

CITY OF MIDDLETON
Middleton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 1999

CITY OF MIDDLETON

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Virchow, Krause & Company, LLP

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Middleton
Middleton, Wisconsin

We have audited the general purpose financial statements of the City of Middleton, Wisconsin as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Middleton, Wisconsin at December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Middleton, Wisconsin. The supplemental information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

VIRCHOW, KRAUSE & COMPANY, LLP
Virchow, Krause & Company, LLP

Madison, Wisconsin
March 17, 2000

CITY OF MIDDLETON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

(With Comparative Totals for December 31, 1998)

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
Cash and investments	\$ 2,327,390	\$ 2,100,347	\$ 561,583	\$ 10,328,287
Receivables				
Taxes	6,438,399	-	-	1,943,494
Delinquent personal property taxes	97	-	-	-
Accounts	173,850	55,027	-	49,764
Loan receivable	-	138,867	-	-
Special assessments	33,392	-	-	1,161,504
Interest	87,488	-	-	127,567
Due from other funds	934,098	-	-	287,931
Due from other governmental units	62	-	-	-
Prepaid items	-	-	-	-
Advances to other funds	1,286,197	-	-	-
Inventories	-	1,323	-	-
Restricted Assets				
Cash and investments	-	-	-	-
Property, plant and equipment	-	-	-	-
Accumulated depreciation	-	-	-	-
Deferred charges	-	-	-	-
Other assets	-	300	-	-
Other Debits				
Amount available in debt service and capital projects funds for retirement of long-term obligations	-	-	-	-
Amount to be provided for retirement of long-term obligations	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 11,280,973</u>	<u>\$ 2,295,864</u>	<u>\$ 561,583</u>	<u>\$ 13,898,547</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals	
		General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
Enterprise	Agency			1999	1998
\$ 1,994,944	\$ 10,990,519	\$ -	\$ -	\$ 28,303,070	\$29,930,751
-	8,416,928	-	-	16,798,821	15,954,257
-	-	-	-	97	16,517
565,681	-	-	-	844,322	623,958
-	-	-	-	138,867	-
122,422	-	-	-	1,317,318	1,690,629
23,949	-	-	-	239,004	102,409
174,703	-	-	-	1,396,732	917,004
-	31,845	-	-	31,907	25,210
-	10,918	-	-	10,918	-
-	-	-	-	1,286,197	1,217,464
32,634	-	-	-	33,957	40,612
12,300	-	-	-	12,300	12,300
26,900,980	-	28,252,880	-	55,153,860	49,541,504
(4,442,099)	-	-	-	(4,442,099)	(4,015,715)
47,344	-	-	-	47,344	47,999
18,708	-	-	-	19,008	300
-	-	-	1,209,622	1,209,622	1,902,402
-	-	-	43,183,645	43,183,645	39,299,224
<u>25,451,566</u>	<u>\$ 19,450,210</u>	<u>\$ 28,252,880</u>	<u>\$ 44,393,267</u>	<u>\$ 145,584,890</u>	<u>\$ 137,306,825</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

(With Comparative Totals for December 31, 1998)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable	\$ 278,303	\$ 55,528	\$ -	\$ 687,340
Accrued liabilities	184,397	-	-	-
Due to other governmental units	25,743	-	-	-
Due to other funds	133,287	234,000	-	899,303
Deferred revenues	6,312,403	-	-	1,943,494
Deferred special assessments	33,392	-	-	1,161,504
Deferred interest income	463,218	-	-	127,567
Advances from other funds	-	-	-	1,286,197
General obligation long-term debt payable	-	-	-	-
Customer advances for construction	-	-	-	-
Accrued compensated absences	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	7,430,743	289,528	-	6,105,405
Equity and Other Credits				
Investment in general fixed assets	-	-	-	-
Capital paid in by city	-	-	-	-
Contributions in aid of construction	-	-	-	-
Retained earnings	-	-	-	-
Fund Balances				
Reserved for loan receivable	-	138,867	-	-
Reserved for advances	910,467	-	-	-
Reserved for noncurrent interfunds	893,309	-	-	-
Reserved for delinquent personal property taxes	97	-	-	-
Reserved for debt service	-	-	561,583	648,039
Reserved for encumbrances	-	-	-	135,818
Reserved for inventories	-	1,323	-	-
Unreserved				
Designated	254,000	-	-	-
Undesignated	1,792,357	1,866,146	-	7,009,285
Total Equity and Other Credits	3,850,230	2,006,336	561,583	7,793,142
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 11,280,973	\$ 2,295,864	\$ 561,583	\$ 13,898,547

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals	
		General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
Enterprise	Agency			1999	1998
\$ 548,110	\$ 24,412	\$ -	\$ -	\$ 1,593,693	\$927,250
325,181	-	-	-	509,578	441,207
-	19,407,447	-	-	19,433,190	18,787,936
111,791	18,351	-	-	1,396,732	917,004
-	-	-	-	8,255,897	7,800,163
-	-	-	-	1,194,896	1,517,818
-	-	-	-	590,785	428,956
-	-	-	-	1,286,197	1,217,464
4,255,000	-	-	41,435,480	45,690,480	43,128,923
335,328	-	-	-	335,328	244,420
59,625	-	-	-	59,625	50,339
-	-	-	2,957,787	2,957,787	2,032,703
<u>5,635,035</u>	<u>19,450,210</u>	<u>-</u>	<u>44,393,267</u>	<u>83,304,188</u>	<u>77,494,183</u>
-	-	28,252,880	-	28,252,880	25,855,792
3,738,921	-	-	-	3,738,921	3,493,094
10,914,675	-	-	-	10,914,675	10,004,847
5,162,935	-	-	-	5,162,935	4,658,774
-	-	-	-	138,867	-
-	-	-	-	910,467	910,467
-	-	-	-	893,309	-
-	-	-	-	97	16,517
-	-	-	-	1,209,622	1,902,402
-	-	-	-	135,818	29,111
-	-	-	-	1,323	1,927
-	-	-	-	254,000	2,443,301
-	-	-	-	10,667,788	10,496,410
<u>19,816,531</u>	<u>-</u>	<u>28,252,880</u>	<u>-</u>	<u>62,280,702</u>	<u>59,812,642</u>
<u>\$ 25,451,566</u>	<u>\$ 19,450,210</u>	<u>\$ 28,252,880</u>	<u>\$ 44,393,267</u>	<u>\$ 145,584,890</u>	<u>\$ 137,306,825</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1999

(With Comparative Totals for the Year Ended December 31, 1998)

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)	
					1999	1998
REVENUES						
Taxes	\$ 6,399,216	\$ 258,546	\$ -	\$ 1,348,178	\$ 8,005,940	\$ 7,462,634
Intergovernmental	1,682,223	30,269	-	77,379	1,789,871	1,738,079
Licenses and permits	422,868	-	-	-	422,868	345,563
Fines, forfeitures and penalties	190,928	-	-	-	190,928	202,159
Public charges for services	498,468	1,703,388	-	-	2,201,856	2,422,924
Intergovernmental charges for services	127,224	-	-	-	127,224	125,282
Special assessments	75,668	-	-	450,509	526,177	343,018
Investment income	431,547	31,105	44,101	413,476	920,229	1,686,649
Miscellaneous revenues	218,975	16,086	-	156,893	391,954	293,171
Total Revenues	<u>10,047,117</u>	<u>2,039,394</u>	<u>44,101</u>	<u>2,446,435</u>	<u>14,577,047</u>	<u>14,619,479</u>
EXPENDITURES						
Current						
General government	816,741	-	-	-	816,741	770,764
Public safety	3,315,504	5,030	-	-	3,320,534	2,879,618
Health and social services	-	233	-	-	233	218,106
Public works	1,692,696	-	-	-	1,692,696	1,735,609
Leisure activities	1,613,303	1,281,488	-	-	2,894,791	2,656,518
Conservation and development	192,385	73,712	-	-	266,097	159,670
Capital Outlay	-	-	-	7,605,423	7,605,423	8,741,242
Debt Service						
Principal retirement	-	-	4,533,443	-	4,533,443	4,570,145
Interest and fiscal charges	-	-	1,981,259	-	1,981,259	1,898,829
Total Expenditures	<u>7,630,629</u>	<u>1,360,463</u>	<u>6,514,702</u>	<u>7,605,423</u>	<u>23,111,217</u>	<u>23,630,501</u>

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 1999
 (With Comparative Totals for the Year Ended December 31, 1998)

