

CITY OF MIDDLETON

Middleton, Wisconsin

FINANCIAL STATEMENTS

December 31, 2000

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, 2000, 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 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 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, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Madison, Wisconsin
March 16, 2001

CITY OF MIDDLETON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2000

(With Comparative Totals for December 31, 1999)

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
Cash and investments	\$ 2,555,057	\$ 1,756,096	\$ 583,297	\$ 3,267,604
Receivables				
Taxes	6,899,929	-	-	2,401,654
Delinquent personal property taxes	12,041	-	-	-
Accounts	152,160	71,677	-	126,549
Loans	-	110,710	-	42,713
Special assessments	33,101	-	-	966,261
Interest	70,042	-	-	8,916
Due from other funds	886,356	-	-	147,506
Due from other governmental units	162	-	-	-
Prepaid items	300	-	-	-
Advances to other funds	1,354,930	-	-	-
Inventories	-	2,972	-	-
Restricted Assets				
Cash and investments	-	-	-	-
Fixed assets	-	-	-	-
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	\$ 11,964,078	\$ 1,941,755	\$ 583,297	\$ 6,961,203

Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Obligations	2000	1999
\$ 3,050,748	\$ 10,270,232	\$ -	\$ -	\$ 21,483,034	\$ 28,303,070
-	9,778,905	-	-	19,080,488	16,798,821
-	-	-	-	12,041	97
573,237	-	-	-	923,623	844,322
-	-	-	-	153,423	138,867
2,635,957	-	-	-	3,635,319	1,317,318
70,295	-	-	-	149,253	239,004
172,239	-	-	-	1,206,101	1,396,732
-	57,108	-	-	57,270	31,907
-	10,278	-	-	10,578	10,918
-	-	-	-	1,354,930	1,286,197
33,538	-	-	-	36,510	33,957
24,600	-	-	-	24,600	12,300
27,970,963	-	35,318,503	-	63,289,466	55,153,860
(4,840,021)	-	-	-	(4,840,021)	(4,442,099)
41,639	-	-	-	41,639	47,344
10,900	-	-	-	11,200	19,008
-	-	-	649,037	649,037	1,209,622
-	-	-	45,521,067	45,521,067	43,183,645
<u>\$ 29,744,095</u>	<u>\$ 20,116,523</u>	<u>\$ 35,318,503</u>	<u>\$ 46,170,104</u>	<u>\$ 152,799,558</u>	<u>\$ 145,584,890</u>

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2000

(With Comparative Totals for December 31, 1999)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable	\$ 450,696	\$ 67,032	\$ -	\$ 838,578
Accrued liabilities	197,093	-	-	-
Due to other governmental units	5,464	-	-	-
Due to other funds	162,278	-	-	876,162
Deferred revenues	6,826,045	-	-	2,401,654
Deferred special assessments	33,101	-	-	966,261
Deferred investment income	70,042	-	-	8,916
Deferred interest income	444,463	-	-	-
Advances from other funds	-	-	-	1,354,930
General obligation bonds and notes payable	-	-	-	-
Customer advances for construction	-	-	-	-
Accrued compensated absences	-	-	-	-
Unfunded pension liability	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	8,189,182	67,032	-	6,446,501
Equity and Other Credits				
Investment in general fixed assets	-	-	-	-
Capital paid in by city	-	-	-	-
Contributions in aid of construction	-	-	-	-
Retained earnings				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balances				
Reserved for loans receivable	-	110,710	-	42,713
Reserved for advances	910,467	-	-	-
Reserved for noncurrent interfunds	847,281	-	-	-
Reserved for delinquent personal property taxes	12,041	-	-	-
Reserved for debt service	-	-	583,297	65,740
Reserved for encumbrances	-	-	-	974,428
Reserved for prepaid items and inventories	300	2,972	-	-
Unreserved				
Designated	60,000	-	-	-
Undesignated (Deficit)	1,944,807	1,761,041	-	(568,179)
Total Equity and Other Credits	3,774,896	1,874,723	583,297	514,702
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 11,964,078	\$ 1,941,755	\$ 583,297	\$ 6,961,203

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals	
		General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
Enterprise	Agency			2000	1999
\$ 554,382	\$ 50,528	\$ -	\$ -	\$ 1,961,216	\$ 1,593,693
329,917	-	-	-	527,010	509,578
-	20,059,137	-	-	20,064,601	19,433,190
160,803	6,858	-	-	1,206,101	1,396,732
-	-	-	-	9,227,699	8,255,897
-	-	-	-	999,362	1,194,896
-	-	-	-	78,958	215,055
-	-	-	-	444,463	375,730
-	-	-	-	1,354,930	1,286,197
3,995,000	-	-	44,019,671	48,014,671	45,690,480
2,400	-	-	-	2,400	335,328
59,249	-	-	1,065,951	1,125,200	926,072
-	-	-	397,633	397,633	393,526
-	-	-	686,849	686,849	1,697,814
<u>5,101,751</u>	<u>20,116,523</u>	<u>-</u>	<u>46,170,104</u>	<u>86,091,093</u>	<u>83,304,188</u>
-	-	35,318,503	-	35,318,503	28,252,880
3,738,921	-	-	-	3,738,921	3,738,921
15,187,256	-	-	-	15,187,256	10,914,675
24,600	-	-	-	24,600	-
5,691,567	-	-	-	5,691,567	5,162,935
-	-	-	-	153,423	138,867
-	-	-	-	910,467	910,467
-	-	-	-	847,281	893,309
-	-	-	-	12,041	97
-	-	-	-	649,037	1,209,622
-	-	-	-	974,428	135,818
-	-	-	-	3,272	1,323
-	-	-	-	60,000	254,000
-	-	-	-	3,137,669	10,667,788
<u>24,642,344</u>	<u>-</u>	<u>35,318,503</u>	<u>-</u>	<u>66,708,465</u>	<u>62,280,702</u>
<u>\$ 29,744,095</u>	<u>\$ 20,116,523</u>	<u>\$ 35,318,503</u>	<u>\$ 46,170,104</u>	<u>\$ 152,799,558</u>	<u>\$ 145,584,890</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, 2000

(With Comparative Totals for the Year Ended December 31, 1999)

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2000	1999
REVENUES						
Taxes	\$ 6,685,201	\$ 282,842	\$ -	\$ 1,673,044	\$ 8,641,087	\$ 8,005,940
Intergovernmental	2,031,064	79,723	-	485,719	2,596,506	1,789,871
Licenses and permits	423,389	-	-	-	423,389	422,868
Fines, forfeitures and penalties	185,162	-	-	-	185,162	190,928
Public charges for services	523,236	1,696,841	-	-	2,220,077	2,201,856
Intergovernmental charges for services	169,880	-	-	-	169,880	127,224
Special assessments	22,573	-	-	395,972	418,545	526,177
Investment income	528,109	37,802	16,108	474,927	1,056,946	920,229
Miscellaneous revenues	171,303	13,423	-	117,990	302,716	391,954
Total Revenues	10,739,917	2,110,631	16,108	3,147,652	16,014,308	14,577,047
EXPENDITURES						
Current						
General government	1,031,620	-	-	-	1,031,620	816,741
Public safety	3,450,167	2,851	-	-	3,453,018	3,320,534
Health and social services	-	-	-	-	-	233
Public works	1,790,482	-	-	-	1,790,482	1,692,696
Leisure activities	1,714,107	1,405,405	-	-	3,119,512	2,894,791
Conservation and development	317,806	263,332	-	-	581,138	266,097
Capital Outlay	-	-	-	13,992,017	13,992,017	7,605,423
Debt Service						
Principal retirement	-	-	4,215,809	-	4,215,809	4,533,443
Interest and fiscal charges	-	-	1,959,216	68,733	2,027,949	1,981,259
Total Expenditures	8,304,182	1,671,588	6,175,025	14,060,750	30,211,545	23,111,217

