

CITY OF MIDDLETON, WISCONSIN
Middleton, Wisconsin

FINANCIAL STATEMENTS
December 31, 2013

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Independent Auditors' Report

Common Council
City of Middleton, Wisconsin
Middleton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middleton, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middleton, Wisconsin as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middleton, Wisconsin's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Middleton, Wisconsin
September 8, 2014

BASIC FINANCIAL STATEMENTS

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2013

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business- type Activities	Total	
ASSETS				
Cash and investments	\$ 21,789,954	\$ 6,868,860	\$ 28,658,814	\$ 198,192
Receivables (net of allowance for uncollectible accounts)				
Taxes	23,413,562	-	23,413,562	-
Delinquent taxes	14,827	-	14,827	-
Accounts	616,832	903,055	1,519,887	-
Interest	1,303	11,591	12,894	-
Loans	1,045,000	-	1,045,000	556,445
Special assessments	1,219,125	2,101,584	3,320,709	-
Due from other governments	42,000	-	42,000	-
Internal balances	3,359,924	(3,359,924)	-	-
Prepaid items	213,208	-	213,208	-
Restricted assets - cash and investments	-	60,820	60,820	-
Property held for future use	-	301,087	301,087	-
Capital assets not being depreciated	28,235,941	2,511,163	30,747,104	154,000
Capital assets being depreciated	50,955,141	36,731,633	87,686,774	2,081,289
Total assets	<u>130,906,817</u>	<u>46,129,869</u>	<u>177,036,686</u>	<u>2,989,926</u>
LIABILITIES				
Accounts payable	1,357,050	430,041	1,787,091	1,075
Deposits	574,448	-	574,448	-
Accrued liabilities	443,154	45,117	488,271	-
Due to other governments	7,509	-	7,509	-
Noncurrent liabilities:				
Due within one year	6,280,741	799,371	7,080,112	-
Due in more than one year	48,249,278	5,030,789	53,280,067	-
Total liabilities	<u>56,912,180</u>	<u>6,305,318</u>	<u>63,217,498</u>	<u>1,075</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent year tax levy	<u>23,080,931</u>	<u>-</u>	<u>23,080,931</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	34,367,993	33,777,825	68,145,818	2,235,289
Restricted				
Community development	9,064,869	-	9,064,869	-
Library	356,253	-	356,253	-
Impact fees	676,649	-	676,649	-
Tourism	1,195,129	-	1,195,129	-
Public safety	33,980	-	33,980	-
Senior center	162,197	-	162,197	-
Equipment replacement	-	60,820	60,820	-
Unrestricted	<u>5,056,636</u>	<u>5,985,906</u>	<u>11,042,542</u>	<u>753,562</u>
TOTAL NET POSITION	<u>\$ 50,913,706</u>	<u>\$ 39,824,551</u>	<u>\$ 90,738,257</u>	<u>\$ 2,988,851</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business Type Activities	Totals	
Primary Government								
Governmental activities:								
General government	\$ 4,235,573	\$ 243,220	\$ 551,475	\$ -	\$ (3,440,878)	\$ -	\$ (3,440,878)	
Public safety	9,318,550	1,846,772	168,640	-	(7,303,138)	-	(7,303,138)	
Public works	4,175,004	130,417	1,141,492	294,851	(2,608,244)	-	(2,608,244)	
Health and human services	437,254	28,995	45,153	-	(363,106)	-	(363,106)	
Leisure activities	5,001,318	430,584	863,706	491,215	(3,215,813)	-	(3,215,813)	
Conservation and economic development	816,021	193,813	17	-	(622,191)	-	(622,191)	
Interest and fiscal charges	1,285,861	-	-	-	(1,285,861)	-	(1,285,861)	
Total governmental activities	<u>25,269,581</u>	<u>2,873,801</u>	<u>2,770,483</u>	<u>786,066</u>	<u>(18,839,231)</u>	<u>-</u>	<u>(18,839,231)</u>	
Business-type activities:								
Water	1,521,927	2,202,387	-	1,313,963	-	1,994,423	1,994,423	
Sewer	2,216,007	1,966,351	-	604,184	-	354,528	354,528	
Pleasant View Golf Course	1,702,459	1,832,607	-	-	-	130,148	130,148	
Total business-type activities	<u>5,440,393</u>	<u>6,001,345</u>	<u>-</u>	<u>1,918,147</u>	<u>-</u>	<u>2,479,099</u>	<u>2,479,099</u>	
Total primary government	<u>\$ 30,709,974</u>	<u>\$ 8,875,146</u>	<u>\$ 2,770,483</u>	<u>\$ 2,704,213</u>	<u>(18,839,231)</u>	<u>2,479,099</u>	<u>(16,360,132)</u>	
Component Unit								
Community Development Authority	\$ 111,636	\$ 12,693	\$ -	\$ -				\$ (98,943)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					13,642,727	-	13,642,727	-
Property taxes, levied for tax increment district					8,611,683	-	8,611,683	-
Other taxes					1,427,906	-	1,427,906	-
Cable television franchise fees					211,878	-	211,878	-
Intergovernmental revenues not restricted to specific programs					733,100	-	733,100	-
Investment income					199,791	45,363	245,154	17,528
Gain on sale of City property					1,605	-	1,605	-
Miscellaneous					114,547	-	114,547	-
Total general revenues					<u>24,943,237</u>	<u>45,363</u>	<u>24,988,600</u>	<u>17,528</u>
Transfers					<u>412,893</u>	<u>(412,893)</u>	<u>-</u>	<u>-</u>
Change in net position					6,516,899	2,111,569	8,628,468	(81,415)
NET POSITION - BEGINNING OF YEAR					<u>44,396,807</u>	<u>37,712,982</u>	<u>82,109,789</u>	<u>3,070,266</u>
NET POSITION - END OF YEAR					<u>\$ 50,913,706</u>	<u>\$ 39,824,551</u>	<u>\$ 90,738,257</u>	<u>\$ 2,988,851</u>