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	1999	1998
Excess (deficiency) of revenues over expenditures	\$ 2,416,488	\$ 678,931	\$ (6,470,601)	\$ (5,158,988)	\$ (8,534,170)	\$ (9,011,022)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	-	6,800,000	6,800,000	9,675,000
Proceeds from land contract	-	-	-	-	-	1,000,000
Debt discount and issuance costs	-	-	(1,236)	(135,033)	(136,269)	(148,987)
Operating transfers in	-	-	6,380,637	377,430	6,758,067	5,202,318
Operating transfers out	(2,417,591)	(903,245)	-	(3,437,231)	(6,758,067)	(5,202,318)
Total Other Financing Sources (Uses)	(2,417,591)	(903,245)	6,379,401	3,605,166	6,663,731	10,526,013
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,103)	(224,314)	(91,200)	(1,553,822)	(1,870,439)	1,514,991
FUND BALANCES - Beginning of Year (as restated)	3,851,333	2,230,650	652,783	9,346,964	16,081,730	14,285,144
FUND BALANCES - END OF YEAR	<u>\$ 3,850,230</u>	<u>\$ 2,006,336</u>	<u>\$ 561,583</u>	<u>\$ 7,793,142</u>	<u>\$ 14,211,291</u>	<u>\$ 15,800,135</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET - GENERAL AND CAPITAL PROJECTS FUNDS For the Year Ended December 31, 1999

	General Fund		Variance - Favorable (Unfavorable)
	Actual	Budget	
REVENUES			
Taxes	\$ 6,399,216	\$ 6,328,003	\$ 71,213
Intergovernmental	1,682,223	1,665,237	16,986
Licenses and permits	422,868	280,925	141,943
Fines, forfeitures and penalties	190,928	192,000	(1,072)
Public charges for services	498,468	524,409	(25,941)
Intergovernmental charges for services	127,224	120,800	6,424
Special assessments	75,668	39,200	36,468
Investment income	431,547	507,600	(76,053)
Miscellaneous revenues	218,975	195,440	23,535
Total Revenues	10,047,117	9,853,614	193,503
EXPENDITURES			
Current			
General government	816,741	854,940	38,199
Public safety	3,315,504	3,217,106	(98,398)
Public works	1,692,696	1,816,672	123,976
Leisure activities	1,613,303	1,545,081	(68,222)
Conservation and development	192,385	228,785	36,400
Capital Outlay	-	-	-
Total Expenditures	7,630,629	7,662,584	31,955
Excess (deficiency) of revenues over expenditures	2,416,488	2,191,030	225,458
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term debt	-	-	-
Debt discount and issuance costs	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(2,417,591)	(2,416,350)	(1,241)
Total Other Financing Sources (Uses)	(2,417,591)	(2,416,350)	(1,241)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,103)	(225,320)	224,217
FUND BALANCES - Beginning of Year (as restated)	3,851,333	3,851,333	-
FUND BALANCES - END OF YEAR	\$ 3,850,230	\$ 3,626,013	\$ 224,217

Capital Projects Funds		
Actual	Budget	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -
77,379	-	77,379
-	-	-
-	-	-
-	-	-
-	-	-
39,005	220,307	(181,302)
<u>116,384</u>	<u>220,307</u>	<u>(103,923)</u>
-	-	-
-	-	-
-	-	-
-	-	-
2,119,833	2,857,013	737,180
<u>2,119,833</u>	<u>2,857,013</u>	<u>737,180</u>
<u>(2,003,449)</u>	<u>(2,636,706)</u>	<u>633,257</u>
2,800,000	1,600,000	1,200,000
(27,300)	-	(27,300)
377,430	-	377,430
-	-	-
<u>3,150,130</u>	<u>1,600,000</u>	<u>1,550,130</u>
1,146,681	(1,036,706)	2,183,387
<u>1,336,905</u>	<u>1,336,905</u>	<u>-</u>
<u>\$ 2,483,586</u>	<u>\$ 300,199</u>	<u>\$ 2,183,387</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

For the Year Ended December 31, 1999

(With Comparative Totals for the Year Ended December 31, 1998)

	Proprietary Fund Type Enterprise	(Memorandum Only) 1998
OPERATING REVENUES		
Charges for services	\$ 2,682,061	\$ 2,553,623
OPERATING EXPENSES		
Operation and maintenance	1,447,710	1,514,884
Depreciation	451,332	402,076
Taxes	279,580	257,274
Total Operating Expenses	2,178,622	2,174,234
Operating Income	503,439	379,389
NONOPERATING REVENUES (EXPENSES)		
Investment income	202,705	185,778
Interest expense	(201,983)	(205,837)
Allowance for funds used during construction	-	20,000
Total Nonoperating Revenues (Expenses)	722	(59)
NET INCOME	504,161	379,330
RETAINED EARNINGS - Beginning of Year	4,658,774	4,279,444
RETAINED EARNINGS - END OF YEAR	\$ 5,162,935	\$ 4,658,774

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

For the Year Ended December 31, 1999

(With Comparative Totals for the Year Ended December 31, 1998)

	Proprietary Fund Type Enterprise	(Memorandum Only) 1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,362,771	\$ 2,223,286
Cash received from city for services	395,857	337,857
Cash paid to suppliers for goods and services	(1,204,566)	(1,308,745)
Cash paid to employees for services	(251,235)	(241,841)
Cash paid for tax equivalent	(239,396)	(231,674)
Net Cash Flows From Operating Activities	1,063,431	778,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	118,598	139,778
Marketable securities purchased	(652,846)	-
Marketable securities redeemed	540,857	525,825
Cash Flows From Investing Activities	6,609	665,603
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid	(205,000)	(195,000)
Interest paid	(193,978)	(202,136)
Acquisition and construction of capital assets	(1,959,451)	(535,624)
Customer advances	90,908	192,615
Special assessments received	42,148	190,254
Proceeds from debt issued	500,000	-
Debt issuance costs	(5,050)	-
Net Cash Flows From Capital and Related Financing Activities	(1,730,423)	(549,891)
Net Increase (Decrease) in Cash and Cash Equivalents	(660,383)	894,595
CASH AND CASH EQUIVALENTS - Beginning of Year	1,858,714	964,119
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,198,331	\$ 1,858,714

	Proprietary Fund Type	(Memorandum Only)
	Enterprise	1998
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 503,439	\$ 379,389
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities		
Rental income	60,158	46,000
Noncash items included in income		
Depreciation expense	451,332	402,076
Depreciation charged to sewer utility	19,788	16,945
Changes in Noncash Components of Working Capital		
Accounts receivable	(44,179)	6,366
Other accounts receivable	3,924	-
Due from other funds	36,876	(61,791)
Inventories	6,051	(982)
Accounts payable	(6,775)	23,925
Accrued taxes	17,985	7,722
Accrued compensated absences	4,970	-
Due to other funds	5,546	(40,767)
Other current liabilities	4,316	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,063,431	\$ 778,883

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 1999, capital additions of \$558,548 were contributed to the water utility by developers, customers and the city.

During 1999, capital additions of \$597,107 were contributed to the sewer utility by developers, customers and the city.

CITY OF MIDDLETON

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CITY OF MIDDLETON

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CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Middleton (city), Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds and account groups of the City of Middleton. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units. See Note 13 regarding joint ventures.

B. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE

The accounts of the city are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the city.

Governmental Funds

General Fund

The general fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE (cont.)

Governmental Funds (cont.)

Special Revenue Funds (cont.)

The following special revenue funds are included in these statements:

Pleasant View Golf Course	Library Endowment Fund
Subdividers' Deposits	Economic Development Fund
EMS Fund	Economic Development Grant
Railroad Depot Fund	Alcohol Awareness Fund
Lost and Damaged Book Fund	Drug Forfeitures
Library Gift Fund	Hotel Room Tax Fund
EMS Equipment Replacement Fund	

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The following capital projects funds are included in these statements:

Tax Incremental Financing (TIF) District No. 1
Tax Incremental Financing (TIF) District No. 3
Southwest Quadrant
Other Capital Projects

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE (cont.)

Proprietary Funds (cont.)

Enterprise Funds (cont.)

The following enterprise funds are included in these statements:

Water Utility
Sewer Utility

Fiduciary Funds

Agency Funds

Agency funds are used to account for assets held by the city as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The following agency funds are included in these statements:

Fire District
Tax Collection Fund

Account Groups

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the city other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the city other than those obligations accounted for in the proprietary funds.