CITY OF MIDDLETON

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

For the Year Ended December 31, 2000

(With Comparative Totals for the Year Ended December 31, 1999)

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2000	1999
	Excess (deficiency) of revenues over expenditures	\$ 2,435,735	\$ 439,043	\$ (6,158,917)	\$ (10,913,098)	\$ (14,197,237)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	-	6,800,000	6,800,000	6,800,000
Debt discount and issuance costs	-	-	-	(66,436)	(66,436)	(136,269)
Operating transfers in	-	-	6,180,631	-	6,180,631	6,758,067
Operating transfers out	(2,511,069)	(570,656)	-	(3,098,906)	(6,180,631)	(6,758,067)
Total Other Financing Sources (Uses)	(2,511,069)	(570,656)	6,180,631	3,634,658	6,733,564	6,663,731
Excess (deficiency) of revenues and other sources over expenditures and other uses	(75,334)	(131,613)	21,714	(7,278,440)	(7,463,673)	(1,870,439)
FUND BALANCES - Beginning of Year	3,850,230	2,006,336	561,583	7,793,142	14,211,291	16,081,730
FUND BALANCES - END OF YEAR	<u>\$ 3,774,896</u>	<u>\$ 1,874,723</u>	<u>\$ 583,297</u>	<u>\$ 514,702</u>	<u>\$ 6,747,618</u>	<u>\$ 14,211,291</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, 2000

	General Fund		Variance - Favorable (Unfavorable)
	Actual	Budget	
REVENUES			
Taxes	\$ 6,685,201	\$ 6,652,404	\$ 32,797
Intergovernmental	2,031,064	1,819,712	211,352
Licenses and permits	423,389	381,460	41,929
Fines, forfeitures and penalties	185,162	192,000	(6,838)
Public charges for services	523,236	574,859	(51,623)
Intergovernmental charges for services	169,880	167,463	2,417
Special assessments	22,573	40,296	(17,723)
Investment income	528,109	500,000	28,109
Miscellaneous revenues	171,303	145,000	26,303
Total Revenues	10,739,917	10,473,194	266,723
EXPENDITURES			
Current			
General government	1,031,620	1,106,202	74,582
Public safety	3,450,167	3,322,760	(127,407)
Public works	1,790,482	1,856,466	65,984
Leisure activities	1,714,107	1,633,192	(80,915)
Conservation and development	317,806	297,505	(20,301)
Capital Outlay	-	-	-
Total Expenditures	8,304,182	8,216,125	(88,057)
Excess (deficiency) of revenues over expenditures	2,435,735	2,257,069	178,666
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term debt	-	-	-
Operating transfers out	(2,511,069)	(2,511,069)	-
Total Other Financing Sources (Uses)	(2,511,069)	(2,511,069)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(75,334)	(254,000)	178,666
FUND BALANCES - Beginning of Year	3,850,230	3,850,230	-
FUND BALANCES - END OF YEAR	\$ 3,774,896	\$ 3,596,230	\$ 178,666

Certain Capital Projects Funds		
Actual	Budget	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -
222,090	184,968	37,122
-	-	-
-	-	-
-	-	-
-	-	-
7,132	-	7,132
<u>229,222</u>	<u>184,968</u>	<u>44,254</u>
-	-	-
-	-	-
-	-	-
-	-	-
2,236,730	3,020,978	784,248
<u>2,236,730</u>	<u>3,020,978</u>	<u>784,248</u>
(2,007,508)	(2,836,010)	828,502
800,000	800,000	-
-	-	-
<u>800,000</u>	<u>800,000</u>	<u>-</u>
(1,207,508)	(2,036,010)	828,502
<u>2,483,586</u>	<u>2,483,586</u>	<u>-</u>
<u>\$ 1,276,078</u>	<u>\$ 447,576</u>	<u>\$ 828,502</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, 2000

(With Comparative Totals for the Year Ended December 31, 1999)

	Proprietary Fund Type Enterprise	(Memorandum Only) 1999
OPERATING REVENUES		
Charges for services	\$ 2,819,999	\$ 2,682,061
OPERATING EXPENSES		
Operation and maintenance	1,459,047	1,447,710
Depreciation	497,609	451,332
Taxes	283,392	279,580
Total Operating Expenses	2,240,048	2,178,622
Operating Income	579,951	503,439
NONOPERATING REVENUES (EXPENSES)		
Investment income	185,819	202,705
Interest expense	(212,538)	(201,983)
Total Nonoperating Revenues (Expenses)	(26,719)	722
NET INCOME	553,232	504,161
RETAINED EARNINGS - Beginning of Year	5,162,935	4,658,774
RETAINED EARNINGS - END OF YEAR	\$ 5,716,167	\$ 5,162,935

See accompanying notes to financial statements.

CITY OF MIDDLETON

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

For the Year Ended December 31, 2000

(With Comparative Totals for the Year Ended December 31, 1999)

	Proprietary Fund Type Enterprise	(Memorandum Only) 1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,528,548	\$ 2,362,771
Cash received from city for services	327,556	395,857
Cash paid to suppliers for goods and services	(1,191,875)	(1,204,566)
Cash paid to employees for services	(263,658)	(251,235)
Cash paid for tax equivalent	(251,397)	(239,396)
Net Cash Flows From Operating Activities	1,149,174	1,063,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid	(260,000)	(205,000)
Interest paid	(210,133)	(193,978)
Acquisition and construction of fixed assets	(739,995)	(1,959,451)
Contributions in aid of construction received/(returned)	(8,439)	90,908
Special assessments received	1,032,178	42,148
Proceeds from debt issued	-	500,000
Debt issuance costs	-	(5,050)
Net Cash Flows From Capital and Related Financing Activities	(186,389)	(1,730,423)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	105,319	118,598
Marketable securities purchased	-	(652,846)
Marketable securities redeemed	(1,098,217)	540,857
Cash Flows From Investing Activities	(992,898)	6,609
Net Increase (Decrease) in Cash and Cash Equivalents	(30,113)	(660,383)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,198,331	1,858,714
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,168,218	\$ 1,198,331

	Proprietary Fund Type <u>Enterprise</u>	(Memorandum Only) <u>1999</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 579,951	\$ 503,439
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities		
Rental income	34,154	60,158
Depreciation expense	497,609	451,332
Depreciation charged to sewer utility	24,809	19,788
Changes in Assets and Liabilities		
Accounts receivable	(7,153)	(44,179)
Other accounts receivable	(403)	3,924
Due from other funds	(15,302)	36,876
Inventories	(904)	6,051
Accounts payable	8,088	(6,775)
Accrued taxes	8,036	17,985
Accrued compensated absences	(590)	4,970
Due to other funds	20,665	5,546
Other current liabilities	<u>214</u>	<u>4,316</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,149,174</u>	<u>\$ 1,063,431</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 2000, capital additions of \$170,658 were contributed to the water utility by developers and customers.

