336,343</u>	<u>1,336,343</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 453,343</u>	<u>\$ 1,725,583</u>	<u>\$ 1,272,240</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL -
YOUTH CENTER ACTIVITIES - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 27,385	\$ 26,746	\$ (639)
Public charges for services	<u>5,750</u>	<u>12,140</u>	<u>6,390</u>
Total Revenues	<u>33,135</u>	<u>38,886</u>	<u>5,751</u>
EXPENDITURES			
Current			
Leisure activities	<u>112,493</u>	<u>115,562</u>	<u>(3,069)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(79,358)</u>	<u>(76,676)</u>	<u>2,682</u>
OTHER FINANCING SOURCES			
Transfers in	<u>79,358</u>	<u>79,358</u>	<u>-</u>
Net Change in Fund Balance	-	2,682	2,682
FUND BALANCE (DEFICIT) - Beginning	<u>(4,395)</u>	<u>(4,395)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (4,395)</u>	<u>\$ (1,713)</u>	<u>\$ 2,682</u>

CITY OF MIDDLETON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SENIOR CENTER ACTIVITIES - SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 15,000	\$ 16,355	\$ 1,355
Contributions	<u>10,000</u>	<u>12,372</u>	<u>2,372</u>
Total Revenues	<u>25,000</u>	<u>28,727</u>	<u>3,727</u>
EXPENDITURES			
Current			
Health and human services	<u>25,000</u>	<u>19,672</u>	<u>5,328</u>
Net Change in Fund Balance	-	9,055	9,055
FUND BALANCE - Beginning	<u>142,952</u>	<u>142,952</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 142,952</u>	<u>\$ 152,007</u>	<u>\$ 9,055</u>

NONMAJOR PROPRIETARY FUNDS

CITY OF MIDDLETON

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS As of December 31, 2018

	Enterprise Funds			Nonmajor Enterprise Funds
	Stormwater Utility	Middleton Utility District	Airport	
ASSETS				
Current Assets				
Cash and investments	\$ 823,918	\$ 33,708	\$ 293,017	\$ 1,150,643
Accounts receivable	71,931	-	-	71,931
Due from other funds	3,475	-	-	3,475
Total Current Assets	899,324	33,708	293,017	1,226,049
Noncurrent Assets				
Capital Assets				
Land	1,935,149	-	1,546,149	3,481,298
Construction in progress	38,850	-	-	38,850
Land improvements	2,170,451	-	11,300	2,181,751
Buildings and improvements	-	-	745,292	745,292
Machinery and equipment	-	-	207,537	207,537
Accumulated depreciation	(471,723)	-	(252,407)	(724,130)
Total Noncurrent Assets	3,672,727	-	2,257,871	5,930,598
 TOTAL ASSETS	 \$ 4,572,051	 \$ 33,708	 \$ 2,550,888	 \$ 7,156,647
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 15,033	\$ -	\$ 19,320	\$ 34,353
Unearned revenue	-	-	45,370	45,370
Total Current Liabilities	15,033	-	64,690	79,723
NET POSITION				
Net investment in capital assets	3,672,727	-	2,257,871	5,930,598
Unrestricted	884,291	33,708	228,327	1,146,326
Total Net Position	4,557,018	33,708	2,486,198	7,076,924
 TOTAL LIABILITIES AND NET POSITION	 \$ 4,572,051	 \$ 33,708	 \$ 2,550,888	 \$ 7,156,647

CITY OF MIDDLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Enterprise Funds			Totals
	Stormwater Utility	Middleton Utility District	Airport	
OPERATING REVENUES				
Charges for services	\$ 282,125	\$ -	\$ 121,936	\$ 404,061
OPERATING EXPENSES				
Operation and maintenance	164,841	4,813	127,575	297,229
Depreciation	87,292	-	28,193	115,485
Total Operating Expenses	252,133	4,813	155,768	412,714
Operating Income (Loss)	29,992	(4,813)	(33,832)	(8,653)
NONOPERATING REVENUES				
Investment income	9,163	433	3,607	13,203
Miscellaneous nonoperating income	-	-	10,214	10,214
Total Nonoperating Revenues	9,163	433	13,821	23,417
Change in Net Position	39,155	(4,380)	(20,011)	14,764
TOTAL NET POSITION - Beginning	4,517,863	38,088	2,506,209	7,062,160
TOTAL NET POSITION - ENDING	\$ 4,557,018	\$ 33,708	\$ 2,486,198	\$ 7,076,924