C. TOTALS (MEMORANDUM ONLY)

The column captioned Totals (Memorandum Only) in the general purpose financial statements is an aggregation of the columnar statements by fund type and account group. The totals column is not comparable to a consolidation and does not present financial position, results of operations and cash flows in conformity with generally accepted accounting principles because the same basis of accounting is not used by all funds and interfund transactions and balances and account group balancing accounts have not been eliminated.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the city's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in all statements since their inclusion would make the statements unduly complex and difficult to read.

E. BASIS OF ACCOUNTING

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. 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 deferred revenues and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 1999 tax roll:

Lien date and levy date	December, 1999
Tax bills mailed	December, 1999
Payment in full, or	January 31, 2000
First installment due	January 31, 2000
Second installment due	July 31, 2000
Personal property taxes in full	January 31, 2000
Tax sale – 1999 delinquent real estate taxes	October, 2003

Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the city is entitled to the aids.

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. BASIS OF ACCOUNTING (cont.)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest.

Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

Proprietary funds are accounted for on the accrual basis. Revenues such as user fees are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred. Unbilled receivables are not recorded as they are not considered material.

The proprietary funds have elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board.

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

F. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the general long-term obligations account group. The related expenditures are recognized when the liabilities are liquidated.

The measurement focus of proprietary funds is the flow of economic resources. Under this concept, revenues and expenses are matched using the accrual basis of accounting. All fixed assets are capitalized at historical cost and depreciated over their useful lives.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. CASH AND CASH EQUIVALENTS

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.

Reconciliation of cash and cash equivalents:

	<u>Enterprise Funds</u>
Cash and investments – combined balance sheet	\$ 1,994,944
Restricted cash and investments – combined balance sheet	12,300
Less: Non-current investments	<u>(808,913)</u>
 Cash and Cash Equivalents – Combined Statement of Cash Flows	 <u><u>\$ 1,198,331</u></u>

H. INVENTORIES

Proprietary fund inventories are generally used for construction and for operation and maintenance work, they are not for resale. They are charged to construction and operation and maintenance expense at average cost when used. Governmental fund inventory items are charged to expenditures accounts when purchased. Governmental fund year end inventory was not significant.

I. LONG-TERM OBLIGATIONS

Short-term and proprietary fund long-term liabilities are recorded as fund liabilities. All other long-term liabilities are recorded in the general long-term obligations account group.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$953,478, made up of one series.

J. GENERAL FIXED ASSETS

General fixed assets acquired for governmental purposes are recorded as expenditures in the governmental funds. Purchased fixed assets are capitalized at cost or estimated cost including capitalized interest during construction in the general fixed assets account group. Contributed fixed assets are recorded at fair market value at the time received. Interest incurred during construction is not capitalized.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. GENERAL FIXED ASSETS (cont.)

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. Such assets normally are immovable and of value only to the city. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

Generally accepted accounting principles do not require depreciation to be recorded on general fixed assets. Therefore, depreciation on general fixed assets is not reported in the financial statements.

K. PROPERTY, PLANT AND EQUIPMENT – PROPRIETARY FUNDS

Additions to and replacements of utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Interest is capitalized on enterprise fund property acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest cost is amortized on the same basis as the related asset is depreciated. No interest costs were capitalized during 1999.

The provision for depreciation shown in the financial statements results from the application of straight-line rates to original cost. The rates used by the water utility were approved by the Public Service Commission.

A summary of plant in service and average useful lives is as follows:

	12-31-99	Years
Water Plant		
Source of supply plant	\$ 383,522	33
Pumping plant	1,653,874	20 – 40
Water treatment plant	342,073	33 – 40
Transmission and distribution plant	12,547,360	16 – 90
General plant	399,916	4 – 15
Construction work in progress	323,062	-
Total	15,649,807	
Sewer Plant		
Collection system	9,728,058	30 – 100
Collection system pumping plant	1,234,785	20 – 40
General plant	288,330	7 – 40
Total	11,251,173	
Total Enterprise Fund Fixed Assets	\$ 26,900,980	

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. ADVANCES TO OTHER FUNDS

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset by deferred revenue for unavailable interest earnings and by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

The general fund advanced funds to TIF District No. 3 and is charging interest on the advance at a rate which is 2% over the city's cost of funds. No repayment schedule has been established. Interest on the interfund advance is recorded as a deferred revenue in the general fund until paid by the TIF District. Interest costs on the advance are recorded as an expenditure of the TIF District when the expenditure is incurred. See Note 6 for the advance balance at December 31, 1999.

M. ENCUMBRANCES

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year end are fulfilled. Encumbrances outstanding at year end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to governmental fund types. Encumbrances outstanding at year end in the capital projects fund were \$135,818.

N. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.E.

A budget has been adopted for the general fund and the other capital projects fund and comparisons of actual to budget are presented in the general purpose financial statements. Annual budgets have not been legally adopted for other funds. Project length budgets have been formally adopted for TIF No. 1 and 3. The TIF project budgets have not been included in these financial statements since the project length budgets are not comparable to annual TIF financial activity and the inclusion of the budget to actual comparison would be misleading. Budgets have not been formally adopted for other funds. Since budgets have not been prepared for all capital projects funds, comparisons between the actual columns in the combined statement of revenues, expenditures and changes in fund balances and the combined statement of revenues, expenditures and changes in fund balances – actual and budget are not meaningful. A reconciliation of the results of operations for all capital projects funds as presented on page 4 and the budgeted capital projects on page 5 is as follows:

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

N. BUDGETS (cont.)

	<u>Revenues</u>	<u>Expenditures</u>	Excess (Deficiency) of Revenues Over Expendi- tures
All capital projects funds (page 4)	\$ 2,446,435	\$ 7,605,423	\$ (5,158,988)
Less: Unbudgeted capital projects funds			
TIF No. 1	36,029	-	36,029
TIF No. 3	1,843,513	5,485,590	(3,642,077)
Southwest Quadrant	<u>450,509</u>	<u>-</u>	<u>450,509</u>
Total Unbudgeted Capital Projects Funds	<u>2,330,051</u>	<u>5,485,590</u>	<u>(3,155,539)</u>
Other Capital Projects Funds (Page 5)	<u>\$ 116,384</u>	<u>\$ 2,119,833</u>	<u>\$ (2,003,449)</u>

The budgeted amounts presented include those amendments properly approved by the governing body. During the year, department heads may authorize limited transfers of budgeted amounts within departments. The city administrator can approve transfers between departments in amounts up to \$1,000. Transfers exceeding \$1,000 between departments and changes to the overall budget must be approved by city council action. There were no material supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the departmental level of expenditure. Budgets have not been formally adopted for other governmental funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Budgetary comparisons are not required for proprietary funds.

O. COMPENSATED ABSENCES

Governmental Funds

Under terms of employment, employees are granted sick leave, vacations and floating holidays in varying amounts. Only benefits considered to be vested are disclosed in these statements. The amount of accumulated sick leave and vacation that will not be repaid with expendable available resources is \$866,447 and is recorded in the general long-term obligations account group.

Enterprise Funds

Vested sick leave is recorded as a liability by the individual fund when it is earned by the employee. The same is true for vacation pay. \$59,625 of vested sick leave and vacation pay is recorded as accrued liabilities at year end.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. COMPENSATED ABSENCES (cont.)

All Funds

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, 1999 are determined on the basis of current salary rates, and includes salary related payments.

P. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the enterprise funds because the water and sewer utilities have the right by law to place delinquent bills on the tax roll.

Q. CONTRIBUTIONS IN AID OF CONSTRUCTION – PROPRIETARY FUNDS

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utility. These amounts are not subject to repayment.

R. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, a liability is recorded in the general long-term obligations account group. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the proprietary funds as expenses when the related liabilities are incurred. At December 31, 1999, the city has recorded \$41,000 as a current liability in the general fund for a claim related to the relocation of the Wisconsin Hoofers Riding Club.

S. FUND BALANCE TERMINOLOGY

Fund balances are segregated into three separate classifications. Reservations represent the portion of fund balances which may not be appropriated for expenditure or have been segregated for specific future uses by legal mandate.

Designations of fund balances represent tentative plans by the city for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

Undesignated fund balance represents the amount available for appropriation after reservations and designations. It also is a measurement of current working capital position.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. ECONOMIC DEVELOPMENT LOANS RECEIVABLE

The city has received federal grant funds for economic development loan programs to various businesses. The city records a loan receivable when the loan has been made and funds have been disbursed.

It is the city's policy to record revenue when the initial loan is made from the federal grant funds. The net amount of the loan receivable balance is offset by a reserve for loans receivable. As loans are repaid, the reserve for loans receivable is reduced and the designated fund balance is increased. When new loans are made from loan repayments, the reserve for loans receivable is increased and the designated fund balance is decreased. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the general purpose financial statements.