During 2000, capital additions of \$241,153 were contributed to the sewer utility by developers and customers. Special assessments levied but not collected during the year were \$2,741,927.

CITY OF MIDDLETON

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CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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. See Note 13 regarding joint ventures.

Included with the reporting entity:

Community Development Authority of the City of Middleton

The general purpose financial statements include the Community Development Authority of the City of Middleton ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA and also create a potential financial benefit to or burden on the city. As a component unit, the CDA's transactions have been blended with Tax Incremental Financing District No. 3. Separately issued financial statements of the CDA are not prepared.

Excluded from the reporting entity:

The Middleton Area Development Corporation is a separate legal organization that is not required to be reported in these financial statements.

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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

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

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.

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
Depot Restoration	Drug Forfeitures
Lost and Damaged Book Fund	Hotel Room Tax Fund
Library Gift 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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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

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

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.

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.

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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

C. TOTALS (MEMORANDUM ONLY)

The columns captioned Totals (Memorandum Only) in the general purpose financial statements are 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.

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, operations and cash flows. 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 – 2000 tax roll:

Lien date and levy date	December, 2000
Tax bills mailed	December, 2000
Payment in full, or	January 31, 2001
First installment due	January 31, 2001
Second installment due	July 31, 2001
Personal property taxes in full	January 31, 2001
Tax sale – 2000 delinquent real estate taxes	October, 2004

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

E. BASIS OF ACCOUNTING (cont.)

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.

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 accounting principles generally accepted in the United States of America 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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

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.

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	\$ 3,050,748
Restricted cash and investments – combined balance sheet	24,600
Less: Non-cash equivalents	<u>(1,907,130)</u>
Cash and Cash Equivalents – Combined Statement of Cash Flows	<u>\$ 1,168,218</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/CONDUIT DEBT

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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

I. LONG-TERM OBLIGATIONS/CONDUIT DEBT (cont.)

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 \$744,847, 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.

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. FIXED ASSETS – PROPRIETARY FUNDS

Additions to and replacements of utility fixed assets are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. Utility fixed assets are recorded at cost or fair market value at the time of contribution to the utility. The cost of renewals and betterments relating to retirement units is added to fixed asset accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from fixed asset 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 2000.

Utility fixed assets in service are depreciated using the straight-line method over the following useful lives:

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

K. FIXED ASSETS – PROPRIETARY FUNDS (cont.)

	12-31-00	Years
Water Fixed Assets		
Source of supply plant	\$ 383,523	33
Pumping plant	1,653,873	20 – 40
Water treatment plant	343,242	33 – 40
Transmission and distribution plant	12,971,004	16 – 90
General plant	424,301	4 – 15
Construction work in progress	617,010	N/A
Total	16,392,953	
 Sewer Fixed Assets		
Collection system	9,992,538	30 – 100
Collection system pumping plant	1,234,786	20 – 40
General plant	350,686	7 – 40
Total	11,578,010	
Total Enterprise Fund Fixed Assets	\$ 27,970,963	

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, 2000.

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. There were no material encumbrances outstanding at year end.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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

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. 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:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess (Deficiency) of Revenues Over Expendi- tures</u>
All capital projects funds (page 4)	\$ 3,147,652	\$ 14,060,750	\$ (10,913,098)
Less: Unbudgeted capital projects funds			
TIF No. 1	28,643	-	28,643
TIF No. 3	2,493,815	11,824,020	(9,330,205)
Southwest Quadrant	395,972	-	395,972
Total Unbudgeted Capital Projects Funds	2,918,430	11,824,020	(8,905,590)
Other Capital Projects Funds (Page 5)	\$ 229,222	\$ 2,236,730	\$ (2,007,508)

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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

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 \$1,065,951 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. \$59,249 of vested sick leave and vacation pay is recorded as accrued liabilities at year end.

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, 2000 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, 2000, 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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

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.

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, 2000, the city has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

U. OTHER ASSETS

The water utility has other assets recorded on their books for preliminary survey and investigation expenses.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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

V. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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.

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 unregistered investments, with securities held by the counterparty or its trust department or agent but not in the city's name.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 2 – CASH AND INVESTMENTS (cont.)

	Category			Total	Carrying Amount
	1	2	3		
Local and area banks	\$ 404,402	\$ -	\$ 12,599,256	\$ 13,003,658	\$ 12,669,381
Federal securities	748,197	-	-	748,197	753,368
Commercial paper	121,907	-	-	121,907	121,907
 Sub-Totals	 <u>\$ 1,274,506</u>	 <u>\$ -</u>	 <u>\$ 12,599,256</u>	 <u>\$ 13,873,762</u>	 13,544,656
 Local government investment pool					851,035
Mutual funds					7,110,917
Petty cash					<u>1,026</u>
 Total Deposits and Investments					 <u>\$ 21,507,634</u>

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.

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, 2000, 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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

NOTE 2 – CASH AND INVESTMENTS (cont.)

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, 2000:

	<u>Balance 1-1-00</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12-31-00</u>
General obligation debt	<u>\$ 45,690,480</u>	<u>\$ 6,800,000</u>	<u>\$ 4,475,809</u>	<u>\$ 48,014,671</u>

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-00</u>
1. General Obligation Debt					
1992 General obligation promissory notes	7-15-92	6-01-02	4.70% – 5.25%	\$ 1,900,000	\$ 675,000
1994 State trust fund loan	12-07-94	3-15-04	4.5%	500,000	249,671
1995 General obligation promissory notes	5-01-95	6-01-01	4.55% – 4.95%	7,650,000	750,000
1996 General obligation refunding bonds	10-01-96	10-01-96	4.00% – 5.65%	7,875,000	7,400,000
1996 General obligation promissory notes	6-01-96	6-01-06	4.00% – 5.15%	5,675,000	3,990,000
1997 General obligation promissory notes	3-01-97	3-01-07	3.95% – 5.15%	9,250,000	6,525,000
1997 General obligation promissory notes	4-01-97	3-01-12	3.90% – 5.40%	6,480,000	5,520,000
1998 General obligation promissory notes	4-01-98	9-01-08	3.90% – 4.60%	9,675,000	8,850,000

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 3 – LONG-TERM OBLIGATIONS (cont.)