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

**CITY OF MIDDLETON, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 7,402,044	\$ 105,746	\$ 4,555,020	\$ 5,468,665	\$ 4,258,479	\$ 21,789,954
Receivables (net)						
Taxes						
Tax levy	15,048,149	-	7,823,747	209,035	-	23,080,931
Special assessments on tax roll	18,856	-	281,621	-	-	300,477
Other	32,154	-	-	-	-	32,154
Delinquent taxes	14,827	-	-	-	-	14,827
Accounts	309,528	-	-	33,641	273,663	616,832
Interest	1,303	-	-	-	-	1,303
Loans	-	-	1,045,000	-	-	1,045,000
Special assessments	20,234	-	1,198,891	-	-	1,219,125
Due from other governments	42,000	-	-	-	-	42,000
Due from other funds	1,519	-	-	-	-	1,519
Advances to other funds	2,594,780	-	793,180	-	-	3,387,960
Prepaid items	213,208	-	-	-	-	213,208
TOTAL ASSETS	<u>\$ 25,698,602</u>	<u>\$ 105,746</u>	<u>\$ 15,697,459</u>	<u>\$ 5,711,341</u>	<u>\$ 4,532,142</u>	<u>\$ 51,745,290</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,144,817	\$ -	\$ 16,131	\$ 15,187	\$ 180,915	\$ 1,357,050
Deposits	-	-	-	-	574,448	574,448
Due to other funds	29,555	-	-	-	-	29,555
Due to other governments	7,509	-	-	-	-	7,509
Total liabilities	<u>1,181,881</u>	<u>-</u>	<u>16,131</u>	<u>15,187</u>	<u>755,363</u>	<u>1,968,562</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent year tax levy	15,048,149	-	7,823,747	209,035	-	23,080,931
Loans receivable	-	-	1,045,000	-	-	1,045,000
Special assessments	20,234	-	1,480,512	-	-	1,500,746
Other receivables	2,743	-	-	-	-	2,743
	<u>15,071,126</u>	<u>-</u>	<u>10,349,259</u>	<u>209,035</u>	<u>-</u>	<u>25,629,420</u>
FUND BALANCES						
Nonspendable	2,822,815	-	-	-	-	2,822,815
Restricted						
Debt service	-	105,746	-	-	-	105,746
Community development	-	-	5,332,069	-	1,207,288	6,539,357
Library	-	-	-	-	356,253	356,253
Capital improvements	-	-	-	5,487,119	-	5,487,119
Impact fees	-	-	-	-	676,649	676,649
Tourism	-	-	-	-	1,195,129	1,195,129
Public safety	-	-	-	-	33,980	33,980
Senior center	-	-	-	-	162,197	162,197
Committed						
Library	-	-	-	-	38,254	38,254
Airport	-	-	-	-	107,029	107,029
Assigned						
Post employment benefits	1,272,349	-	-	-	-	1,272,349
Public safety	494,011	-	-	-	-	494,011
Debt service	1,200,000	-	-	-	-	1,200,000
Unassigned	3,656,420	-	-	-	-	3,656,420
Total fund balances	<u>9,445,595</u>	<u>105,746</u>	<u>5,332,069</u>	<u>5,487,119</u>	<u>3,776,779</u>	<u>24,147,308</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 25,698,602</u>	<u>\$ 105,746</u>	<u>\$ 15,697,459</u>	<u>\$ 5,711,341</u>	<u>\$ 4,532,142</u>	<u>\$ 51,745,290</u>