For economic development loans, the city is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the city may retain \$750,000.

At December 31, 1999, the city has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

NOTE 2 – CASH AND INVESTMENTS

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 2 – CASH AND INVESTMENTS (cont.)

No violations of these restrictions occurred during the year.

The city's deposits and investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes items that are insured or registered or which are collateralized by or evidenced by securities held by the city or its agent in the city's name. Category 2 includes deposits collateralized with securities held by the pledging institutions trust department or agent in the city's name, or uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the city's name. Category 3 includes uncollateralized deposits, and uninsured and uncollateralized investments.

	Category			Total	Carrying Amount
	1	2	3		
Local and area banks	\$ 300,000	\$ -	\$ 14,198,501	\$ 14,198,501	\$ 15,506,816
Federal securities	1,369,804	-	-	1,369,804	1,369,804
Commercial paper	4,514,907	-	-	4,514,907	4,514,907
Sub-Totals	\$ 6,814,711	\$ -	\$ 14,198,501	\$ 20,383,212	21,391,527
Local government investment pool					856,967
Mutual funds					6,066,330
Petty cash					546
Total Deposits and Investments					\$ 28,315,370

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

Deposits in local and area banks are insured by the FDIC in the amount of \$100,000 for each interest bearing account and \$100,000 for each noninterest bearing account.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the amounts in category 1 above.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 2 – CASH AND INVESTMENTS (cont.)

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, 1999, the fair value of the LGIP's assets were substantially equal to the city's share as reported above.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

NOTE 3 – LONG-TERM OBLIGATIONS

A. 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 general long-term obligations account group will be retired by future property tax levies accumulated by the debt service fund, or by tax increment district levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The city levies property taxes annually for the full amount of principal and interest due in the following year. The debt service fund administers the collection of these levies and the subsequent payments of principal and interest.

The following is a summary of the long-term debt transactions for the year ended December 31, 1999:

	Balance 1-1-99	Increases	Decreases	Balance 12-31-99
General obligation debt	\$ 43,128,923	\$ 7,300,000	\$ 4,738,443	\$ 45,690,480

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

NOTE 3 – LONG-TERM OBLIGATIONS (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-99</u>
1. General Obligation Debt					
1985 Refunding bonds	11-05-85	11-01-00	8.00% – 9.50%	\$ 3,735,000	\$ 500,000
1992 General obligation promissory notes	7-15-92	6-01-02	4.70% – 5.25%	1,900,000	1,000,000
1994 General obligation promissory notes	4-01-94	6-01-00	3.10% – 4.25%	2,225,000	725,000
1994 State trust fund loan	12-07-94	3-15-04	4.5%	500,000	305,480
1995 General obligation promissory notes	5-01-95	6-01-01	4.55% – 4.95%	7,650,000	950,000
1996 General obligation refunding bonds	10-01-96	10-01-96	4.00% – 5.65%	7,875,000	7,570,000
1996 General obligation promissory notes	11-01-96	11-01-00	4.40% – 4.85%	800,000	200,000
1996 General obligation promissory notes	6-01-96	6-01-06	4.00% – 5.15%	5,675,000	4,580,000
1997 General obligation promissory notes	3-01-97	3-01-07	3.95% – 5.15%	9,250,000	7,355,000
1997 General obligation promissory notes	4-01-97	3-01-12	3.90% – 5.40%	6,480,000	5,855,000
1998 General obligation promissory notes	4-01-98	9-01-08	3.90% – 4.60%	9,675,000	9,350,000
1999 General obligation Promissory notes	5-15-99	3-01-09	3.50% – 4.40%	7,300,000	<u>7,300,000</u>
Total General Obligation Debt					45,690,480
Less: Proprietary fund general obligation debt					<u>4,255,000</u>
Total General Long-Term Obligations Account Group Debt					<u>\$ 41,435,480</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

NOTE 3 – LONG-TERM OBLIGATIONS (cont.)

B. OTHER LONG-TERM OBLIGATIONS

	Balance 1-1-99	Increases	Decreases	Balance 12-31-99
Other Liabilities				
Unfunded prior service costs (Note 4)	\$ 387,023	\$ 29,150	\$ 22,647	\$ 393,526
Long-term liability for accumulated vacation, floating holidays and vested sick leave (Note 1.O.)	852,157	14,290	-	866,447
City's share of landfill district deficit fund balance (Note 11)	793,523	-	46,761	746,762
Land contract – Morey Airport Dated December 28, 1998 to be repaid in 2000.	1,000,000	-	48,948	951,052
Total Other Long-Term Liabilities	\$ 3,032,703	\$ 43,440	\$ 118,356	\$ 2,957,787

Debt service requirements to maturity are as follows:

	General Long-Term Debt		Proprietary Fund Long-Term Debt		Totals
	Principal	Interest	Principal	Interest	
2000	\$ 4,215,811	\$ 1,979,287	\$ 260,000	\$ 211,862	\$ 6,666,960
2001	4,018,360	1,670,121	265,000	194,683	6,148,164
2002	3,800,983	1,492,103	280,000	182,640	5,755,726
2003	4,168,731	1,316,184	290,000	167,392	5,942,307
2004	4,231,595	1,492,807	305,000	153,526	6,182,928
2005 and thereafter	21,000,000	3,824,852	2,855,000	616,891	28,296,743
Totals	\$ 41,435,480	\$ 11,775,354	\$ 4,255,000	\$ 1,526,994	\$ 58,992,828

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule. \$561,583 is on deposit in the debt service fund which is available to meet the above debt service requirements as of December 31, 1999. In addition, \$648,039 is available in the capital projects fund for future debt payments.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 1999 was \$61,417,870. Total general obligation debt outstanding at year end was \$45,690,480.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 3 – LONG-TERM OBLIGATIONS (cont.)

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

NOTE 4 – EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.4% of their salary (4.7% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 6.2% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for city employees covered by the system for the year ended December 31, 1999 was \$2,868,349; the employer's total payroll was \$3,728,460. The total required contribution for the year ended December 31, 1999 was \$433,099 or 15.10 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 1998 and 1997 were \$421,829 and \$421,693, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% (2.0% for Executives, Elected Officials, and Protective Occupations with Social Security and 2.5% for Protective Occupations without Social Security) of final average earnings for each year of creditable service. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

The pension-related debt for the city was \$393,526. This amount is included in the general long-term obligations account group as the city's best estimate of its unfunded commitment to the plan. This liability was determined in accordance with provisions of GASB Statement 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Southwest quadrant capital projects fund	\$ 893,303
General fund	Water utility	22,444
General fund	Fire district agency fund	18,351
TIF District No. 1 capital projects fund	Other capital projects	6,000
Other capital projects	Subdivider's deposits special revenue fund	234,000
Other capital projects	Water utility	47,931
Water utility	General fund	130,291
Water utility	Sewer utility	34,348
Sewer utility	General fund	2,996
Sewer utility	Water utility	7,068
Total		<u>\$ 1,396,732</u>

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Debt service fund	General fund	\$ 2,417,591
Debt service fund	Pleasant View Golf Course special revenue fund	525,815
Debt service fund	TIF District No. 1 capital projects fund	637,609
Debt service fund	TIF District No. 3 capital projects fund	1,715,390
Debt service fund	Southwest Quadrant capital projects fund	1,084,232
Other capital projects fund	Subdivider's deposits special revenue fund	377,430
Total		<u>\$ 6,758,067</u>

NOTE 6 – ADVANCES TO/FROM OTHER FUNDS

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	TIF No. 3 capital projects fund	<u>\$ 1,286,197</u>

NOTE 7 – FIXED ASSETS

A summary of general fixed assets follows:

	<u>Balance</u> 1-1-99	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12-31-99
Land	\$ 9,494,896	\$ 1,050,000	\$ -	\$ 10,544,896
Golf course	5,063,100	-	-	5,063,100
Buildings	4,625,383	1,157,200	-	5,782,583
Improvements other than buildings	3,570,982	125,008	9,233	3,686,757
Equipment and vehicles	2,885,625	283,414	227,215	2,941,824
Furniture and fixtures	215,806	18,419	505	233,720
Totals	<u>\$ 25,855,792</u>	<u>\$ 2,634,041</u>	<u>\$ 236,953</u>	<u>\$ 28,252,880</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

NOTE 8 – SEGMENTS OF ENTERPRISE ACTIVITIES

There are services provided by the city which are financed by user charges. The key financial data for the year ended December 31, 1999 for those services are as follows:

	Water	Sewer
Operating revenues	\$ 1,515,888	\$ 1,166,173
Depreciation	299,826	151,506
Operating Income	481,182	22,257
Net Income (Loss)	520,996	(16,835)
Total Assets	15,595,063	9,856,503
Net Working Capital (Deficit)	2,018,882	(483,572)
Long-term Debt Payable	2,470,000	1,785,000
Total Equity	12,652,853	7,163,678
Current Capital Contributions		
Contributions in aid of construction	558,548	597,107
Property, Plant and Equipment		
Additions	820,872	2,802,814
Deletions	32,600	400

NOTE 9 – DESIGNATED FUND BALANCE

Designated fund balance as of December 31, 1999 includes the following items:

General Fund

Subsequent year's budget	\$ <u>254,000</u>
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NOTE 10 – TAX INCREMENTAL FINANCING DISTRICTS

Following is the cumulative status of tax incremental financing district no. 3 transactions as of December 31, 1999:

Expenditures

Interest and fiscal charges	\$ 631,728
Administration and promotion	584,283
Relocation	309,935
Capital expenditures	15,917,715
Engineering	543,875
Discount on borrowing	247,795
Total Expenditures	18,235,331

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 10 – TAX INCREMENTAL FINANCING DISTRICTS (cont.)