CITY OF MIDDLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Enterprise Funds			Totals
	Stormwater	Middleton Utility District	Airport	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 282,983	\$ -	\$ 177,520	\$ 460,503
Paid to suppliers for goods and services	(38,801)	(4,813)	(153,002)	(196,616)
Net Cash Flows From Operating Activities	<u>244,182</u>	<u>(4,813)</u>	<u>24,518</u>	<u>263,887</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of and construction of capital assets	(15,752)	-	-	(15,752)
Net Cash Flows From Capital and Related Financing Activities	<u>(15,752)</u>	<u>-</u>	<u>-</u>	<u>(15,752)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	9,163	433	3,607	13,203
Net Cash Flows From Investing Activities	<u>9,163</u>	<u>433</u>	<u>3,607</u>	<u>13,203</u>
Net Increase (Decrease) in Cash and Cash Equivalents	237,593	(4,380)	28,125	261,338
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>586,325</u>	<u>38,088</u>	<u>264,892</u>	<u>889,305</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 823,918</u>	<u>\$ 33,708</u>	<u>\$ 293,017</u>	<u>\$ 1,150,643</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 29,992	\$ (4,813)	\$ (33,832)	\$ (8,653)
Nonoperating income	-	-	10,214	10,214
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	87,292	-	28,193	115,485
Impairment of capital asset	112,319	-	-	112,319
Change in assets and liabilities:				
Accounts receivable	1,009	-	-	1,009
Due from other funds	(151)	-	-	(151)
Accounts payable	13,721	-	(25,427)	(11,706)
Unearned revenue	-	-	45,370	45,370
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 244,182</u>	<u>\$ (4,813)</u>	<u>\$ 24,518</u>	<u>\$ 263,887</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Impairment loss	<u>\$ 112,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,319</u>

AGENCY FUNDS

CITY OF MIDDLETON

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
TAX ROLL				
Assets				
Cash and investments	\$ 25,255,892	\$ 20,816,399	\$ 25,255,892	\$ 20,816,399
Taxes receivable	16,107,226	20,204,245	16,107,226	20,204,245
TOTAL ASSETS	<u>\$ 41,363,118</u>	<u>\$ 41,020,644</u>	<u>\$ 41,363,118</u>	<u>\$ 41,020,644</u>
Liabilities				
Due to other governmental units	<u>\$ 41,363,118</u>	<u>\$ 41,020,644</u>	<u>\$ 41,363,118</u>	<u>\$ 41,020,644</u>
FIRE DISTRICT				
Assets				
Cash and investments	\$ 28,056	\$ -	\$ 28,056	\$ -
Accounts receivable	-	411,086	-	411,086
Due from other governmental units	358,870	358,870	358,870	358,870
TOTAL ASSETS	<u>\$ 386,926</u>	<u>\$ 769,956</u>	<u>\$ 386,926</u>	<u>\$ 769,956</u>
Liabilities				
Accounts payable	\$ 199,345	\$ 22,255	\$ 199,345	\$ 22,255
Accrued liabilities	43,870	51,713	43,870	51,713
Due to other governmental units	143,711	695,988	143,711	695,988
TOTAL LIABILITIES	<u>\$ 386,926</u>	<u>\$ 769,956</u>	<u>\$ 386,926</u>	<u>\$ 769,956</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 25,283,948	\$ 20,816,399	\$ 25,283,948	\$ 20,816,399
Taxes receivable	16,107,226	20,204,245	16,107,226	20,204,245
Accounts receivable	-	411,086	-	411,086
Due from other governmental units	358,870	358,870	358,870	358,870
TOTAL ASSETS	<u>\$ 41,750,044</u>	<u>\$ 41,790,600</u>	<u>\$ 41,750,044</u>	<u>\$ 41,790,600</u>
Liabilities				
Accounts payable	\$ 199,345	\$ 22,255	\$ 199,345	\$ 22,255
Accrued liabilities	43,870	51,713	43,870	51,713
Due to other governmental units	41,506,829	41,716,632	41,506,829	41,716,632
TOTAL LIABILITIES	<u>\$ 41,750,044</u>	<u>\$ 41,790,600</u>	<u>\$ 41,750,044</u>	<u>\$ 41,790,600</u>

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MIDDLETON**

STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Received from customers	\$ 36,922
Paid to suppliers for goods and services	<u>(95,406)</u>
Net Cash Flows From Operating Activities	<u>(58,484)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	<u>8,585</u>
Net Cash Flows From Investing Activities	<u>8,585</u>

Net Decrease in Cash and Cash Equivalents (49,899)

CASH AND CASH EQUIVALENTS - Beginning of Year 685,340

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 635,441

STATISTICAL SECTION

**CITY OF MIDDLETON, WISCONSIN
STATISTICAL SECTION
TABLE OF CONTENTS
For the Year Ended December 31, 2018**

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

<u>Contents</u>	<u>Pages</u>
Financial Trends – Tables 1 - 4	96 – 101
These schedules contain trend information to help the reader understand how the City’s financial performance and well being have changed over time.	
Revenue Capacity – Tables 5 - 8	102 – 105
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity – Tables 9 - 12	106 – 109
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information – Tables 13 - 14	110 – 111
These schedules provide demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information – Tables 15 - 17	112 – 114
These schedules contain service and infrastructure data to help the reader understand how the City’s financial report related to the services the City provides and the activities it performs.	