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

**CITY OF MIDDLETON, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2013**

Fund balances - total governmental funds	\$ 24,147,308
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	79,191,082
<p>Some receivables that are not currently available are reported as unearned revenue or deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements.</p>	
Loans	1,045,000
Special assessments	1,500,746
Other receivables	2,743
<p>Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.</p>	
Long-term debt	(49,985,000)
Landfill post-closure liability	(538,564)
Debt discount or premium	(325,208)
Compensated absences	(3,681,247)
Accrued interest payable	(443,154)
	(4,973,173)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 50,913,706</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 14,136,261	\$ -	\$ 8,611,683	\$ -	\$ 1,142,077	\$ 23,890,021
Intergovernmental	2,015,429	-	466,932	137,792	799,721	3,419,874
Licenses and permits	828,552	-	-	-	237,608	1,066,160
Fines, forfeitures, and penalties	291,296	-	-	-	-	291,296
Public charges for services	1,407,170	-	-	-	461,145	1,868,315
Intergovernmental charges for services	1,919,130	-	-	-	-	1,919,130
Special assessments	125,324	-	189,008	-	-	314,332
Contributions	-	-	-	-	29,495	29,495
Investment income	69,966	-	198,801	-	30,636	299,403
Miscellaneous	180,640	-	116,250	5,000	222,115	524,005
Total revenues	<u>20,973,768</u>	<u>-</u>	<u>9,582,674</u>	<u>142,792</u>	<u>2,922,797</u>	<u>33,622,031</u>
EXPENDITURES						
Current						
General government	2,551,419	-	2,596,352	449,117	-	5,596,888
Public safety	8,286,465	-	-	-	4,684	8,291,149
Public works	3,332,707	-	-	-	-	3,332,707
Health and human services	437,254	-	-	-	-	437,254
Leisure activities	1,348,136	-	-	-	3,163,736	4,511,872
Conservation and economic development	586,595	-	-	30,000	174,076	790,671
Debt service						
Principal	-	11,975,000	-	-	-	11,975,000
Debt issuance costs	-	62,575	-	-	-	62,575
Interest and fiscal charges	-	1,455,297	-	-	-	1,455,297
Capital outlay	-	-	364,622	3,226,759	-	3,591,381
Total expenditures	<u>16,542,576</u>	<u>13,492,872</u>	<u>2,960,974</u>	<u>3,705,876</u>	<u>3,342,496</u>	<u>40,044,794</u>
Excess of revenues over (under) expenditures	4,431,192	(13,492,872)	6,621,700	(3,563,084)	(419,699)	(6,422,763)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	4,000,000	-	4,000,000
Premium on debt issued	-	169,047	-	-	-	169,047
Proceeds from sale of capital assets	73	-	-	9,736	-	9,809
Transfers in	654,019	8,108,335	-	72,624	1,007,346	9,842,324
Transfers out	<u>(4,535,852)</u>	<u>-</u>	<u>(4,381,022)</u>	<u>(156,885)</u>	<u>(355,672)</u>	<u>(9,429,431)</u>
Net change in fund balances	549,432	(5,215,490)	2,240,678	362,391	231,975	(1,831,014)
FUND BALANCES - BEGINNING OF YEAR	<u>8,896,163</u>	<u>5,321,236</u>	<u>3,091,391</u>	<u>5,124,728</u>	<u>3,544,804</u>	<u>25,978,322</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,445,595</u>	<u>\$ 105,746</u>	<u>\$ 5,332,069</u>	<u>\$ 5,487,119</u>	<u>\$ 3,776,779</u>	<u>\$ 24,147,308</u>