Revenues

Tax increment	\$ 3,893,138
Investment income	1,427,047
Miscellaneous revenues	<u>175,882</u>
Total Revenues	<u>5,496,067</u>

Amount to be Recovered Through Increments \$ 12,739,264

State statutes allow the districts to receive tax increments until the net project costs are fully recovered or until recovery is statutorily ended. The amount to be recovered shown above will be increased by interest payments made in the future.

The tax increment on the 1999 tax roll collected in 2000 is as follows:

TIF No. 3	<u>\$ 1,673,044</u>
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NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

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

As stated in Note 13, the city jointly operates the Metropolitan Refuse District, Inc. (district). For the year ending September 30, 1994, the district was required to adopt Governmental Standards Board Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs." The district's fund balance at September 30, 1999 is a deficit of \$1,204,455. 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 62%, which amounts to \$746,762 of the district's net deficit. The city's share of the net deficit has been reported in the general long-term obligations account group. See also Note 3 and Note 13.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 11 – COMMITMENTS AND CONTINGENCIES (cont.)

On December 6, 1996, the city entered into a developer agreement with Western Center Properties, Inc. for developing Greenway Center Phase III. The agreement requires the developer to make land improvements sufficient enough to increase the taxable value of the property by \$31,000,000 over an eight year period. The city has agreed to purchase land and public improvements outlined in the agreement throughout the life of the project for an amount not to exceed \$3,150,500.

On March 13, 1998, the developer assigned all rights, title and interest in the developer agreement with the city to Associated Bank – Green Bay.

The water utility well #7 was redrilled due to the lack of alignment in its construction in 1993 and the contractor has filed suit to recover these costs. The water utility has filed a counter claim against the contractor for liquidated and consequential damages due to the delay and failure of completion of the well and additional engineering costs incurred. The outcome of the proceeding ranges from damages paid to the contractor of nearly \$700,000 to the water utility recovering nearly \$700,000. The case is scheduled for arbitration in 2000.

The water utility has received a claim for a difference in appraisals for a valuation of an easement condemnation. The difference in appraisals is \$75,000 with additional costs for attorney and appraiser fees around \$24,000. The outcome of this proceeding, as well as the damages paid by the water utility, are potentially \$99,000.

NOTE 12 – LEASE DISCLOSURES

The city has no material capital or operating leases.

NOTE 13 – JOINT VENTURES

METROPOLITAN REFUSE DISTRICT, INC.

The City of Middleton and the Villages of Shorewood Hills and Waunakee jointly operate the local sanitary landfill, which is called the Metropolitan Refuse District, Inc. The landfill stopped accepting waste in 1997. The communities share in the operation of the district based on estimated population as follows:

City of Middleton	62%
Village of Shorewood Hills	7
Village of Waunakee	31

The governing body is made up of citizens from each community. Local representatives are appointed by each city. The governing body has authority to adopt its own budget and control the financial affairs of the district. The city made payments of \$50,000 to the district in 1999. The city will continue to support the district's postclosure care costs at reduced costs in the future.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – JOINT VENTURES (cont.)

Financial information of the district as of September 30, 1999 is available directly from the district's office.

The transactions of the District are not reflected in these financial statements.

The district's 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's financial statements.

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 operation of the District based on the ratio of equalized values of each member.

The governing body is made up of citizens 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 \$220,526 to the district in 1999. The city believes that the district will continue to provide services in the future at similar rates.

Financial information of the district as of December 31, 1999 is available directly from the district's office.

The City of Middleton is the fiscal agent for the Middleton Fire District; however, transactions of the district are not reflected in these financial statements.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retiring from the city or becoming disabled and being eligible to receive social security benefits or Wisconsin Retirement benefits. The benefits are based on contractual agreements with employee groups, local ordinances, and employee benefit policies. Employees may convert their accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure in the year of retirement. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city's general fund. Total expenditures for retirees medical premiums during the year were \$25,199. The number of participants currently eligible to receive benefits is eight. The total amount outstanding at year end to be paid in the future is \$184,397 and is included in the general fund as an accrued liability.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 1999

NOTE 15 – CONTRIBUTED CAPITAL

During the year, contributed capital changed by the following amounts:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Capital Paid in by City			
Balance – January 1, 1999	\$ 1,768,327	\$ 1,724,767	\$ 3,493,094
City contributions	<u>164,333</u>	<u>81,494</u>	<u>245,827</u>
Balance – December 31, 1999	<u>\$ 1,932,660</u>	<u>\$ 1,806,261</u>	<u>\$ 3,738,921</u>
Contributions in Aid of Construction			
Balance – January 1, 1999	\$ 5,887,464	\$ 4,117,383	\$ 10,004,847
Developer contributions	<u>394,215</u>	<u>515,613</u>	<u>909,828</u>
Balance – December 31, 1999	<u>\$ 6,281,679</u>	<u>\$ 4,632,996</u>	<u>\$ 10,914,675</u>

NOTE 16 – RISK MANAGEMENT

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

NOTE 17 – DEFICIT FUND BALANCE

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

As of December 31, 1999, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Southwest quadrant	\$ 893,303	Debt service costs in excess of cash flows from special assessments.

The southwest quadrant fund deficit is anticipated to be funded with future collections of special assessments.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

NOTE 18 – RESTATEMENT OF FUND BALANCES

Fund balance has been restated to record accrued cable TV franchise fee revenues.

General fund	
Fund balance – December 31, 1998 (as reported)	\$ 3,754,660
Add: Accrued cable TV revenue	<u>96,673</u>
Fund balance – January 1, 1999 (as restated)	<u>\$ 3,851,333</u>

Fund balance has been restated to correct prior year's errors in reporting.

Hotel Room Tax Special Revenue fund	
Fund balance – December 31, 1998 (as reported)	\$ 70,731
Add: prior year's errors in revenues and expenditures	<u>35,422</u>
Fund balance – January 1, 1999 (as restated)	<u>\$ 106,153</u>

Fund balance has been restated to recognize non-refundable subdivider deposits as revenue.

Other Capital Projects fund	
Fund balance – December 31, 1998 (as reported)	\$ 1,187,405
Add: Non-refundable subdivider deposits	<u>149,500</u>
Fund balance – January 1, 1999 (as restated)	<u>\$ 1,336,905</u>

Memorandum total columns of the previous year have not been restated to reflect these changes.

NOTE 19 – SUBSEQUENT EVENTS

On February 2, 2000, the city purchased property for \$2,875,000.

On March 21, 2000, the city issued \$6,800,000 general obligation promissory notes for capital projects.