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 67,484,502	\$ 59,300,227	\$ 44,205,346	\$ 42,289,738	\$ 40,190,979	\$ 34,367,993	\$ 25,305,516	\$ 31,784,434	\$ 26,852,456	\$ 26,390,247
Restricted	20,070,132	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
Unrestricted	(6,912,812)	(3,343,866)	9,130,412	7,595,832	4,427,136	5,056,636	10,398,364	5,447,129	6,168,519	3,640,768
Total governmental activities net position	80,641,822	73,962,742	69,543,056	62,814,065	55,440,569	50,913,706	44,396,807	42,258,111	35,164,611	31,913,299
Business-type activities										
Net investment in capital assets	48,055,298	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
Restricted	193,794	-	60,820	243,140	60,820	60,820	55,165	55,165	55,165	54,000
Unrestricted	5,167,512	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
Total business-type activities net position	53,416,604	53,102,609	51,020,415	46,771,703	41,765,625	39,824,551	37,712,982	37,205,548	36,756,648	36,588,942
Primary government										
Net investment in capital assets	115,539,800	106,731,012	92,080,937	83,585,821	76,130,933	68,145,818	57,283,532	63,560,739	57,605,986	56,335,847
Restricted	20,263,926	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
Unrestricted	(1,745,300)	2,327,958	12,214,416	12,828,312	10,191,987	11,042,542	16,078,165	10,821,207	12,116,472	10,230,110
Total primary government net position	\$ 134,058,426	\$ 127,065,351	\$ 120,563,471	\$ 109,585,768	\$ 97,206,194	\$ 90,738,257	\$ 82,109,789	\$ 79,463,659	\$ 71,921,259	\$ 68,502,241

Notes:

Source: Prior year's audited financial statements and current year government-wide Statement of Net Position.

Table 2

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General Government	\$ 2,780,653	\$ 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
Public Safety	9,305,580	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
Public Works	5,100,582	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
Health and Human Services	531,435	604,866	523,561	458,109	467,424	437,254	434,778	660,176	158,318	-
Leisure Activities	3,494,719	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
Conservation and Economic Development	9,652,513	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
Interest and Fiscal Charges	1,080,954	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
Total Governmental Activities	31,946,236	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
Business-type Activities:										
Water	1,923,367	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
Sewer	2,834,608	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
Pleasant View Golf Course	2,083,603	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
Stormwater	252,133	116,415	66,952	36,953	-	-	-	-	-	-
Middleton Utility District	4,813	5,414	237,284	222,972	-	-	-	-	-	-
Airport	155,768	114,532	99,844	-	-	-	-	-	-	-
Total Business-type Activities	7,254,292	6,951,047	6,755,217	5,736,063	5,534,222	5,440,393	5,398,876	4,942,561	4,989,193	4,756,710
Total Expenses	\$ 39,200,528	\$ 36,926,520	\$ 37,445,939	\$ 35,041,903	\$ 32,150,319	\$ 30,709,974	\$ 33,183,521	\$ 33,206,842	\$ 30,956,542	\$ 29,776,170
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 674,106	\$ 252,282	\$ 262,789	\$ 241,765	\$ 241,434	\$ 243,220	\$ 1,640,879	\$ 1,620,302	\$ 192,663	\$ 110,889
General Government	2,014,061	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
Public Safety	214,838	120,485	232,199	111,507	45,414	130,417	120,161	97,673	343,020	336,935
Public Works	46,444	36,296	32,442	28,414	28,453	28,995	21,783	23,703	-	-
Health and Human Services	558,158	441,749	409,688	379,749	374,183	430,584	439,759	301,471	366,942	550,115
Leisure Activities	151,652	199,475	151,652	363,097	499,054	193,813	208,504	381,932	22,363	19,176
Conservation and Economic Development	1,200,663	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
Operating Grants and Contributions	2,003,839	945,985	1,694,137	620,068	595,666	786,066	908,544	520,543	220,005	482,209
Capital Grants and Contributions	6,863,761	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
Total Governmental Activities	2,579,779	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
Charges for Services	2,646,621	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
Water	2,602,147	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
Stormwater	282,125	279,914	273,046	136,580	-	-	-	-	-	-
Middleton Utility District	-	485,541	-	-	-	-	-	-	-	-
Airport	121,936	117,831	117,586	-	-	-	-	-	-	-
Capital Grants and Contributions	135,440	216,924	1,213,827	1,371,232	593,153	1,918,147	179,207	184,994	177,358	24,547
Total Business-type Activities	8,368,048	8,846,394	9,063,827	8,094,168	6,701,505	7,919,492	6,236,916	5,718,451	5,376,071	5,357,703
Total Program Revenues	\$ 15,231,809	\$ 15,719,175	\$ 16,586,410	\$ 14,448,569	\$ 12,833,375	\$ 14,349,842	\$ 14,031,663	\$ 13,939,902	\$ 10,064,230	\$ 10,808,323
Net (Expense) Revenue										
Governmental Activities	\$ (25,082,475)	\$ (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)
Business-type Activities	1,113,756	1,895,347	2,308,610	2,358,105	1,167,283	2,479,099	838,040	775,890	386,878	600,993
Total Net (Expense) Revenue	\$ (23,968,719)	\$ (21,207,345)	\$ (20,859,529)	\$ (20,593,334)	\$ (19,316,944)	\$ (16,360,132)	\$ (19,151,858)	\$ (19,266,940)	\$ (20,892,312)	\$ (18,967,847)