Title of Issue	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12-31-00
1999 General obligation Promissory notes	5-15-99	3-01-09	3.50% – 4.40%	\$ 7,300,000	\$ 7,255,000
2000 General obligation Promissory notes	4-01-00	3-01-10	4.80% – 5.20%	6,800,000	6,800,000
					48,014,671
Total General Obligation Debt					
Less: Proprietary fund general obligation debt					(3,995,000)
Total General Long-Term Obligations Account Group Debt					\$ 44,019,671

B. OTHER LONG-TERM OBLIGATIONS

	Balance 1-1-00	Increases	Decreases	Balance 12-31-00
Other Liabilities				
Long-term liability for accumulated vacation, floating holidays and vested sick leave (Note 1.O.)	\$ 866,447	\$ 199,504	\$ -	\$ 1,065,951
Unfunded pension liability (Note 4)	393,526	29,454	25,347	397,633
City's share of landfill district deficit fund balance (Note 11)	746,762	-	59,913	686,849
Land contract – Morey Airport Dated December 28, 1998 to be repaid in 2000.	951,052	-	951,052	-
Total Other Long-Term Liabilities	\$ 2,957,787	\$ 228,958	\$ 1,036,312	\$ 2,150,433

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 3 – LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

	General Long-Term Debt		Proprietary Fund Long-Term Debt		Totals
	Principal	Interest	Principal	Interest	
2001	\$ 4,018,360	\$ 2,140,723	\$ 265,000	\$ 194,683	\$ 6,618,766
2002	4,000,986	1,815,529	280,000	182,640	6,279,155
2003	4,368,731	1,632,884	290,000	167,392	6,459,007
2004	4,431,594	1,439,432	305,000	153,526	6,329,552
2005	4,660,000	1,232,485	315,000	141,073	6,348,558
2006 and thereafter	22,540,000	4,239,597	2,540,000	475,818	29,795,415
Totals	<u>\$ 44,019,671</u>	<u>\$ 12,500,650</u>	<u>\$ 3,995,000</u>	<u>\$ 1,315,132</u>	<u>\$ 61,830,453</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule. \$583,297 is on deposit in the debt service fund which is available to meet the above debt service requirements as of December 31, 2000. In addition, \$65,740 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, 2000 was \$66,220,735. Total general obligation debt outstanding at year end was \$48,014,671.

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 5.8% of their salary (4.3% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 5.8% 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, 2000 was \$3,166,826; the employer's total payroll was \$4,247,844. The total required contribution for the year ended December 31, 2000 was \$442,644 or 13.98 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 1999 and 1998 were \$433,099 and \$421,829, respectively, equal to the required contributions for each year.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 4 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 as of December 31, 2000 was \$397,633. 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.

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	TIF District No.3 capital projects fund	\$ 28,881
General fund	Southwest quadrant capital projects fund	847,281
General fund	Sewer utility	3,336
General fund	Fire district agency fund	6,858
Other capital projects	General fund	43,300
Other capital projects	Water utility	95,386
Other capital projects	Sewer utility	8,820
Water utility	General fund	118,978
Water utility	Sewer utility	44,634
Sewer utility	Water utility	8,627
Total		<u>\$ 1,206,101</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS (cont.)

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	\$ 2,511,069
Debt service fund	Pleasant View Golf Course special revenue fund	570,656
Debt service fund	TIF District No. 1 capital projects fund	610,942
Debt service fund	TIF District No. 3 capital projects fund	2,138,014
Debt service fund	Southwest Quadrant capital projects fund	349,950
		<u>349,950</u>
Total		<u>\$ 6,180,631</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>\$ 1,354,930</u>

NOTE 7 – FIXED ASSETS

A summary of general fixed assets follows:

	<u>Balance</u> <u>1-1-00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-00</u>
Land	\$ 10,544,896	\$ 5,987,033	\$ -	\$ 16,531,929
Golf course	5,063,100	117,097	-	5,180,197
Buildings	5,782,583	879,240	2,233	6,659,590
Improvements other than buildings	3,686,757	199,339	33,249	3,852,847
Equipment and vehicles	2,941,824	58,316	108,658	2,891,482
Furniture and fixtures	233,720	8,936	40,198	202,458
	<u>233,720</u>	<u>8,936</u>	<u>40,198</u>	<u>202,458</u>
Totals	<u>\$ 28,252,880</u>	<u>\$ 7,249,961</u>	<u>\$ 184,338</u>	<u>\$ 35,318,503</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

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, 2000 for those services are as follows:

	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$ 1,540,304	\$ 1,279,695
Depreciation expense	314,539	183,070
Operating income	509,032	70,919
Net income (loss)	559,407	(6,175)
Capital contributions	162,219	4,110,362
Fixed Assets		
Additions	474,090	461,442
Deletions	24,890	134,606
Net working capital	2,208,064	370,158
Total assets	16,499,639	13,244,456
Long-term debt payable	2,330,000	1,665,000
Total equity	13,374,479	11,267,865

NOTE 9 – DESIGNATED FUND BALANCE

Designated fund balance as of December 31, 2000 includes the following item:

General Fund	
Subsequent year's budget	\$ <u>60,000</u>

NOTE 10 – TAX INCREMENTAL FINANCING DISTRICTS

Following is the cumulative status of tax incremental financing district no. 3 transactions as of December 31, 2000:

Expenditures	
Interest and fiscal charges	\$ 700,461
Administration and promotion	780,564
Relocation	1,453,395
Capital expenditures	26,318,345
Engineering	558,791
Discount on borrowing	306,415
Total Expenditures	<u>30,117,971</u>

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 10 – TAX INCREMENTAL FINANCING DISTRICTS (cont.)

Revenues	
Tax increment	\$ 5,566,182
Intergovernmental	263,629
Investment income	1,873,331
Miscellaneous revenues	286,740
Total Revenues	<u>7,989,882</u>
Amount to be Recovered Through Increments	<u>\$ 22,128,089</u>

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 2000 tax roll collected in 2001 is as follows:

TIF No. 3	<u>\$ 2,128,882</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. The city attorney and administration are involved in various lawsuits that may result in an unfavorable outcome. No liability has been recorded on the city's books.

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, 2000 is a deficit of \$1,107,820. 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 \$686,849 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.

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.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 11 – COMMITMENTS AND CONTINGENCIES (cont.)

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

In 1993, well #7 was redrilled due to lack of alignment and the contractor has filed suit to recover these costs. The case went to arbitration in January 2001. The outcome of the arbitration proceeding determined the utility was responsible for \$211,000 of contractor expenses plus interest. A liability for this amount has been recorded in the December 31, 2000 financial statements.

The water utility has received a \$99,000 claim (including attorney and appraiser fees) for a difference in appraisals for a valuation of an easement condemnation.

NOTE 12 – LEASE DISCLOSURES

In March of 2000, the city entered into a 61 month operating lease agreement for golf carts. Annual lease payments total \$29,353.

The city has no other 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 totaling \$100,000 to the district in 2000. The city will continue to support the district's postclosure care costs at reduced costs in the future.

Financial information of the district as of September 30, 2000 is available directly from the district's office.

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

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2000

NOTE 13 – JOINT VENTURES

METROPOLITAN REFUSE DISTRICT, INC. (cont.)