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

**CITY OF MIDDLETON, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013**

Net change in fund balances - total governmental funds	\$ (1,831,014)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives with depreciation expense reported in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	2,758,787
Less: Some items are reported as capital outlay but are not capitalized	
Depreciation is reported in the government-wide statements	(1,870,466)
Receivables not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(473,519)
Proceeds from the sale of capital assets are recorded as revenues in the governmental funds but are removed from revenues in the statement of activities \$(9,809). The gain on the sale of capital assets is recognized in the statement of activities \$(1,605).	(8,204)
Debt and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(4,000,000)
Premium on debt issued	(169,047)
Debt retired	11,975,000
Landfill post-closure liability	6,655
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(103,304)
Amortization of debt premium and discount	14,016
Accrued interest on debt	217,995
Change in net position of governmental activities	<u>\$ 6,516,899</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	Business-type Activities			
	Enterprise Funds			
ASSETS	Water	Sewer	Pleasant View Golf Course	Totals
Current Assets				
Cash and investments	\$ 4,413,995	\$ 2,454,865	\$ -	\$ 6,868,860
Accounts receivable	402,965	500,090	-	903,055
Accrued interest	1,956	9,635	-	11,591
Due from other funds	12,900	16,655	-	29,555
Total current assets	<u>4,831,816</u>	<u>2,981,245</u>	<u>-</u>	<u>7,813,061</u>
Noncurrent Assets				
Restricted cash and investments	-	60,820	-	60,820
Special assessments receivable	-	2,101,584	-	2,101,584
Property held for future use	301,087	-	-	301,087
Capital assets:				
Property and equipment	26,160,417	15,332,075	11,462,696	52,955,188
Less: Accumulated depreciation	<u>(8,256,908)</u>	<u>(4,408,322)</u>	<u>(1,047,162)</u>	<u>(13,712,392)</u>
Total capital assets, net	<u>17,903,509</u>	<u>10,923,753</u>	<u>10,415,534</u>	<u>39,242,796</u>
Total noncurrent assets	<u>18,204,596</u>	<u>13,086,157</u>	<u>10,415,534</u>	<u>41,706,287</u>
Total assets	<u>23,036,412</u>	<u>16,067,402</u>	<u>10,415,534</u>	<u>49,519,348</u>
LIABILITIES				
Current Liabilities				
Accounts payable	42,695	359,237	28,109	430,041
Due to other funds	-	-	1,519	1,519
Accrued interest	-	-	45,117	45,117
Accrued compensated absences	25,338	11,354	-	36,692
Current portion of long-term debt	-	-	762,679	762,679
Total current liabilities	<u>68,033</u>	<u>370,591</u>	<u>837,424</u>	<u>1,276,048</u>
Noncurrent Liabilities				
Accrued compensated absences	130,063	56,196	142,238	328,497
Advances from other funds	-	-	3,387,960	3,387,960
General obligation debt	-	-	4,702,292	4,702,292
Total noncurrent liabilities	<u>130,063</u>	<u>56,196</u>	<u>8,232,490</u>	<u>8,418,749</u>
Total liabilities	<u>198,096</u>	<u>426,787</u>	<u>9,069,914</u>	<u>9,694,797</u>
NET POSITION				
Net investment in capital assets	17,903,509	10,923,753	4,950,563	33,777,825
Restricted for equipment replacement	-	60,820	-	60,820
Unrestricted	<u>4,934,807</u>	<u>4,656,042</u>	<u>(3,604,943)</u>	<u>5,985,906</u>
Total net position	<u>\$ 22,838,316</u>	<u>\$ 15,640,615</u>	<u>\$ 1,345,620</u>	<u>\$ 39,824,551</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-type Activities			
	Enterprise Funds			
	Water	Sewer	Pleasant View Golf Course	Total
OPERATING REVENUES				
Charges for services and sales	\$ 2,202,387	\$ 1,966,351	\$ 1,832,607	\$ 6,001,345
OPERATING EXPENSES				
Operation and maintenance	1,019,909	1,928,191	1,427,156	4,375,256
Depreciation	502,018	287,816	112,923	902,757
Total operating expenses	<u>1,521,927</u>	<u>2,216,007</u>	<u>1,540,079</u>	<u>5,278,013</u>
Operating income (loss)	<u>680,460</u>	<u>(249,656)</u>	<u>292,528</u>	<u>723,332</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	29,640	15,723	-	45,363
Interest expense	-	-	(162,380)	(162,380)
Total nonoperating revenues (expenses)	<u>29,640</u>	<u>15,723</u>	<u>(162,380)</u>	<u>(117,017)</u>
Income (loss) before capital contributions and transfers	710,100	(233,933)	130,148	606,315
CAPITAL CONTRIBUTIONS	1,313,963	604,184	-	1,918,147
TRANSFERS IN	-	-	16,726	16,726
TRANSFERS OUT	<u>(415,355)</u>	<u>(14,264)</u>	<u>-</u>	<u>(429,619)</u>
Change in net position	1,608,708	355,987	146,874	2,111,569
NET POSITION - BEGINNING OF YEAR	<u>21,229,608</u>	<u>15,284,628</u>	<u>1,198,746</u>	<u>37,712,982</u>
NET POSITION - END OF YEAR	<u>\$ 22,838,316</u>	<u>\$ 15,640,615</u>	<u>\$ 1,345,620</u>	<u>\$ 39,824,551</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-type Activities			Totals
	Enterprise Funds			
	Water	Sewer	Pleasant View Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,233,956	\$ 1,944,483	\$ 1,832,607	\$ 6,011,046
Payments to suppliers for goods and services	(500,334)	(1,634,284)	(604,123)	(2,738,741)
Payments to employees for services	(440,510)	(236,583)	(792,694)	(1,469,787)
Net cash provided by operating activities	<u>1,293,112</u>	<u>73,616</u>	<u>435,790</u>	<u>1,802,518</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(415,355)	(14,264)	-	(429,619)
Transfers from other funds	-	-	16,726	16,726
Advance from TIF No. 3	-	-	360,030	360,030
Net cash provided by (used in) noncapital financing activities	<u>(415,355)</u>	<u>(14,264)</u>	<u>376,756</u>	<u>(52,863)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(175,530)	(4,616)	(26,669)	(206,815)
Principal paid on capital debt	-	-	(595,000)	(595,000)
Interest paid on capital debt	-	-	(194,026)	(194,026)
Net cash used in capital and related financing activities	<u>(175,530)</u>	<u>(4,616)</u>	<u>(815,695)</u>	<u>(995,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	35,448	8,457	-	43,905
Net increase (decrease) in cash and cash equivalents	737,675	63,193	(3,149)	797,719
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,676,320</u>	<u>2,452,492</u>	<u>3,149</u>	<u>6,131,961</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,413,995</u>	<u>\$ 2,515,685</u>	<u>\$ -</u>	<u>\$ 6,929,680</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Concluded)
For the Year Ended December 31, 2013