Table 2 (continued)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues										
Governmental Activities:										
Property Taxes	\$ 27,083,632	\$ 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
Other Taxes	2,182,423	1,966,016	1,957,750	1,972,947	1,753,466	1,639,784	1,741,269	1,678,652	1,504,959	1,069,075
Intergovernmental - Unrestricted	1,134,969	1,471,975	1,160,158	1,602,903	821,534	733,100	592,244	836,548	1,180,841	919,207
Public Gifts and/or Grants	-	-	-	-	-	-	-	-	63,680	90,036
Investment Income	656,575	314,935	170,210	106,838	108,978	199,791	170,893	288,769	529,597	707,445
Gain (Loss) on Sale of Capital Assets	168,676	28,358	2,659,850	-	-	1,605	232,617	2,414,956	-	-
Miscellaneous	74,796	160,547	596,707	433,314	154,809	114,547	108,952	160,483	415,496	446,115
Transfers In (Out)	460,484	(132,848)	(1,904,073)	(2,274,762)	(750,083)	412,893	381,958	381,498	379,913	345,840
Total General Revenues and Transfers	\$ 31,761,555	\$ 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
Business-type Activities:										
Investment Income	96,675	46,359	11,387	12,521	23,708	45,363	51,352	54,509	160,741	204,844
Miscellaneous	133,419	-	-	-	-	-	-	-	-	-
Transfers In (Out)	(460,484)	132,848	1,904,073	2,274,762	750,083	(412,893)	(381,958)	(381,498)	(379,913)	(345,840)
Total Business-type Activities	(230,390)	179,207	1,915,460	2,287,283	773,791	(367,530)	(330,606)	(326,989)	(219,172)	(140,996)
Total Primary Government	\$ 31,531,165	\$ 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
Change in Net Assets										
Governmental Activities	\$ 6,679,080	\$ 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
Business Activities	883,366	2,074,554	4,224,070	4,645,388	1,941,074	2,111,569	507,434	448,901	167,706	459,997
Total Change in Net Assets	\$ 7,562,446	\$ 6,494,240	\$ 11,253,061	\$ 8,319,225	\$ 6,467,937	\$ 8,628,468	\$ 2,753,377	\$ 6,578,771	\$ 3,419,018	\$ 797,285

Notes:
Source: Prior year's audited financial statements and current year government-wide Statement of Net Position

Table 3

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010 (2)	2009 (2)
General Fund										
Nonspendable	\$ 2,927,799	\$ 2,656,519	\$ 2,857,944	\$ 2,775,698	\$ 2,631,468	\$ 2,822,815	\$ 2,805,956	\$ 2,927,135	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,780,632	2,814,251	4,083,717	3,179,261	1,856,034	2,966,360	2,571,060	1,508,797	-	-
Unassigned	4,834,398	5,310,690	5,134,962	4,853,363	4,590,217	3,656,420	3,519,147	3,418,827	-	-
Reserved	-	-	-	-	-	-	-	-	2,968,928	2,524,026
Unreserved	-	-	-	-	-	-	-	-	305,747	1,616,160
Total General Fund	\$ 10,542,829	\$ 10,781,460	\$ 12,076,623	\$ 10,808,322	\$ 9,077,719	\$ 9,445,595	\$ 8,896,163	\$ 7,854,759	\$ 3,274,675	\$ 4,140,186
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,150	\$ 2,288,873	\$ -	\$ -
Restricted	20,496,724	18,374,458	15,751,251	11,080,164	12,928,560	14,556,430	14,045,654	4,243,638	-	-
Committed	-	66,714	45,395	169,109	132,997	145,283	-	-	-	-
Assigned	-	-	-	-	-	-	2,603,355	2,885,817	-	-
Unassigned	(3,880,400)	(798,818)	(8,002)	-	-	-	-	(2,246,580)	-	-
Reserved	-	-	-	-	-	-	-	-	1,643,978	1,734,969
Unreserved	-	-	-	-	-	-	-	-	8,085,400	9,492,276
Total All Other Governmental Funds	\$ 16,616,324	\$ 17,642,354	\$ 15,788,644	\$ 11,249,273	\$ 13,061,557	\$ 14,701,713	\$ 17,082,159	\$ 7,171,748	\$ 9,729,378	\$ 11,227,245

Notes:

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

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

(2) Reflects fund balance reporting prior to the implementation of GASB Statement No. 54.