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 \$231,143 to the district in 2000. 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, 2000 is available directly from the District's office.

The City of Middleton is the fiscal agent for the Middleton Fire District. Transactions of the district are accounted for in the Fire District Agency Fund.

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 \$29,805. 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 \$201,757 and is included in the general fund as an accrued liability.

CITY OF MIDDLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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, 2000	\$ 1,932,660	\$ 1,806,261	\$ 3,738,921
Balance – December 31, 2000	<u>\$ 1,932,660</u>	<u>\$ 1,806,261</u>	<u>\$ 3,738,921</u>
Contributions in Aid of Construction			
Balance – January 1, 2000	\$ 6,281,679	\$ 4,632,996	\$ 10,914,675
Developer contributions	170,658	241,153	411,811
Developer contributions refunded	(8,439)	-	(8,439)
Customer advances reclassified as contributions	-	135,909	135,909
Special assessments levied	-	<u>3,733,300</u>	<u>3,733,300</u>
Balance – December 31, 2000	<u>\$ 6,443,898</u>	<u>\$ 8,743,358</u>	<u>\$ 15,187,256</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. There were no significant reductions in coverage compared to the prior year.

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, 2000, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Southwest quadrant	\$ 847,281	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, 2000

NOTE 18 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

In 1999, the Governmental Accounting Standards Board (GASB) approved Statement Nos. 33 and 34. These Statements require significant changes from the current method of financial reporting for all state and local governments in the United States. GASB Statement 33 *Accounting and Financial Reporting for Nonexchange Transactions* is effective for the City of Middleton for the fiscal year beginning January 1, 2001. GASB Statement 34 *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments* is effective for the City of Middleton for the fiscal year beginning on January 1, 2003. These Statements require retroactive application of certain accounting and reporting standards, which may restate portions of these financial statements.

NOTE 19 – SUBSEQUENT EVENT

On March 15, 2001, the city issued \$10,000,000 general obligation promissory notes for various 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, 2000

	Actual	Budget
TAXES		
General property tax	\$ 6,297,713	\$ 6,290,404
Omitted property tax	7,177	7,000
Taxes from city owned utility	257,381	255,000
Room tax	121,220	115,000
Interest on taxes	1,710	2,000
TOTALS	\$ 6,685,201	\$ 6,669,404
INTERGOVERNMENTAL REVENUES		
Shared taxes from state	\$ 717,389	\$ 635,267
State aid - road allotment	635,675	636,046
Federal and state aid - other	307,696	307,000
County aid - library	332,199	332,199
County aid - signals	6,402	6,500
County aid - senior citizens	31,703	29,700
TOTALS	\$ 2,031,064	\$ 1,946,712
LICENSES AND PERMITS		
Liquor and malt beverage licenses	\$ 21,905	\$ 22,700
Operators' licenses	8,175	7,000
Contractor's licenses	6,090	5,000
Alarm licenses	8,193	3,500
Cigarette licenses	150	160
Bicycle licenses	201	100
Dog and cat licenses	330	200
Cable TV franchise licenses	138,804	138,000
Other miscellaneous licenses	398	1,800
Building permits	139,966	130,000
Electrical permits	34,983	43,000
Plumbing permits	44,012	54,000
Erosion control permits	11,600	10,000
Park reservation permits	8,582	7,000
TOTALS	\$ 423,389	\$ 422,460
FINES, FORFEITURES AND PENALTIES		
Court penalties	\$ 127,348	\$ 135,000
Parking violations	25,925	26,000
Court costs	31,889	31,000
TOTALS	\$ 185,162	\$ 192,000

CITY OF MIDDLETON

GENERAL FUND
 DETAILED SCHEDULE OF REVENUES (cont.)
 For the Year Ended December 31, 2000

	<u>Actual</u>	<u>Budget</u>
PUBLIC CHARGES FOR SERVICES		
Clerk fees	\$ 13,339	\$ 9,000
Sale of materials and supplies	2,171	2,000
Police special services	9,800	9,000
Police department fees	36,674	30,000
Ambulance services	136,860	160,000
EMS fixed cost abatement	31,684	31,669
Public works charges	9,534	45,000
Senior citizens	4,682	5,000
Swimming pools	205,378	222,725
Summer recreation	45,489	40,525
Other recreation	27,125	37,940
Zoning	500	1,000
	<u>523,236</u>	<u>593,859</u>
TOTALS	<u>\$ 523,236</u>	<u>\$ 593,859</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES		
Local general government services	<u>\$ 169,880</u>	<u>\$ 167,463</u>
SPECIAL ASSESSMENTS		
Curb, gutter and sidewalks	\$ 21,194	\$ 38,700
Interest on special assessments	<u>1,379</u>	<u>1,596</u>
	<u>22,573</u>	<u>40,296</u>
TOTALS	<u>\$ 22,573</u>	<u>\$ 40,296</u>
INVESTMENT INCOME		
Investment income	<u>\$ 528,109</u>	<u>\$ 500,000</u>
MISCELLANEOUS		
Rent of city buildings and offices	\$ 13,200	\$ 17,000
Compensation for loss of fixed assets	40,290	-
Refund of prior year's expenditures	32,302	49,000
Sale of city property	60,511	54,000
Pool contribution	<u>25,000</u>	<u>25,000</u>
	<u>171,303</u>	<u>145,000</u>
TOTALS	<u>\$ 171,303</u>	<u>\$ 145,000</u>

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES For the Year Ended December 31, 2000

	Actual	Budget
GENERAL GOVERNMENT		
Council	\$ 41,511	\$ 41,077
Police commission	3,121	5,000
Landmarks commission	59	600
Middleton youth commission	12,000	12,000
Municipal court	16,884	16,870
General administration	390,890	392,976
Information technology	37,947	40,000
Independent auditing	15,792	13,650
Legal counseling	142,189	142,000
Special legal counsel	574	2,000
Buildings and grounds	90,573	90,756
Illegal taxes and tax refunds	2,566	5,000
Reduction of prior years revenue	240	-
Property and liability insurance	175,330	175,000
Board of review	120	375
Additional expenses - prior years	1,590	5,000
Emergency preparedness	81,002	79,920
Income continuation insurance	13,276	12,650
Group life insurance	5,956	3,800
Contingency	-	243,000
	<u>\$ 1,031,620</u>	<u>\$ 1,281,674</u>
TOTALS		
	<u>\$ 1,031,620</u>	<u>\$ 1,281,674</u>
PUBLIC SAFETY		
Police administration	\$ 355,843	\$ 359,330
Police patrol	1,879,915	1,799,684
Training	25,603	24,200
Special projects	1,315	1,600
Police uniform allowance and equipment	11,056	11,500
School patrol	9,434	11,331
Fire suppression	231,143	234,531
Public fire protection	348,277	350,000
Building inspector	85,116	85,263
Electrical inspector	63,508	60,744
Plumbing inspection	28,736	27,479
Sealer of weights and measures	2,640	2,640
Erosion control enforcement	4,543	-
EMS	173,074	176,757
Communications	229,964	228,216
	<u>\$ 3,450,167</u>	<u>\$ 3,373,275</u>
TOTALS		
	<u>\$ 3,450,167</u>	<u>\$ 3,373,275</u>