	Business-type Activities			Totals
	Enterprise Funds			
	Water	Sewer	Pleasant View Golf Course	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 680,460	\$ (249,656)	\$ 292,528	\$ 723,332
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	502,018	287,816	112,923	902,757
Depreciation charged to sewer utility	45,075	-	-	45,075
Changes in noncash components of working capital				
Accounts receivable	31,569	(21,868)	-	9,701
Due from other funds	(1,362)	(2,838)	1,519	(2,681)
Accounts payable	35,217	59,056	(865)	93,408
Accrued compensated absences	135	1,106	29,685	30,926
Net cash provided by operating activities	<u>\$ 1,293,112</u>	<u>\$ 73,616</u>	<u>\$ 435,790</u>	<u>\$ 1,802,518</u>
Reconciliation of cash and cash equivalents to the statement of net position - proprietary funds				
Cash and investments	\$ 4,413,995	\$ 2,454,865	\$ -	\$ 6,868,860
Restricted cash and investments	-	60,820	-	60,820
Cash and cash equivalents, end of year	<u>\$ 4,413,995</u>	<u>\$ 2,515,685</u>	<u>\$ -</u>	<u>\$ 6,929,680</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES				
Developer financed additions to Utility capital assets	<u>\$ 1,313,963</u>	<u>\$ 604,184</u>	<u>\$ -</u>	<u>\$ 1,918,147</u>

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	Tax Roll	Fire District	Total Agency Funds
ASSETS			
Cash and investments	\$ 24,893,108	\$ 245,786	\$ 25,138,894
Taxes receivable	14,218,814	13,009	14,231,823
Total assets	\$ 39,111,922	\$ 258,795	\$ 39,370,717
LIABILITIES			
Accounts payable	\$ -	\$ 63,618	\$ 63,618
Due to other governmental units	39,111,922	195,177	39,307,099
Total liabilities	\$ 39,111,922	\$ 258,795	\$ 39,370,717

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The government-wide 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 financial statements have been presented as a discrete column in the basic financial statements. Separately issued financial statements of the CDA are not prepared.

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.

Sanitary Sewer - accounts for operations of the sewer system.

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following nonmajor governmental funds:

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

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

In addition, the City reports the following fund types:

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

Tax Roll
Fire District

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as unearned revenues.

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

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement basis.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Sewer Utility, and Pleasant View Golf Course are charges to customers for sales and services. Special assessments are recorded as receivables and contributions when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

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

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

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

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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. To minimize credit risk, investments are limited to government agencies, the highest rated commercial paper, AAA rated money market funds, and CD's from Wisconsin's highest rated banks.

Custodial risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits that are in possession of an outside party. Most institutions do not offer custodial/collateral services for CD's; therefore, investments should be diversified among institutions avoiding concentrations of credit. In addition, investments should be placed only with Wisconsin financial institutions with current credit information kept on file for each institution.

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash and Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment resulting in losses if the investment was liquidated prior to maturity. The investment portfolio should be laddered over a three-year maturity schedule. Staggered investment maturities maximize liquidity to meet ongoing operations, and also allow the opportunity for reinvestment. Continual reinvestment allows City funds to ride the yield curve, minimizing interest rate risk for any given period. Investments should be held to maturity eliminating losses and risk from early liquidations.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

2. Receivables

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables (Continued)

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax deed - 2013 delinquent real estate taxes	October 2016

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

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

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

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets (Continued)

Government-Wide Statements (Continued)

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

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

Fund Financial Statements

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary-related payments.