S U P P L E M E N T A L I N F O R M A T I O N

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF REVENUES For the Year Ended December 31, 1999

	Actual	Budget
TAXES		
General property tax	\$ 5,971,013	\$ 5,971,003
Omitted property tax	69,387	-
Taxes from city owned utility	239,396	245,000
Room tax	110,805	110,000
Interest on taxes	8,615	2,000
	<u>\$ 6,399,216</u>	<u>\$ 6,328,003</u>
INTERGOVERNMENTAL REVENUES		
Shared taxes from state	\$ 562,882	\$ 557,601
State aid - road allotment	582,632	582,793
Federal and state aid - other	199,760	190,900
County aid - library	298,043	298,043
County aid - signals	7,542	6,500
County aid - senior citizens	31,364	29,400
	<u>\$ 1,682,223</u>	<u>\$ 1,665,237</u>
LICENSES AND PERMITS		
Liquor and malt beverage licenses	\$ 23,005	\$ 20,000
Operators' licenses	6,425	6,000
Contractor's licenses	5,420	5,600
Alarm licenses	5,360	3,500
Cigarette licenses	160	175
Bicycle licenses	78	250
Dog and cat licenses	298	200
Cable TV franchise licenses	112,103	85,000
Other miscellaneous licenses	2,113	2,200
Building permits	154,709	90,000
Electrical permits	46,390	30,000
Plumbing permits	57,120	31,000
Erosion control permits	1,800	-
Park reservation permits	7,887	7,000
	<u>\$ 422,868</u>	<u>\$ 280,925</u>
FINES, FORFEITURES AND PENALTIES		
Court penalties	\$ 131,072	\$ 135,000
Parking violations	24,698	26,000
Court costs	35,158	31,000
	<u>\$ 190,928</u>	<u>\$ 192,000</u>

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF REVENUES (cont.) For the Year Ended December 31, 1999

	<u>Actual</u>	<u>Budget</u>
PUBLIC CHARGES FOR SERVICES		
Clerk fees	\$ 27,800	\$ 9,000
Sale of materials and supplies	7,044	2,000
Police department fees	21,945	30,000
Ambulance services	130,643	109,550
EMS fixed cost abatement	20,364	21,669
Public works charges	8,405	40,000
Senior citizens	1,291	10,000
Swimming pools	192,604	222,725
Summer recreation	50,120	40,525
Other recreation	37,052	37,940
Zoning	1,200	1,000
	<u>498,468</u>	<u>524,409</u>
TOTALS	\$ 498,468	\$ 524,409
 INTERGOVERNMENTAL CHARGES FOR SERVICES		
Local general government services	\$ 127,224	\$ 120,800
	<u>127,224</u>	<u>120,800</u>
 SPECIAL ASSESSMENTS		
Curb, gutter and sidewalks	\$ 75,113	\$ 38,700
Interest on special assessments	555	500
	<u>75,668</u>	<u>39,200</u>
TOTALS	\$ 75,668	\$ 39,200
 INVESTMENT INCOME		
Investment income	\$ 431,547	\$ 507,600
	<u>431,547</u>	<u>507,600</u>
 MISCELLANEOUS		
Rent of city buildings and offices	\$ 12,000	\$ 17,000
Compensation for loss of fixed assets	36,867	20,940
Refund of prior year's expenditures	90,553	25,000
Sale of city property	54,555	107,500
Pool contribution	25,000	25,000
	<u>218,975</u>	<u>195,440</u>
TOTALS	\$ 218,975	\$ 195,440

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES For the Year Ended December 31, 1999

	Actual	Budget
GENERAL GOVERNMENT		
Council	\$ 26,313	\$ 25,836
Police commission	2,523	800
Landmarks commission	7,575	600
Middleton youth commission	12,000	12,000
Municipal court	16,035	14,318
General administration	368,901	360,279
Independent auditing	12,229	13,000
Legal counseling	58,864	47,400
Special legal counsel	3,318	5,000
Buildings and grounds	79,683	90,886
Illegal taxes and tax refunds	5,000	5,000
Reduction of prior years revenue	22,611	-
Property and liability insurance	163,153	180,000
Board of review	95	375
Additional expenditures - prior years	16,323	5,000
Emergency preparedness	6,336	4,920
Income continuation insurance	11,876	12,650
Group life insurance	3,906	3,800
Reserve for contingencies	-	73,076
	<u>\$ 816,741</u>	<u>\$ 854,940</u>
TOTALS		
	<u>\$ 816,741</u>	<u>\$ 854,940</u>
PUBLIC SAFETY		
Police administration	\$ 302,357	\$ 331,916
Police patrol	1,801,476	1,754,760
Training	20,586	21,000
Police uniform allowance and equipment	12,262	11,500
School patrol	10,881	10,948
Fire suppression	220,526	215,607
Public fire protection	347,556	320,000
Building inspector	83,229	81,242
Electrical inspector	73,603	42,600
Plumbing inspection	28,599	23,618
Sealer of weights and measures	2,640	2,640
Erosion control enforcement	2,304	-
EMS	109,709	119,179
Communications	299,776	282,096
	<u>\$ 3,315,504</u>	<u>\$ 3,217,106</u>
TOTALS		
	<u>\$ 3,315,504</u>	<u>\$ 3,217,106</u>

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES (cont.) For the Year Ended December 31, 1999

	<u>Actual</u>	<u>Budget</u>
PUBLIC WORKS		
Machinery	\$ 155,692	\$ 194,749
Garage	46,466	45,209
Protective equipment	3,168	3,180
Engineering	458,037	444,314
Street maintenance	153,783	191,355
Street cleaning	30,049	40,762
Snow and ice control	73,233	75,852
Traffic signs and markings	50,405	42,180
Traffic signals	24,423	24,418
Street lighting	43,329	41,200
Tree and brush	67,617	53,625
Sidewalk maintenance	7,384	12,195
Storm sewers	21,953	22,426
Mass transit	92,000	161,341
Garbage collection	214,594	217,489
Sanitary landfill	100,000	100,000
Leaf pick-up	34,299	26,262
Track and signal maintenance	-	300
Recycling	116,264	119,815
	<u>116,264</u>	<u>119,815</u>
TOTALS	<u>\$ 1,692,696</u>	<u>\$ 1,816,672</u>
LEISURE ACTIVITIES		
Library	\$ 804,472	\$ 799,721
Senior citizens center	97,086	109,239
Recreation administration	68,722	67,191
Swimming pool	254,424	222,180
Summer recreation	53,318	51,470
Other recreation	31,788	42,190
Parks	301,590	253,090
Cable television	1,903	-
	<u>1,903</u>	<u>-</u>
TOTALS	<u>\$ 1,613,303</u>	<u>\$ 1,545,081</u>

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES (cont.) For the Year Ended December 31, 1999

	<u>Actual</u>	<u>Budget</u>
CONSERVATION AND DEVELOPMENT		
Forestry - parks	\$ 28,962	\$ 36,595
Weed control	3,148	2,918
Creek maintenance	705	2,918
Water resources	13,910	17,900
Water pollution abatement grant	22,701	-
Conservancy land commission	18,000	61,600
Planning commission	104,959	106,854
	<u>104,959</u>	<u>106,854</u>
TOTALS	<u>\$ 192,385</u>	<u>\$ 228,785</u>

CITY OF MIDDLETON

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 1999

	<u>Pleasant View Golf Course</u>	<u>Sub- dividers' Deposits</u>	<u>EMS Fund</u>	<u>Railroad Depot Fund</u>	<u>Lost and Damaged Book Fund</u>
ASSETS					
Cash and investments	\$ 239,131	\$ 1,334,701	\$ 11,293	\$ 7,751	\$ 15,957
Accounts receivable	-	-	-	-	-
Loan receivable	-	-	-	-	-
Inventory	1,323	-	-	-	-
Other assets	300	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 240,754</u>	<u>\$ 1,334,701</u>	<u>\$ 11,293</u>	<u>\$ 7,751</u>	<u>\$ 15,957</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	234,000	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>234,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Reserved	1,323	-	-	-	-
Unreserved					
Undesignated	239,431	1,100,701	11,293	7,751	15,957
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>240,754</u>	<u>1,100,701</u>	<u>11,293</u>	<u>7,751</u>	<u>15,957</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 240,754</u>	<u>\$ 1,334,701</u>	<u>\$ 11,293</u>	<u>\$ 7,751</u>	<u>\$ 15,957</u>