CITY OF MIDDLETON

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES (cont.) For the Year Ended December 31, 2000

	<u>Actual</u>	<u>Budget</u>
PUBLIC WORKS		
Machinery	\$ 193,441	\$ 200,933
Garage	41,190	42,182
Protective equipment	3,282	3,400
Engineering	474,055	473,975
Street maintenance	166,419	182,091
Street cleaning	27,160	43,954
Snow and ice control	70,778	81,945
Traffic signs and markings	54,695	51,450
Traffic signals	24,990	24,996
Street lighting	49,860	47,700
Tree and brush	61,218	79,399
Sidewalk maintenance	6,665	7,895
Storm sewers	13,457	12,487
Mass transit	145,000	148,095
Garbage collection	205,394	225,050
Sanitary landfill	100,000	100,000
Leaf pick-up	31,172	38,451
Track and signal maintenance	-	300
Recycling	121,706	120,250
	<u>121,706</u>	<u>120,250</u>
TOTALS	<u>\$ 1,790,482</u>	<u>\$ 1,884,553</u>
LEISURE ACTIVITIES		
Library	\$ 823,021	\$ 827,845
Senior citizens center	151,639	170,886
Recreation administration	68,502	70,438
Swimming pool	245,220	245,180
Summer recreation	73,630	53,620
Other recreation	32,789	42,190
Parks	317,845	312,449
Cable television	1,461	-
	<u>1,461</u>	<u>-</u>
TOTALS	<u>\$ 1,714,107</u>	<u>\$ 1,722,608</u>

CITY OF MIDDLETON

**GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES (cont.)
For the Year Ended December 31, 2000**

	<u>Actual</u>	<u>Budget</u>
CONSERVATION AND DEVELOPMENT		
Forestry - parks	\$ 22,047	\$ 41,240
Weed control	2,804	3,496
Creek maintenance	3,888	3,496
Water resources	29,964	24,900
Water pollution abatement grant	299	14,000
Conservancy land commission	91,002	91,000
Public land	35,160	49,350
Planning commission	<u>132,642</u>	<u>122,620</u>
TOTALS	<u>\$ 317,806</u>	<u>\$ 350,102</u>

CITY OF MIDDLETON

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 2000

	Pleasant View Golf Course	Sub- dividers' Deposits	EMS Fund	Railroad Depot Fund	Depot Restoration	Lost and Damaged Book Fund
ASSETS						
Cash and investments	\$ 211,506	\$ 983,421	\$ 16,153	\$ 9,561	\$ 152	\$ 19,787
Accounts receivable	-	-	-	-	-	-
Loan receivable	-	-	-	-	-	-
Inventories	2,972	-	-	-	-	-
Other assets	300	-	-	-	-	-
TOTAL ASSETS	<u>\$ 214,778</u>	<u>\$ 983,421</u>	<u>\$ 16,153</u>	<u>\$ 9,561</u>	<u>\$ 152</u>	<u>\$ 19,787</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 1,332	\$ -	\$ -	\$ -	\$ -	\$ 8,502
Total Liabilities	<u>1,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,502</u>
Fund Balances						
Reserved for loan receivable	-	-	-	-	-	-
Reserved for inventories	2,972	-	-	-	-	-
Unreserved						
Undesignated	210,474	983,421	16,153	9,561	152	11,285
Total Fund Balances	<u>213,446</u>	<u>983,421</u>	<u>16,153</u>	<u>9,561</u>	<u>152</u>	<u>11,285</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 214,778</u>	<u>\$ 983,421</u>	<u>\$ 16,153</u>	<u>\$ 9,561</u>	<u>\$ 152</u>	<u>\$ 19,787</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
\$ 4,547	\$ 79,158	\$ 198,478	\$ 117,390	\$ 95,250	\$ 1,856	\$ 3,102	\$ 15,735	\$ 1,756,096
-	-	-	-	-	-	-	71,677	71,677
-	-	-	-	110,710	-	-	-	110,710
-	-	-	-	-	-	-	-	2,972
-	-	-	-	-	-	-	-	300
<u>\$ 4,547</u>	<u>\$ 79,158</u>	<u>\$ 198,478</u>	<u>\$ 117,390</u>	<u>\$ 205,960</u>	<u>\$ 1,856</u>	<u>\$ 3,102</u>	<u>\$ 87,412</u>	<u>\$ 1,941,755</u>
\$ -	\$ -	\$ -	\$ 41,000	\$ -	\$ -	\$ -	\$ 16,198	\$ 67,032
-	-	-	41,000	-	-	-	16,198	67,032
-	-	-	-	110,710	-	-	-	110,710
-	-	-	-	-	-	-	-	2,972
<u>4,547</u>	<u>79,158</u>	<u>198,478</u>	<u>76,390</u>	<u>95,250</u>	<u>1,856</u>	<u>3,102</u>	<u>71,214</u>	<u>1,761,041</u>
<u>4,547</u>	<u>79,158</u>	<u>198,478</u>	<u>76,390</u>	<u>205,960</u>	<u>1,856</u>	<u>3,102</u>	<u>71,214</u>	<u>1,874,723</u>
<u>\$ 4,547</u>	<u>\$ 79,158</u>	<u>\$ 198,478</u>	<u>\$ 117,390</u>	<u>\$ 205,960</u>	<u>\$ 1,856</u>	<u>\$ 3,102</u>	<u>\$ 87,412</u>	<u>\$ 1,941,755</u>

CITY OF MIDDLETON

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 For the Year Ended December 31, 2000