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

7. Long-Term Obligations/Conduit Debt

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

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

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

8. Claims and Judgments

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

9. Equity Classifications

Government-Wide Statements

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

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on their use by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Equity Classifications (Continued)

Fund Statements

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

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

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

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

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

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

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

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

10. Basis for Existing Rates - Proprietary Funds

Billings are rendered and recorded quarterly based on metered usage. The utilities do not accrue revenues beyond billing dates. Water rates were approved by the Public Service Commission of Wisconsin and became effective March 31, 2011. Sewer rates were approved by the Common Council effective January 1, 2013.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. A budget has been adopted for the General Fund, Debt Service Fund, certain special revenue funds, and capital project funds. Wisconsin Statute Section 65.90 requires that an annual budget be adopted for all funds.

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

Excess Expenditures over Appropriations

The following individual funds experienced excess expenditures over appropriations:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
Public safety	\$ 7,867,939	\$ 8,286,465	\$ 418,526
Health and human services	431,569	437,254	5,685
Conservation and development	561,966	586,595	24,629
Library endowment fund	5,000	10,978	5,978
Library gift	2,000	2,162	162
Police special revenue and activity	3,000	4,684	1,684
Public land special revenue and activities	90,000	299,549	209,549
Senior special revenue and activities	7,000	20,150	13,150
Subdividers' deposit	70,000	91,411	21,411

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

Limitations on the City's Tax Levy

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Petty cash	\$ 1,470	\$ -	
Demand deposits			
Noninterest bearing	40,620,804	\$ 36,748,246	Custodial credit
Certificates of deposit	8,247,412	8,247,412	Custodial credit
Money market	4,950,559	4,950,559	Custodial credit
Total deposits	<u>53,818,775</u>	<u>49,946,217</u>	
Investments			
Madison Community Foundation	231,464	228,865	
Local Government Investment Pool (LGIP)	5,011	5,011	Credit, interest rate
Total investments	<u>236,475</u>	<u>233,876</u>	
 Total cash and investments	 <u>\$ 54,056,720</u>	 <u>\$ 50,180,093</u>	
 Reconciliation to the statement of net position:			
Unrestricted cash and investments	\$ 28,658,814		
Restricted cash and investments	60,820		
Fiduciary funds - Agency Fund	25,138,894		
	<u>53,858,528</u>		
 Cash and investments held for component unit:			
Unrestricted	198,192		
	<u>198,192</u>		
 Total cash and investments	 <u>\$ 54,056,720</u>		

The City's library had \$231,464 in an endowment fund at the Madison Community Foundation, which is pooled with all other investments of the Foundation. The Foundation has variance power over the funds in the endowment.

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (Continued)

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. As of December 31, 2013, \$7,409,174 of the City's total bank balances was exposed to custodial credit risk as uninsured and uncollateralized.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City had no investments exposed to custodial credit risk.

Credit Risk

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

Local Government Investment Pool

Interest Rate Risk

The City had \$5,011 invested in the local government investment pool, which had a weighted average maturity of 89 days. The City had \$8,247,412 invested in certificate of deposits with a weighted average maturity of 204 days.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

	<u>General</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Taxes	\$ 15,113,986	\$ 8,105,368	\$ 209,035	\$ -	\$ -	\$ -	\$ 23,428,389
Accounts	1,657,285	-	33,641	273,663	402,965	500,090	2,867,644
Interest	1,303	-	-	-	1,956	9,635	12,894
Loans	-	1,045,000	-	22,442	-	-	1,067,442
Special assessments	20,234	1,198,891	-	-	-	2,101,584	3,320,709
Other governments	42,000	-	-	-	-	-	42,000
Total receivables	16,834,808	10,349,259	242,676	296,105	404,921	2,611,309	30,739,078
Less allowance for uncollectibles	(1,347,757)	-	-	(22,442)	-	-	(1,370,199)
Net total receivables	<u>\$ 15,487,051</u>	<u>\$ 10,349,259</u>	<u>\$ 242,676</u>	<u>\$ 273,663</u>	<u>\$ 404,921</u>	<u>\$ 2,611,309</u>	<u>\$ 29,368,879</u>

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

	<u>TIF District No. 3</u>	<u>Sewer Utility</u>	<u>Total</u>
Amounts not expected to be collected within one year	<u>\$ 2,243,891</u>	<u>\$ 2,101,584</u>	<u>\$ 4,345,475</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Deferred Inflows of Resources and Unearned Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	\$ -	\$ 23,080,931	\$ 23,080,931
Loan receivable	1,045,000	-	1,045,000
Special assessments not yet due	1,500,746	-	1,500,746
EMS and other receivables	<u>2,743</u>	<u>-</u>	<u>2,743</u>
	<u>\$ 2,548,489</u>	<u>\$ 23,080,931</u>	<u>\$ 25,629,420</u>

For economic development loans, the City is limited by the Wisconsin Economic Development Corporation to the amount of program income from economic development loans that it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the City may retain \$750,000. At December 31, 2013, the City has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

D. Restricted Assets

Replacement Account

The sewer utility establishes an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. The balance in the equipment replacement fund at December 31, 2013 was \$60,820.