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

Table 4

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Taxes	\$ 29,313,320	\$ 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
Intergovernmental	3,916,691	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
Licenses and Permits	993,150	1,092,585	2,052,304	1,362,251	1,299,213	1,066,160	982,890	1,305,047	613,757	566,070
Fines, Forfeitures, and Penalties	261,232	209,115	262,164	287,498	266,264	291,296	280,513	279,306	273,886	308,865
Public Charges for Services	1,990,814	2,225,733	2,845,384	1,951,717	1,799,282	1,888,315	1,604,915	1,601,193	1,588,929	1,837,245
Intergovernmental Charges for Services	1,742,989	1,860,547	1,946,971	1,825,802	1,933,130	1,919,130	1,537,130	1,528,470	350,600	368,470
Special Assessments	607,188	276,755	467,638	287,987	215,422	314,332	297,282	280,868	275,201	278,672
Contributions	101,499	97,104	92,877	72,150	79,764	29,495	-	-	-	-
Investment and Interest Income	659,164	322,838	241,516	188,670	194,508	299,403	299,131	397,102	524,520	620,119
Miscellaneous	265,661	118,786	262,799	197,807	331,851	524,005	297,370	609,521	377,756	579,063
Total Revenues	39,851,708	35,984,924	39,754,774	37,074,828	34,057,439	33,622,031	29,335,322	31,498,620	29,332,057	25,483,925
EXPENDITURES										
Current:										
General Government	4,777,052	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
Public Safety	9,332,638	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
Public Works	3,902,917	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
Health and Human Services	550,196	582,219	503,577	457,636	467,424	437,254	434,778	402,763	123,076	-
Leisure Activities	4,045,937	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
Conservation and Economic Development	6,078,455	3,548,191	5,141,008	4,766,299	752,453	790,671	2,292,530	2,446,175	1,212,377	1,109,694
Debt Service:										
Principal	6,061,963	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
Debt Issuance Costs	-	-	-	170,241	74,875	62,575	57,599	39,175	175,943	13,950
Interest and Fiscal Charges	1,497,817	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
Capital Outlay	10,546,355	5,667,693	5,819,222	7,358,067	14,885,402	3,591,381	3,202,683	3,483,436	6,232,380	13,038,350
Total Expenditures	46,793,330	39,451,514	39,104,796	49,386,160	43,909,248	40,044,794	38,292,271	34,925,205	44,571,504	44,363,900
Excess (Deficiency) of Revenues over Expenditures	(6,941,622)	(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)

Table 4 (continued)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 3,582,401	\$ 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
Transfer Out	(3,117,731)	(2,830,143)	(10,503,575)	(7,840,895)	(8,965,828)	(9,429,431)	(11,319,587)	(10,199,791)	(9,019,977)	(9,281,875)
Long-Term Debt Issued	5,000,000	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
Discount on Debt Issued	-	-	-	-	-	-	(172,175)	-	-	(15,000)
Premium on Debt Issued	142,164	137,896	133,867	391,581	83,554	169,047	271,299	49,084	255,130	78,300
Refunding Bonds Issued	-	-	-	-	-	-	-	-	21,315,000	-
Proceeds from Sale of Capital Assets	70,127	62,433	2,683,656	-	306	9,809	232,617	2,518,459	127,398	18,652
Contribution from Other Municipalities	-	-	-	-	-	-	-	-	-	-
Refunding Payment to Escrow Agent	-	-	(4,009,933)	-	-	-	-	-	(11,311,372)	-
Total Other Financing Sources (Uses)	5,676,961	4,025,137	5,157,694	12,229,651	7,833,777	4,591,749	19,908,765	5,449,041	12,876,069	12,327,792
Net Change in Fund Balances	\$ (1,264,661)	\$ 558,547	\$ 5,807,672	\$ (81,681)	\$ (2,018,032)	\$ (1,831,014)	\$ 10,951,816	\$ 2,022,456	\$ (2,363,378)	\$ (6,552,183)
Debt Services as a Percentage of Noncapital Expenditures	20.36%	21.29%	20.60%	36.40%	21.48%	36.02%	36.08%	29.82%	49.22%	38.93%

Notes:

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

City of Middleton

Table 5

**Assessed Value and Estimated Actual Value of Taxable Property
For the Fiscal Years Ended December 31, 2009 through 2018**

Fiscal Year Ended December 31,	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
	Residential Property	Property	Property	Property	Property	Property	Property		Assessed Value	Equalized Value			
2018	\$ 1,962,851,400	\$ 1,327,324,100	\$ 94,018,800	\$ 779,000	\$ 116,177,205	\$ 3,501,150,505	\$ 5.83	\$ 3,545,571,200	98.75%				
2017	1,682,991,300	1,131,175,500	81,289,700	684,900	161,624,408	3,057,765,808	6.52	3,360,068,100	91.00%				
2016	1,650,435,700	1,093,251,200	84,168,500	1,152,000	147,639,823	2,976,647,223	6.35	3,143,766,900	94.68%				
2015	1,621,443,200	1,050,934,000	96,489,100	1,680,500	144,111,587	2,914,658,387	6.59	2,907,335,100	100.25%				
2014	1,496,032,600	960,656,400	91,263,000	1,094,300	136,767,920	2,685,814,220	6.95	2,837,344,300	94.66%				
2013	1,478,766,200	944,586,400	92,798,900	752,800	123,233,439	2,640,137,739	6.55	2,763,439,000	95.54%				
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%				