Library Gift Fund	EMS Equipment Replacement Fund	Library Endowment Fund	Economic Develop- ment Fund	Economic Develop- ment Grant	Alcohol Awareness Fund	Drug Forfeitures	Hotel Room Tax Fund	Totals
\$ 12,102	\$ 54,158	\$ 149,449	\$ 101,603	\$ 62,037	\$ 1,416	\$ 5,953	\$ 104,796	\$ 2,100,347
-	-	-	-	-	-	-	55,027	55,027
-	-	-	-	138,867	-	-	-	138,867
-	-	-	-	-	-	-	-	1,323
-	-	-	-	-	-	-	-	300
<u>\$ 12,102</u>	<u>\$ 54,158</u>	<u>\$ 149,449</u>	<u>\$ 101,603</u>	<u>\$ 200,904</u>	<u>\$ 1,416</u>	<u>\$ 5,953</u>	<u>\$ 159,823</u>	<u>\$ 2,295,864</u>
\$ -	\$ -	\$ -	\$ 45,833	\$ -	\$ -	\$ -	\$ 9,695	\$ 55,528
-	-	-	-	-	-	-	-	234,000
-	-	-	45,833	-	-	-	9,695	289,528
-	-	-	-	138,867	-	-	-	140,190
12,102	54,158	149,449	55,770	62,037	1,416	5,953	150,128	1,866,146
12,102	54,158	149,449	55,770	200,904	1,416	5,953	150,128	2,006,336
<u>\$ 12,102</u>	<u>\$ 54,158</u>	<u>\$ 149,449</u>	<u>\$ 101,603</u>	<u>\$ 200,904</u>	<u>\$ 1,416</u>	<u>\$ 5,953</u>	<u>\$ 159,823</u>	<u>\$ 2,295,864</u>

CITY OF MIDDLETON

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 For the Year Ended December 31, 1999

	<u>Pleasant View Golf Course</u>	<u>Sub- dividers' Deposits</u>	<u>EMS Fund</u>	<u>Railroad Depot Fund</u>	<u>Lost and Damaged Book Fund</u>
REVENUE					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Public charges for services	1,478,250	112,328	1,039	-	29,054
Investment income	13,181	-	-	-	-
Miscellaneous and contributions	-	-	-	1,415	-
Total Revenues	<u>1,491,431</u>	<u>112,328</u>	<u>1,039</u>	<u>1,415</u>	<u>29,054</u>
EXPENDITURES					
Public safety	-	-	-	-	-
Health and social services	-	-	-	-	-
Leisure activities	964,589	-	1,734	331	26,269
Conservation and development	-	73,694	-	-	-
Total Expenditures	<u>964,589</u>	<u>73,694</u>	<u>1,734</u>	<u>331</u>	<u>26,269</u>
 Excess (deficiency) of revenues over expenditures	 <u>526,842</u>	 <u>38,634</u>	 <u>(695)</u>	 <u>1,084</u>	 <u>2,785</u>
OTHER FINANCING USES					
Operating transfer out	<u>(525,815)</u>	<u>(377,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Uses	<u>(525,815)</u>	<u>(377,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 1,027	 (338,796)	 (695)	 1,084	 2,785
 FUND BALANCES - Beginning of Year (as restated)	 <u>239,727</u>	 <u>1,439,497</u>	 <u>11,988</u>	 <u>6,667</u>	 <u>13,172</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 240,754</u>	 <u>\$ 1,100,701</u>	 <u>\$ 11,293</u>	 <u>\$ 7,751</u>	 <u>\$ 15,957</u>

Library Gift Fund	EMS Equipment Replacement Fund	Library Endowment Fund	Economic Develop- ment Fund	Economic Develop- ment Grant	Alcohol Awareness Fund	Drug Forfeitures	Hotel Room Tax Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,546	\$ 258,546
-	-	30,269	-	-	-	-	-	30,269
-	25,000	-	3,000	-	325	-	54,392	1,703,388
-	-	5,773	3,943	8,208	-	-	-	31,105
12,171	-	-	-	-	-	2,500	-	16,086
<u>12,171</u>	<u>25,000</u>	<u>36,042</u>	<u>6,943</u>	<u>8,208</u>	<u>325</u>	<u>2,500</u>	<u>312,938</u>	<u>2,039,394</u>
-	-	-	-	-	-	5,030	-	5,030
-	-	-	210	-	23	-	-	233
7,102	-	-	12,500	-	-	-	268,963	1,281,488
-	-	-	-	18	-	-	-	73,712
<u>7,102</u>	<u>-</u>	<u>-</u>	<u>12,710</u>	<u>18</u>	<u>23</u>	<u>5,030</u>	<u>268,963</u>	<u>1,360,463</u>
5,069	25,000	36,042	(5,767)	8,190	302	(2,530)	43,975	678,931
-	-	-	-	-	-	-	-	(903,245)
-	-	-	-	-	-	-	-	(903,245)
5,069	25,000	36,042	(5,767)	8,190	302	(2,530)	43,975	(224,314)
7,033	29,158	113,407	61,537	192,714	1,114	8,483	106,153	2,230,650
<u>\$ 12,102</u>	<u>\$ 54,158</u>	<u>\$ 149,449</u>	<u>\$ 55,770</u>	<u>\$ 200,904</u>	<u>\$ 1,416</u>	<u>\$ 5,953</u>	<u>\$ 150,128</u>	<u>\$ 2,006,336</u>

CITY OF MIDDLETON

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 1999

	TIF District No. 1	TIF District No. 3	Southwest Quadrant	Other Capital Projects	Totals
ASSETS					
Cash and investments	\$ 648,039	\$ 7,161,236	\$ -	\$ 2,519,012	\$ 10,328,287
Taxes receivable	-	1,673,044	270,450	-	1,943,494
Accounts receivable	-	-	-	49,764	49,764
Special assessments	-	-	1,161,504	-	1,161,504
Interest receivable	-	127,567	-	-	127,567
Due from other funds	-	6,000	-	281,931	287,931
TOTAL ASSETS	<u>\$ 648,039</u>	<u>\$ 8,967,847</u>	<u>\$ 1,431,954</u>	<u>\$ 2,850,707</u>	<u>\$ 13,898,547</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ 326,219	\$ -	\$ 361,121	\$ 687,340
Due to other funds	-	-	893,303	6,000	899,303
Deferred revenues	-	1,673,044	270,450	-	1,943,494
Deferred special assessments	-	-	1,161,504	-	1,161,504
Deferred interest income	-	127,567	-	-	127,567
Advances from other funds	-	1,286,197	-	-	1,286,197
Total Liabilities	<u>-</u>	<u>3,413,027</u>	<u>2,325,257</u>	<u>367,121</u>	<u>6,105,405</u>
Fund Balances					
Reserved for debt service	648,039	-	-	-	648,039
Reserved for encumbrances	-	-	-	135,818	135,818
Unreserved					
Undesignated (deficit)	-	5,554,820	(893,303)	2,347,768	7,009,285
Total Fund Balances (Deficit)	<u>648,039</u>	<u>5,554,820</u>	<u>(893,303)</u>	<u>2,483,586</u>	<u>7,793,142</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 648,039</u>	<u>\$ 8,967,847</u>	<u>\$ 1,431,954</u>	<u>\$ 2,850,707</u>	<u>\$ 13,898,547</u>

CITY OF MIDDLETON

CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES

For the Year Ended December 31, 1999

	TIF District No. 1	TIF District No. 3	Southwest Quadrant	Other Capital Projects	Totals
REVENUES					
Taxes	\$ -	\$ 1,348,178	\$ -	\$ -	\$ 1,348,178
Intergovernmental	-	-	-	77,379	77,379
Special assessments	-	-	450,509	-	450,509
Investment income	36,029	377,447	-	-	413,476
Miscellaneous revenues	-	117,888	-	39,005	156,893
Total Revenues	<u>36,029</u>	<u>1,843,513</u>	<u>450,509</u>	<u>116,384</u>	<u>2,446,435</u>
EXPENDITURES					
Capital outlay	-	5,485,590	-	2,119,833	7,605,423
Total Expenditures	<u>-</u>	<u>5,485,590</u>	<u>-</u>	<u>2,119,833</u>	<u>7,605,423</u>
Excess (deficiency) of revenues over expenditures	<u>36,029</u>	<u>(3,642,077)</u>	<u>450,509</u>	<u>(2,003,449)</u>	<u>(5,158,988)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	4,000,000	-	2,800,000	6,800,000
Debt discount and issuance costs	-	(107,733)	-	(27,300)	(135,033)
Operating transfers in	-	-	-	377,430	377,430
Operating transfers out	(637,609)	(1,715,390)	(1,084,232)	-	(3,437,231)
Total Other Financing Sources (Uses)	<u>(637,609)</u>	<u>2,176,877</u>	<u>(1,084,232)</u>	<u>3,150,130</u>	<u>3,605,166</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(601,580)	(1,465,200)	(633,723)	1,146,681	(1,553,822)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	<u>1,249,619</u>	<u>7,020,020</u>	<u>(259,580)</u>	<u>1,336,905</u>	<u>9,346,964</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 648,039</u>	<u>\$ 5,554,820</u>	<u>\$ (893,303)</u>	<u>\$ 2,483,586</u>	<u>\$ 7,793,142</u>