	Pleasant View Golf Course	Sub- dividers' Deposits	EMS Fund	Railroad Depot Fund	Depot Restoration	Lost and Damaged Book Fund
REVENUE						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,707	-	-	9,457
Public charges for services	1,421,410	144,328	1,989	-	-	26,614
Investment income	11,896	-	-	-	-	-
Miscellaneous and contributions	-	-	-	2,000	152	-
Total Revenues	<u>1,433,306</u>	<u>144,328</u>	<u>5,696</u>	<u>2,000</u>	<u>152</u>	<u>36,071</u>
EXPENDITURES						
Public safety	-	-	-	-	-	-
Leisure activities	889,958	-	836	190	-	40,743
Conservation and development	-	261,608	-	-	-	-
Total Expenditures	<u>889,958</u>	<u>261,608</u>	<u>836</u>	<u>190</u>	<u>-</u>	<u>40,743</u>
Excess (deficiency) of revenues over expenditures	<u>543,348</u>	<u>(117,280)</u>	<u>4,860</u>	<u>1,810</u>	<u>152</u>	<u>(4,672)</u>
OTHER FINANCING USES						
Operating transfer out	(570,656)	-	-	-	-	-
Total Other Financing Uses	<u>(570,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	(27,308)	(117,280)	4,860	1,810	152	(4,672)
FUND BALANCES - Beginning of Year	<u>240,754</u>	<u>1,100,701</u>	<u>11,293</u>	<u>7,751</u>	<u>-</u>	<u>15,957</u>
FUND BALANCES - END OF YEAR	<u>\$ 213,446</u>	<u>\$ 983,421</u>	<u>\$ 16,153</u>	<u>\$ 9,561</u>	<u>\$ 152</u>	<u>\$ 11,285</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,842	\$ 282,842
-	25,000	41,559	-	-	-	-	-	79,723
-	-	-	3,908	-	440	-	98,152	1,696,841
-	-	7,470	18,436	-	-	-	-	37,802
6,215	-	-	-	5,056	-	-	-	13,423
<u>6,215</u>	<u>25,000</u>	<u>49,029</u>	<u>22,344</u>	<u>5,056</u>	<u>440</u>	<u>-</u>	<u>380,994</u>	<u>2,110,631</u>
-	-	-	-	-	-	2,851	-	2,851
13,770	-	-	-	-	-	-	459,908	1,405,405
-	-	-	1,724	-	-	-	-	263,332
<u>13,770</u>	<u>-</u>	<u>-</u>	<u>1,724</u>	<u>-</u>	<u>-</u>	<u>2,851</u>	<u>459,908</u>	<u>1,671,588</u>
(7,555)	25,000	49,029	20,620	5,056	440	(2,851)	(78,914)	439,043
-	-	-	-	-	-	-	-	(570,656)
-	-	-	-	-	-	-	-	(570,656)
(7,555)	25,000	49,029	20,620	5,056	440	(2,851)	(78,914)	(131,613)
12,102	54,158	149,449	55,770	200,904	1,416	5,953	150,128	2,006,336
<u>\$ 4,547</u>	<u>\$ 79,158</u>	<u>\$ 198,478</u>	<u>\$ 76,390</u>	<u>\$ 205,960</u>	<u>\$ 1,856</u>	<u>\$ 3,102</u>	<u>\$ 71,214</u>	<u>\$ 1,874,723</u>

CITY OF MIDDLETON
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2000

	TIF District No. 1	TIF District No. 3	Southwest Quadrant	Other Capital Projects	Totals
ASSETS					
Cash and investments	\$ 65,740	\$ 1,921,301	\$ -	\$ 1,280,563	\$ 3,267,604
Taxes receivable	-	2,380,404	21,250	-	2,401,654
Accounts receivable	-	5,200	-	121,349	126,549
Loans receivable	-	42,713	-	-	42,713
Special assessments	-	-	966,261	-	966,261
Interest receivable	-	8,916	-	-	8,916
Due from other funds	-	-	-	147,506	147,506
TOTAL ASSETS	<u>\$ 65,740</u>	<u>\$ 4,358,534</u>	<u>\$ 987,511</u>	<u>\$ 1,549,418</u>	<u>\$ 6,961,203</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ 557,422	\$ -	\$ 281,156	\$ 838,578
Due to other funds	-	28,881	847,281	-	876,162
Deferred revenues	-	2,380,404	21,250	-	2,401,654
Deferred special assessments	-	-	966,261	-	966,261
Deferred interest income	-	8,916	-	-	8,916
Advances from other funds	-	1,354,930	-	-	1,354,930
Total Liabilities	<u>-</u>	<u>4,330,553</u>	<u>1,834,792</u>	<u>281,156</u>	<u>6,446,501</u>
Fund Balances					
Reserved for loans receivable	-	42,713	-	-	42,713
Reserved for debt service	65,740	-	-	-	65,740
Reserved for encumbrances	-	31,745	-	942,683	974,428
Unreserved					
Undesignated (deficit)	-	(46,477)	(847,281)	325,579	(568,179)
Total Fund Balances (Deficit)	<u>65,740</u>	<u>27,981</u>	<u>(847,281)</u>	<u>1,268,262</u>	<u>514,702</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 65,740</u>	<u>\$ 4,358,534</u>	<u>\$ 987,511</u>	<u>\$ 1,549,418</u>	<u>\$ 6,961,203</u>

CITY OF MIDDLETON

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

For the Year Ended December 31, 2000

	TIF District No. 1	TIF District No. 3	Southwest Quadrant	Other Capital Projects	Totals
REVENUES					
Taxes	\$ -	\$ 1,673,044	\$ -	\$ -	\$ 1,673,044
Intergovernmental	-	263,629	-	222,090	485,719
Special assessments	-	-	395,972	-	395,972
Investment income	28,643	446,284	-	-	474,927
Miscellaneous revenues	-	110,858	-	7,132	117,990
Total Revenues	28,643	2,493,815	395,972	229,222	3,147,652
EXPENDITURES					
Capital outlay	-	11,755,287	-	2,236,730	13,992,017
Interest and fiscal charges	-	68,733	-	-	68,733
Total Expenditures	-	11,824,020	-	2,236,730	14,060,750
Excess (deficiency) of revenues over expenditures	28,643	(9,330,205)	395,972	(2,007,508)	(10,913,098)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	6,000,000	-	800,000	6,800,000
Debt discount and issuance costs	-	(58,620)	-	(7,816)	(66,436)
Operating transfers out	(610,942)	(2,138,014)	(349,950)	-	(3,098,906)
Total Other Financing Sources (Uses)	(610,942)	3,803,366	(349,950)	792,184	3,634,658
Excess (deficiency) of revenues and other sources over expenditures and other uses	(582,299)	(5,526,839)	46,022	(1,215,324)	(7,278,440)
FUND BALANCES (DEFICIT) - Beginning of Year	648,039	5,554,820	(893,303)	2,483,586	7,793,142
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 65,740	\$ 27,981	\$ (847,281)	\$ 1,268,262	\$ 514,702

CITY OF MIDDLETON

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 2000

	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 2,600,813	\$ 449,935	\$ 3,050,748
Accounts receivable	248,130	325,107	573,237
Interest receivable	70,295	-	70,295
Due from other funds	163,612	8,627	172,239
Inventories	33,538	-	33,538
Total Current Assets	3,116,388	783,669	3,900,057
Other Property and Investments			
Cash and investments	-	24,600	24,600
Special assessments receivable	81,617	2,554,340	2,635,957
Preliminary engineering	10,900	-	10,900
Total Other Property and Investments	92,517	2,578,940	2,671,457
Utility Plant			
Property and equipment	15,775,943	11,578,010	27,353,953
Construction work in progress	617,010	-	617,010
Less: Accumulated depreciation	(3,124,669)	(1,715,352)	(4,840,021)
Total Property and Equipment	13,268,284	9,862,658	23,130,942
Deferred Charges			
Unamortized debt expenses	22,450	19,189	41,639
Total Deferred Charges	22,450	19,189	41,639
TOTAL ASSETS	\$ 16,499,639	\$ 13,244,456	\$ 29,744,095