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
Direct and Overlapping Property Tax Rates
For the Fiscal Years Ended December 31, 2009 through 2018
(Per \$1,000 of Assessed Valuation)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Direct Rates:										
General Fund	4.27	4.80	4.62	6.59	6.96	6.55	6.04	5.65	5.42	5.42
Debt Service Fund	<u>1.56</u>	<u>1.72</u>	<u>1.73</u>	-	-	-	-	-	-	-
Total City Rate	5.83	6.52	6.35	6.59	6.96	6.55	6.04	5.65	5.42	5.42
Overlapping Rates										
State of Wisconsin	-	-	0.18	0.17	0.18	0.18	0.17	0.17	0.18	0.18
Dane County	3.00	3.45	3.30	3.14	3.29	3.26	3.09	2.89	2.80	2.64
Madison College	0.92	1.03	1.02	0.93	0.99	1.93	1.87	1.72	1.52	1.37
School Districts										
Middleton-Cross Plains	9.74	11.34	11.22	11.66	12.16	11.64	11.23	10.47	11.08	10.17
Waunakee Community	9.55	12.49	12.25	5.14	12.00	12.02	11.68	11.48	11.74	n/a
Less: State School Tax Credit	(1.61)	(1.83)	(1.67)	(1.65)	(1.52)	(1.51)	(1.47)	(1.45)	(1.43)	(1.39)
Totals by School District										
Middleton-Cross Plains	17.89	20.52	20.40	20.83	22.05	22.05	20.94	19.45	19.57	18.39
Waunakee Area	17.70	21.67	21.43	14.31	21.89	22.43	21.39	20.46	20.23	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	2018			2009		
	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	\$ 133,084,700	1	4.352%			
Research Way LLC	48,838,300	2	1.597%			
Infrared LLC	38,899,700	3	1.272%			
Greenway Station SPE	38,515,000	4	1.260%			
Atrium Finance II	32,218,495	5	1.054%			
MW Land Inc	32,004,000	6				
Electronic Theatre Controls	31,215,000	7	1.021%	26,882,600	4	1.040%
Fred-Ashbury Woods Limited	27,408,000	8	0.896%	24,702,900	6	0.956%
American Girl Brands	25,730,596	9	0.841%	22,119,300	8	0.856%
Pheasant West	24,841,372	10				
PPD			0.000%			
Deer Creek of Middleton LLC			0.000%			
Greenway Office Center				125,073,900	1	4.838%
Greenway Center LLC				57,395,500	2	2.220%
J Q Hammons				27,366,400	3	1.059%
Bruce Company				25,757,100	5	0.996%
Galina Land Company				22,549,500	7	0.872%
LeSilve				17,027,000	9	0.659%
Grosse				13,810,400	10	0.534%
TOTAL	<u>\$ 432,755,163</u>		14.153%	<u>362,684,600.00</u>		14.029%

Note: Source: City Assessor

**City of Middleton
Property Tax Levies and Collections
For the Fiscal Years Ended December 31, 2009 through 2018**

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
2018	2019	\$ 17,490,293	\$ 9,730,078	\$ 27,220,371	n/a	n/a	n/a	n/a	n/a
2017	2018	17,017,467	10,038,872	27,056,339	26,970,283	99.7%	-	26,970,283	99.7%
2016	2017	16,592,200	7,933,858	24,526,058	24,416,183	99.6%	80,537	24,496,720	99.9%
2015	2016	16,386,140	9,574,449	25,960,589	25,858,416	99.6%	47,599	25,906,015	99.8%
2014	2015	16,002,815	9,032,662	25,035,477	24,984,855	99.8%	24,576	25,009,431	99.9%
2013	2014	15,046,561	8,032,782	23,079,343	23,048,115	99.9%	25,826	23,073,941	100.0%
2012	2013	13,581,439	8,611,683	22,193,122	22,172,045	99.9%	19,131	22,191,176	100.0%
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	20,356,483	20,311,673	99.8%	*	20,311,673	99.8%
2009	2010	12,082,158	8,360,806	20,442,964	20,414,836	99.9%	*	20,414,836	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
Ratios of Outstanding Debt by Type
For the Fiscal Years Ended December 31, 2009 through 2018

Table 9

Year	Governmental	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			
2018	\$ 44,935,312	\$ -	\$ -	\$ -	\$ 44,935,312	n/a	2,195
2017	46,104,664	-	-	1,400,000	47,504,664	3.96%	2,357
2016	48,027,768	-	-	1,700,000	49,727,768	3.91%	2,574
2015	51,400,887	-	-	2,649,613	54,050,500	4.75%	2,873
2014	53,586,820	-	-	3,502,292	57,089,112	5.36%	3,116
2013	50,310,208	-	-	5,464,971	55,775,179	5.37%	3,074
2012	58,130,177	-	-	6,087,650	64,217,827	6.64%	3,587
2011	48,581,956	255,000	135,000	6,495,000	55,466,956	6.11%	3,160
2010	53,551,919	495,000	260,000	7,055,000	61,361,919	8.00%	3,518
2009	37,193,856	725,000	380,000	7,575,000	45,873,856	6.52%	2,695

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

City of Middleton
Ratios Of Net General Bonded Debt Outstanding
For the Fiscal Years Ended December 31, 2009 through 2018

Table 10

<u>Year</u>	<u>General Obligation Bonds (2)</u>	<u>Other General Obligation Debt (2)</u>	<u>Total General Obligation Debt (2)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>General Obligation Debt Per Capital (4)</u>
2018	\$ 24,640,000	\$ 20,295,312	\$ 44,935,312	1.28%	2,195
2017	28,590,000	18,914,664	47,504,664	1.55%	2,357
2016	25,050,000	24,677,768	49,727,768	1.67%	2,574
2015	28,130,000	25,920,500	54,050,500	1.85%	2,873
2014	31,230,000	25,859,112	57,089,112	2.13%	3,116
2013	34,000,000	21,775,179	55,775,179	2.11%	3,074
2012	36,595,000	27,622,827	64,217,827	2.44%	3,587
2011	29,810,000	25,656,956	55,466,956	2.10%	3,160
2010	33,165,000	28,196,919	61,361,919	2.35%	3,518
2009	13,540,000	32,333,856	45,873,856	1.73%	2,695