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,335,597	\$ 523,632	\$ -	\$ 7,859,229
Right of way	18,751,280	-	-	18,751,280
Construction in progress	<u>1,938,018</u>	<u>373,676</u>	<u>686,262</u>	<u>1,625,432</u>
Total capital assets not being depreciated	<u>28,024,895</u>	<u>897,308</u>	<u>686,262</u>	<u>28,235,941</u>
Capital assets being depreciated				
Land improvements	7,035,511	997,801	-	8,033,312
Buildings	18,453,015	53,143	-	18,506,158
Machinery and equipment	5,189,832	478,910	144,270	5,524,472
Streets-infrastructure	20,304,403	716,070	-	21,020,473
Storm sewers-infrastructure	8,848,680	147,288	-	8,995,968
Traffic signals-infrastructure	1,331,766	-	-	1,331,766
Sidewalks-infrastructure	3,120,828	154,529	-	3,275,357
Bridges-infrastructure	3,278,231	-	-	3,278,231
Rail spur-infrastructure	<u>482,163</u>	<u>-</u>	<u>-</u>	<u>482,163</u>
Total capital assets being depreciated	<u>68,044,429</u>	<u>2,547,741</u>	<u>144,270</u>	<u>70,447,900</u>
Less: accumulated depreciation for				
Land improvements	2,472,575	325,760	-	2,798,335
Buildings	3,935,427	456,436	-	4,391,863
Machinery and equipment	3,115,456	416,053	136,066	3,395,443
Streets-infrastructure	3,554,100	313,738	-	3,867,838
Storm sewers-infrastructure	2,216,435	179,919	-	2,396,354
Traffic signals-infrastructure	611,270	53,271	-	664,541
Sidewalks-infrastructure	1,335,220	65,507	-	1,400,727
Bridges-infrastructure	398,845	43,710	-	442,555
Rail spur-infrastructure	<u>119,031</u>	<u>16,072</u>	<u>-</u>	<u>135,103</u>
Total accumulated depreciation	<u>17,758,359</u>	<u>1,870,466</u>	<u>136,066</u>	<u>19,492,759</u>
Capital assets being depreciated, net of depreciation	<u>50,286,070</u>	<u>677,275</u>	<u>8,204</u>	<u>50,955,141</u>
Total capital assets, net of depreciation	<u>\$ 78,310,965</u>	<u>\$ 1,574,583</u>	<u>\$ 694,466</u>	<u>\$ 79,191,082</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water Utility				
Capital assets not being depreciated				
Land and land rights	\$ 222,277	\$ -	\$ -	\$ 222,277
Construction in progress	6,056	-	6,056	-
Total capital assets not being depreciated	<u>228,333</u>	<u>-</u>	<u>6,056</u>	<u>222,277</u>
Capital assets being depreciated				
Source of supply	781,509	-	-	781,509
Pumping	2,796,186	-	-	2,796,186
Treatment	343,242	-	-	343,242
Transmission and distribution	19,911,640	1,440,604	8,850	21,343,394
Administrative and general assets	651,221	54,945	32,357	673,809
Total capital assets being depreciated	<u>24,483,798</u>	<u>1,495,549</u>	<u>41,207</u>	<u>25,938,140</u>
Less: accumulated depreciation for				
Source of supply	341,051	25,790	-	366,841
Pumping	1,284,148	98,009	-	1,382,157
Treatment	340,648	1,922	-	342,570
Transmission and distribution	5,212,892	380,559	8,850	5,584,601
Administrative and general assets	572,283	40,813	32,357	580,739
Total accumulated depreciation	<u>7,751,022</u>	<u>547,093</u>	<u>41,207</u>	<u>8,256,908</u>
Capital assets being depreciated, net of depreciation	<u>16,732,776</u>	<u>948,456</u>	<u>-</u>	<u>17,681,232</u>
Total capital assets, net of depreciation	<u>\$ 16,961,109</u>	<u>\$ 948,456</u>	<u>\$ 6,056</u>	<u>\$ 17,903,509</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer Utility				
Capital assets not being depreciated				
Land and land rights	\$ 66,830	\$ -	\$ -	\$ 66,830
Capital assets being depreciated				
Collection system	12,800,273	605,249	-	13,405,522
Collection system pumping	1,324,620	3,551	1,000	1,327,171
Administrative and general assets	532,552	-	-	532,552
Total capital assets being depreciated	14,657,445	608,800	1,000	15,265,245
Less: accumulated depreciation	4,121,506	287,816	1,000	4,408,322
Capital assets being depreciated, net of depreciation	10,535,939	320,984	-	10,856,923
Total capital assets, net of depreciation	<u>\$ 10,602,769</u>	<u>\$ 320,984</u>	<u>\$ -</u>	<u>\$ 10,923,753</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Pleasant View Golf Course				
Capital assets not being depreciated				
Land and land rights	\$ 2,216,000	\$ -	\$ -	\$ 2,216,000
Capital assets being depreciated				
Land improvements	7,291,981	-	-	7,291,981
Buildings	1,325,553	-	-	1,325,553
Equipment	602,493	26,669	-	629,162
Total capital assets being depreciated	9,220,027	26,669	-	9,246,696
Less: accumulated depreciation for				
Land improvements	313,706	19,125	-	332,831
Buildings	210,372	42,445	-	252,817
Equipment	410,161	51,353	-	461,514
Total accumulated depreciation	934,239	112,923	-	1,047,162
Capital assets being depreciated, net of depreciation	8,285,788	(86,254)	-	8,199,534
Total capital assets, net of depreciation	<u>\$ 10,501,788</u>	<u>\$ (86,254)</u>	<u>\$ -</u>	<u>\$ 10,415,534</u>
Total net capital assets- business-type activities	<u>\$ 38,065,666</u>	<u>\$ 1,183,186</u>	<u>\$ 6,056</u>	<u>\$ 39,242,796</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 37,923
Public safety	504,964
Public works, which includes the depreciation of streets, storm sewers, traffic signals, sidewalks, bridges, and rail spur	821,079
Conservation and development	23,255
Leisure activities	<u>483,245</u>
Total governmental activities depreciation expense	<u>\$ 1,870,466</u>