CITY OF MIDDLETON

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 1999

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 1,928,291	\$ 66,653	\$ 1,994,944
Accounts receivable	449,348	116,333	565,681
Interest receivable	23,949	-	23,949
Due from other funds	164,639	10,064	174,703
Inventories	32,634	-	32,634
Total Current Assets	<u>2,598,861</u>	<u>193,050</u>	<u>2,791,911</u>
Other Property and Investments			
Cash and investments	-	12,300	12,300
Special assessments receivable	122,422	-	122,422
Deferred special assessments	-	10,774	10,774
Preliminary engineering	7,934	-	7,934
Total Other Property and Investments	<u>130,356</u>	<u>23,074</u>	<u>153,430</u>
Utility Plant			
Property and equipment	15,326,745	11,251,173	26,577,918
Construction work in progress	323,062	-	323,062
Less: Accumulated depreciation	<u>(2,810,211)</u>	<u>(1,631,888)</u>	<u>(4,442,099)</u>
Total Property and Equipment	<u>12,839,596</u>	<u>9,619,285</u>	<u>22,458,881</u>
Deferred Charges			
Unamortized debt expenses	26,250	21,094	47,344
Total Deferred Charges	<u>26,250</u>	<u>21,094</u>	<u>47,344</u>
 TOTAL ASSETS	 <u>\$ 15,595,063</u>	 <u>\$ 9,856,503</u>	 <u>\$ 25,451,566</u>

	Water Utility	Sewer Utility	Totals
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	\$ 56,937	\$ 491,173	\$ 548,110
Accrued taxes	257,381	-	257,381
Accrued interest	40,500	27,300	67,800
Accrued compensated absences	7,718	3,801	11,519
Due to other funds	77,443	34,348	111,791
Current portion of long-term debt	140,000	120,000	260,000
Total Current Liabilities	<u>579,979</u>	<u>676,622</u>	<u>1,256,601</u>
Deferred Credits			
Accrued compensated absences	32,231	15,875	48,106
Customer advances for construction	-	335,328	335,328
Total Deferred Credits	<u>32,231</u>	<u>351,203</u>	<u>383,434</u>
Long-Term Debt Net of Current Maturities			
General obligation notes	2,330,000	1,665,000	3,995,000
Total Long-Term Debt	<u>2,330,000</u>	<u>1,665,000</u>	<u>3,995,000</u>
Total Liabilities	<u>2,942,210</u>	<u>2,692,825</u>	<u>5,635,035</u>
Equity			
Capital paid in by city	1,932,660	1,806,261	3,738,921
Contributions in aid of construction	6,281,679	4,632,996	10,914,675
Total Contributed Capital	<u>8,214,339</u>	<u>6,439,257</u>	<u>14,653,596</u>
Retained earnings	4,438,514	724,421	5,162,935
Total Equity	<u>12,652,853</u>	<u>7,163,678</u>	<u>19,816,531</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 15,595,063</u>	<u>\$ 9,856,503</u>	<u>\$ 25,451,566</u>

CITY OF MIDDLETON

ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 For the Year Ended December 31, 1999

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 1,515,888	\$ 1,166,173	\$ 2,682,061
OPERATING EXPENSES			
Operation and maintenance	464,791	982,919	1,447,710
Depreciation	299,826	151,506	451,332
Taxes	270,089	9,491	279,580
Total Operating Expenses	<u>1,034,706</u>	<u>1,143,916</u>	<u>2,178,622</u>
Operating Income	<u>481,182</u>	<u>22,257</u>	<u>503,439</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	169,210	33,495	202,705
Interest expense	<u>(129,396)</u>	<u>(72,587)</u>	<u>(201,983)</u>
Total Nonoperating Revenues (Expenses)	<u>39,814</u>	<u>(39,092)</u>	<u>722</u>
NET INCOME (LOSS)	520,996	(16,835)	504,161
RETAINED EARNINGS - Beginning of Year	<u>3,917,518</u>	<u>741,256</u>	<u>4,658,774</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 4,438,514</u>	<u>\$ 724,421</u>	<u>\$ 5,162,935</u>

CITY OF MIDDLETON

ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS For the Year Ended December 31, 1999

	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,309,236	\$ 1,053,535	\$ 2,362,771
Cash received from city for services	395,857	-	395,857
Cash paid to suppliers for goods and services	(311,958)	(892,608)	(1,204,566)
Cash paid to employees for services	(155,459)	(95,776)	(251,235)
Cash paid for tax equivalent	(239,396)	-	(239,396)
Net Cash Flows From Operating Activities	<u>998,280</u>	<u>65,151</u>	<u>1,063,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	85,103	33,495	118,598
Marketable securities purchased	(652,846)	-	(652,846)
Marketable securities redeemed	-	540,857	540,857
Cash Flows From Investing Activities	<u>(567,743)</u>	<u>574,352</u>	<u>6,609</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid	(135,000)	(70,000)	(205,000)
Interest paid	(127,596)	(66,382)	(193,978)
Acquisition and construction of capital assets	(385,414)	(1,574,037)	(1,959,451)
Customer advances	-	90,908	90,908
Special assessments received	40,805	1,343	42,148
Proceeds from debt issued	-	500,000	500,000
Debt issue costs	-	(5,050)	(5,050)
Net Cash Flows From Capital and Related Financing Activities	<u>(607,205)</u>	<u>(1,123,218)</u>	<u>(1,730,423)</u>
Net Decrease in Cash and Cash Equivalents	(176,668)	(483,715)	(660,383)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,296,046</u>	<u>562,668</u>	<u>1,858,714</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,119,378</u>	<u>\$ 78,953</u>	<u>\$ 1,198,331</u>

	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 481,182	\$ 22,257	\$ 503,439
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Rental income	60,158	-	60,158
Noncash items included in income			
Depreciation expense	299,826	151,506	451,332
Depreciation charged to sewer utility	19,788	-	19,788
Changes in Noncash Components of Working Capital			
Accounts receivable	64,804	(108,983)	(44,179)
Other accounts receivable	5,987	(2,063)	3,924
Due from other funds	38,468	(1,592)	36,876
Inventories	6,051	-	6,051
Accounts payable	(2,162)	(4,613)	(6,775)
Accrued taxes	17,985	-	17,985
Accrued compensated absences	2,899	2,071	4,970
Due to other funds	474	5,072	5,546
Other current liabilities	2,820	1,496	4,316
	<u>2,820</u>	<u>1,496</u>	<u>4,316</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 998,280</u>	<u>\$ 65,151</u>	<u>\$ 1,063,431</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 1999, capital additions of \$558,548 were contributed to the water utility by developers, customers and the city.

During 1999, capital additions of \$597,107 were contributed to the sewer utility by developers, customers and the city.

CITY OF MIDDLETON

**AGENCY FUNDS
COMBINING BALANCE SHEET
December 31, 1999**

	Fire District	Tax Collection Fund	Totals
ASSETS			
Cash and investments	\$ -	\$ 10,990,519	\$ 10,990,519
Taxes receivable	-	8,416,928	8,416,928
Due from other governmental units	31,845	-	31,845
Prepaid items	10,918	-	10,918
TOTAL ASSETS	<u>\$ 42,763</u>	<u>\$ 19,407,447</u>	<u>\$ 19,450,210</u>
LIABILITIES			
Liabilities			
Accounts payable	\$ 24,412	\$ -	\$ 24,412
Due to other governmental units	-	19,407,447	19,407,447
Due to other funds	18,351	-	18,351
TOTAL LIABILITIES	<u>\$ 42,763</u>	<u>\$ 19,407,447</u>	<u>\$ 19,450,210</u>

CITY OF MIDDLETON

**FIRE DISTRICT AGENCY FUND
STATEMENT OF CASH INCREASES AND CASH DECREASES
For the Year Ended December 31, 1999**

CASH INCREASES

Intergovernmental fire protection charges	\$ 518,227
Miscellaneous revenues	7,127
Increase in payables and interfunds	<u>3,304</u>
Total Cash Increases	<u>528,658</u>

CASH DECREASES

Salaries and wages	103,410
Fringe benefits	53,091
Inspections	60,386
Office supplies	21,391
Other materials and supplies	3,099
Communications	3,281
Equipment maintenance	19,022
Building maintenance	2,835
Gas and oil	2,882
Training	5,482
Insurance	19,031
Utilities	7,936
Miscellaneous	2,589
Capital outlay	220,919
Increase in receivables	6,697
Increase in prepaids	<u>10,918</u>
Total Cash Decreases	<u>542,969</u>

Net Cash Decrease (14,311)

CASH BALANCE - Beginning of Year 14,311

CASH BALANCE - END OF YEAR \$ -