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

**City of Middleton
Direct and Overlapping Governmental Activities Debt
As of December 31, 2018**

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	\$ 44,935,312	100.00%	\$ 44,935,312
Dane County	374,640,000	5.45%	20,433,238
School Districts:			
Middleton Area	71,040,000	46.76%	33,221,345
Waunakee Community	77,455,000	2.86%	2,216,379
Madison Area			
Technical College	<u>183,595,117</u>	3.99%	<u>7,325,340</u>
Subtotal Overlapping	<u>706,730,117</u>		<u>63,196,302</u>
Total Direct and Overlapping Debt	<u>\$ 751,665,429</u>		<u>\$ 108,131,614</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, 2009 through 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 177,278,560	\$ 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
Total net debt applicable to limit	44,314,426	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
Legal Debt Margin	132,964,134	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
Total net debt applicable to limit as a percentage of debt limit	25.00%	27.84%	31.19%	36.72%	39.95%	40.09%	47.17%	42.16%	45.46%	33.25%

Legal Debt Margin Calculation for Fiscal Year 2018
 Equalized valuation \$ 3,545,571,200
 Legal debt limit (5% of equalized valuation) 177,278,560
 Less: Long-term debt 44,314,426
 Legal debt margin \$ 132,964,134

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
Demographic and Economic Statistics
For the Fiscal Years Ended December 31, 2009 through 2018**

Table 13

Year	Population (1)	Adjusted Gross Income (2)	Per Capita Adjusted Gross Income			Unemployment Rates (3)	
			City of Middleton	Dane County	State of Wisconsin	Dane County	State of Wisconsin
2018	20,472	n/a	n/a	n/a	n/a	2.2%	3.0%
2017	20,151	\$ 1,200,526,751	59,577	38,542	30,182	2.4	3.3
2016	19,317	1,272,689,634	65,884	37,523	29,711	2.9	4.0
2015	18,810	1,138,112,299	60,506	36,614	29,145	3.2	4.6
2014	18,323	1,064,677,170	58,106	34,798	27,671	3.7	5.4
2013	18,146	1,039,145,850	57,266	33,922	26,963	4.7	6.7
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

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

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

Table 14

Employer	2018			2009		
	Number of Employees (1)	Rank	Percentage of Total City Employment (2)	Number of Employees	Rank	Percentage of Total City Employment (3)
PPD (Bio-Pharmaceutical)	1350	1	7.5%	400	6	2.3%
Middleton Cross Plains Area School District	1135	2	6.3%	787	2	4.5%
Electronic Theatre Controls	880	3	4.9%	450	4	2.6%
Spectrum Brands	670	4	3.7%			
UW Medical Foundation	650	5	3.6%			
Springs Window Fashions	550	6	3.0%	820	1	4.7%
North Central Group	480	7	2.7%			
American Girl	468	8	2.6%	754	3	4.3%
West Corporation	400	9	2.2%			
Telephone and Data Systems, Inc. (TDS)	354	10	2.0%	350	7	2.0%
Bruce Company of Wisconsin				450	4	2.6%
Certgy, Inc.				300	8	1.7%
Capitol Indemnity Corp				172	10	1.0%
J.G. Hammons (Marriott)				200	9	1.1%

Notes: (1) Source - In Business Greater Madison-September 2018

(2) Source - U.S. Census

(3) Source - Wisconsin Business Services and Manufacturers Directory 2009

Table 15

**City of Middleton
City Government Employees by Function/Program
For the Fiscal Years Ended December 31, 2009 through 2018
(full-time equivalents)**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Municipal Court	1.38	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
Information Technology	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	2.00	1.00
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00
Finance/City Clerk	6.25	5.50	5.50	5.50	5.50	5.50	5.50	5.50	4.50	4.50
Public Safety:										
Police	49.25	48.25	48.00	45.50	45.50	46.50	46.50	47.00	47.00	41.00
Emergency Medical Services	16.00	16.00	16.00	14.00	14.00	14.50	15.50	14.00	14.00	7.00
Building Inspection	3.50	3.50	4.00	3.75	3.75	3.75	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	1.00
Public Works:										
Public Works	21.13	20.13	18.75	26.75	26.75	17.75	17.75	16.75	20.00	21.00
Health and Human Services:										
Senior Center	5.75	5.60	5.40	5.38	5.38	5.05	5.05	5.00	5.00	5.00
Leisure Activities:										
Recreation	17.75	17.75	17.50	17.55	17.55	12.75	12.75	12.75	12.75	12.75
Youth Center	1.38	1.30	1.30	1.00	1.00	1.00	1.00	1.00	-	-
Library	24.30	24.30	24.30	15.80	15.80	24.75	25.35	15.50	16.00	15.00
Conservation/Development:										
Planning	3.89	3.39	3.25	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	1.00	-
Public Lands/Conservancy	9.95	9.95	9.35	9.35	9.35	9.00	9.00	7.00	7.00	7.00
Tourism	3.00	3.00	3.00	2.50	2.50	2.00	2.00	2.00	2.00	1.50
Water and Sewer Utilities	9.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00
Golf Course	17.00	17.00	17.00	17.00	17.00	17.50	17.00	7.00	7.00	7.00
Total Employment	196.53	193.17	190.35	183.08	183.08	179.05	179.15	154.75	155.00	138.50