	Water Utility	Sewer Utility	Totals
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	\$ 347,633	\$ 206,749	\$ 554,382
Accrued taxes	265,417	-	265,417
Accrued interest	38,400	26,100	64,500
Accrued compensated absences	7,861	3,872	11,733
Due to other funds	104,013	56,790	160,803
Current portion of long-term debt	145,000	120,000	265,000
Total Current Liabilities	<u>908,324</u>	<u>413,511</u>	<u>1,321,835</u>
Deferred Credits			
Accrued compensated absences	31,836	15,680	47,516
Customer advances for construction	-	2,400	2,400
Total Deferred Credits	<u>31,836</u>	<u>18,080</u>	<u>49,916</u>
Long-Term Debt Net of Current Maturities			
General obligation notes	2,185,000	1,545,000	3,730,000
Total Long-Term Debt	<u>2,185,000</u>	<u>1,545,000</u>	<u>3,730,000</u>
Total Liabilities	<u>3,125,160</u>	<u>1,976,591</u>	<u>5,101,751</u>
Equity			
Capital paid in by city	1,932,660	1,806,261	3,738,921
Contributions in aid of construction	6,443,898	8,743,358	15,187,256
Total Contributed Capital	<u>8,376,558</u>	<u>10,549,619</u>	<u>18,926,177</u>
Retained earnings			
Reserved	-	24,600	24,600
Unreserved	4,997,921	693,646	5,691,567
Total Retained Earnings	<u>4,997,921</u>	<u>718,246</u>	<u>5,716,167</u>
Total Equity	<u>13,374,479</u>	<u>11,267,865</u>	<u>24,642,344</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 16,499,639</u>	<u>\$ 13,244,456</u>	<u>\$ 29,744,095</u>

CITY OF MIDDLETON

ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS For the Year Ended December 31, 2000

	Water Utility	Sewer Utility	Totals
OPERATING REVENUES			
Charges for services	\$ 1,540,304	\$ 1,279,695	\$ 2,819,999
OPERATING EXPENSES			
Operation and maintenance	440,482	1,018,565	1,459,047
Depreciation	314,539	183,070	497,609
Taxes	276,251	7,141	283,392
Total Operating Expenses	1,031,272	1,208,776	2,240,048
Operating Income	509,032	70,919	579,951
NONOPERATING REVENUES (EXPENSES)			
Investment income	173,687	12,132	185,819
Interest expense	(123,312)	(89,226)	(212,538)
Total Nonoperating Revenues (Expenses)	50,375	(77,094)	(26,719)
NET INCOME (LOSS)	559,407	(6,175)	553,232
RETAINED EARNINGS - Beginning of Year	4,438,514	724,421	5,162,935
RETAINED EARNINGS - END OF YEAR	\$ 4,997,921	\$ 718,246	\$ 5,716,167

CITY OF MIDDLETON

ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2000

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,451,512	\$ 1,077,036	\$ 2,528,548
Cash received from city for services	327,556	-	327,556
Cash paid to suppliers for goods and services	(268,697)	(923,178)	(1,191,875)
Cash paid to employees for services	(172,434)	(91,224)	(263,658)
Cash paid for tax equivalent	(251,397)	-	(251,397)
Net Cash Flows From Operating Activities	<u>1,086,540</u>	<u>62,634</u>	<u>1,149,174</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid	(140,000)	(120,000)	(260,000)
Interest paid	(121,612)	(88,521)	(210,133)
Acquisition and construction of capital assets	(277,959)	(462,036)	(739,995)
Contributions in aid of construction received/(returned)	(8,439)	-	(8,439)
Special assessments received	40,805	991,373	1,032,178
Net Cash Flows From Capital and Related Financing Activities	<u>(507,205)</u>	<u>320,816</u>	<u>(186,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	93,187	12,132	105,319
Marketable securities redeemed	(1,098,217)	-	(1,098,217)
Cash Flows From Investing Activities	<u>(1,005,030)</u>	<u>12,132</u>	<u>(992,898)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(425,695)	395,582	(30,113)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,119,378</u>	<u>78,953</u>	<u>1,198,331</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 693,683</u>	<u>\$ 474,535</u>	<u>\$ 1,168,218</u>

	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 509,032	\$ 70,919	\$ 579,951
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Rental income	34,154	-	34,154
Depreciation expense	314,539	183,070	497,609
Depreciation charged to sewer utility	24,809	-	24,809
Changes in Noncash Components of Working Capital			
Accounts receivable	201,577	(208,730)	(7,153)
Other accounts receivable	(359)	(44)	(403)
Due from other funds	(21,417)	6,115	(15,302)
Inventories	(904)	-	(904)
Accounts payable	15,766	(7,678)	8,088
Accrued taxes	8,036	-	8,036
Accrued compensated absences	(395)	(195)	(590)
Due to other funds	1,559	19,106	20,665
Other current liabilities	143	71	214
	<u>143</u>	<u>71</u>	<u>214</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,086,540</u>	 <u>\$ 62,634</u>	 <u>\$ 1,149,174</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 2000, capital additions of \$170,658 were contributed to the water utility by developers and customers.

During 2000, capital additions of \$241,153 were contributed to the sewer utility by developers and customers.

Special assessments levied but not collected during the year were \$2,741,927.

CITY OF MIDDLETON

AGENCY FUNDS COMBINING BALANCE SHEET December 31, 2000

	Fire District	Tax Collection Fund	Totals
ASSETS			
Cash and investments	\$ -	\$ 10,270,232	\$ 10,270,232
Taxes receivable	-	9,778,905	9,778,905
Due from other governmental units	57,108	-	57,108
Prepaid items	10,278	-	10,278
	<u>10,278</u>	<u>-</u>	<u>10,278</u>
 TOTAL ASSETS	 <u>\$ 67,386</u>	 <u>\$ 20,049,137</u>	 <u>\$ 20,116,523</u>
LIABILITIES			
Liabilities			
Accounts payable	\$ 50,528	\$ -	\$ 50,528
Due to other governmental units	10,000	20,049,137	20,059,137
Due to other funds	6,858	-	6,858
	<u>6,858</u>	<u>-</u>	<u>6,858</u>
 TOTAL LIABILITIES	 <u>\$ 67,386</u>	 <u>\$ 20,049,137</u>	 <u>\$ 20,116,523</u>

CITY OF MIDDLETON

FIRE DISTRICT AGENCY FUND STATEMENT OF CASH INCREASES AND CASH DECREASES For the Year Ended December 31, 2000

CASH INCREASES

Intergovernmental fire protection charges	\$ 509,396
Miscellaneous revenues	10,728
Increase in payables	14,623
Decrease in prepaids	640
Total Cash Increases	<u>535,387</u>

CASH DECREASES

Increase in receivables	25,263
Salaries and wages	117,768
Fringe benefits	56,183
Inspections	74,121
Office supplies	37,970
Other materials and supplies	4,076
Communications	3,404
Equipment maintenance	16,125
Building maintenance	8,617
Gas and oil	2,976
Training	8,226
Insurance	23,273
Utilities	8,986
Miscellaneous	2,691
Capital outlay	145,708
Total Cash Decreases	<u>535,387</u>

Net Cash Increase (Decrease) -

CASH BALANCE - Beginning of Year -

CASH BALANCE - END OF YEAR \$ -