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

City of Middleton
 Operating Indicators by Function/Program
 For the Fiscal Years Ended December 31, 2009 through 2018

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Real estate parcels	6,686	6,641	6,633	6,596	6,586	6,582	6,525	6,517	6,474	*
Personal property accounts	756	761	881	851	856	861	861	906	811	*
Dog licenses issued	700	592	601	608	568	495	484	*	516	517
Operator licenses issued	345	341	286	262	317	250	316	252	331	290
Public Safety										
Calls for police service	21,617	21,335	22,184	20,998	17,038	18,803	18,281	19,229	19,237	20,406
Police reports processed	11,013	11,700	12,206	11,638	7,115	8,586	8,537	8,844	9,263	9,463
Criminal arrests processed	298	436	366	422	362	465	618	619	640	736
Citations processed	2,786	2,871	3,592	4,008	3,534	5,432	5,617	6,012	5,891	6,155
Warnings processed	3,387	4,190	4,468	3,821	936	1,162	1,234	1,878	2,022	1,872
911 calls received	3,338	3,342	3,085	3,296	3,028	3,207	3,049	3,343	3,048	2,378
EMS responses	1,857	1,816	1,776	1,680	1,673	1,618	1,612	1,594	1,458	1,404
Public Works										
City roadway miles maintained	73	73.2	72.3	72.1	71.1	70.8	70.8	68.5	68.3	68.1
Homes receiving refuse collection	5,032	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	200	188	191	192	183	195	165	134	175	173
Case management contacts	4,853	4,847	6,426	4,965	5,520	4,297	4,487	2,980	3,348	2,321
Meals on Wheels delivered	4,428	4,691	4,906	5,061	5,311	5,585	5,855	6,061	5,863	6,523
Dining center meals served	5,038	4,534	4,910	5,465	5,823	5,952	5,539	3,864	3,287	3,462
Public Lands/Recreation										
Aquatic center attendance	27,775	30,000	34,169	34,247	30,000	37,000	38,500	*	*	*
Recreation program attendance	2,103	1,908	1,806	1,210	1,400	1,669	1,655	1,741	*	*
Hubbard Activity Center attendance	1,178	1,051	1,008	982	685	429	*	*	*	*
Park facility rentals	363	357	399	326	515	390	389	445	429	439
Library										
Library items circulated	730,404	733,924	675,565	710,108	718,840	769,485	776,132	769,064	803,496	794,573
Library user visits	371,703	367,266	334,192	351,363	344,515	361,994	377,218	368,396	367,954	335,748
Registered borrowers	19,834	18,676	19,414	18,880	18,555	18,041	20,752	19,180	16,900	17,279
Library event participants	40,884	41,449	32,174	30,247	25,404	20,348	19,642	19,240	16,782	15,065
Water Utility										
Number of customers	6,184	6,150	6,093	6,060	5,993	5,883	5,818	5,754	5,742	*
Gallons sold (millions)	702,375	714,834	720,392	699,598	698,326	718,663	778,448	697,780	693,387	720,926
Sewer										
Number of customers	5,801	5,771	5,722	5,650	5,583	5,526	5,455	5,406	5,354	*

Notes: (1) Source - City department records

**City of Middleton
Capital Asset Statistics by Function/Program
For the Fiscal Years Ended December 31, 2009 through 2018**

Table 17

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	21	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	73.2	72.3	72.1	71.1	70.8	70.8	68.5	68.3	68.1
Traffic signals	17	17	16	16	15	15	15	15	15	15
Public Lands										
Park acreage	558	516	516	499	499	499	*	*	*	*
Conservancy acreage	865.8	828	828	850	818	818	820	820	800	*
Miles of maintained trails	27.5	30.0	30.0	30.0	28.0	22.5	21.0	17.0	35.0	*
Water Utility										
Miles of water main	93.1	93.0	90.0	89.2	88.6	89.0	88.9	88.6	88.4	88.2
Number of pumping stations	8	8	8	8	8	8	8	8	8	7
Number of fire hydrants	991	990	990	985	967	956	927	925	923	920
Number of water meters	6465	6,419	6,350	6,246	6,165	5,941	5,450	6,016	5,381	5,277
Sewer Utility										
Miles of sanitary sewer	81.5	81.5	81.5	80.9	81.0	78.0	78.0	78.0	77.4	77.4
Number of pumping stations	9	9	9	9	9	9	9	9	9	9
Miles of sanitary sewer	81.3	81.3	81.3	80.9	80.3	78.8	78.3	78.0	77.5	77.5

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