Business-type activities

Water Utility	
Depreciation	\$ 547,093
Depreciation charged to Sewer Utility operation and maintenance expenses	<u>(45,075)</u>
	502,018
Sewer Utility	287,816
Pleasant View Golf Course	<u>112,923</u>
Total business-type activities depreciation expense	<u>\$ 902,757</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Interfund Receivables/Payables and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pleasant View Golf Course	\$ 1,519
Water Utility	General Fund	12,900
Sewer Utility	General Fund	<u>16,655</u>
Total fund financial statements		<u>\$ 31,074</u>

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

The General Fund and TIF District No. 3 have advanced funds to the Pleasant View Golf Course. No repayment schedules have been established on the advances to the Pleasant View Golf Course and these amounts are not expected to be paid within one year. The principal purpose of these advances is to finance costs internally rather than borrowing externally. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund advances.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pleasant View Golf Course	\$ 2,594,780
TIF District No. 3	Pleasant View Golf Course	<u>793,180</u>
Total fund financial statements		<u>\$ 3,387,960</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Interfund Receivables/Payables and Transfers (Continued)

The following is a schedule of interfund transfers:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>					<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Pleasant View Golf Course</u>	<u>Nonmajor Special Revenue</u>	
General	\$ -	\$ 3,439,156	\$ 72,624	\$ 16,726	\$ 1,007,346	\$ 4,535,852
TIF District No. 3	-	4,381,022	-	-	-	4,381,022
Capital Projects Fund	-	156,885	-	-	-	156,885
Water Utility	415,355	-	-	-	-	415,355
Sewer Utility	14,264	-	-	-	-	14,264
Nonmajor Special Revenue Funds	<u>224,400</u>	<u>131,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,672</u>
Totals	<u>\$ 654,019</u>	<u>\$ 8,108,335</u>	<u>\$ 72,624</u>	<u>\$ 16,726</u>	<u>\$ 1,007,346</u>	<u>\$ 9,859,050</u>

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

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

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Bonds and notes payable					
General obligation debt	\$ 57,960,000	\$ 4,000,000	\$ 11,975,000	\$ 49,985,000	\$ 5,280,000
Debt premium and discount	170,177	169,047	14,016	325,208	30,741
Landfill post-closure liability	<u>545,219</u>	<u>-</u>	<u>6,655</u>	<u>538,564</u>	<u>-</u>
	<u>58,675,396</u>	<u>4,169,047</u>	<u>11,995,671</u>	<u>50,848,772</u>	<u>5,310,741</u>
Other liabilities:					
Vested compensated absences	<u>3,577,943</u>	<u>1,071,556</u>	<u>968,252</u>	<u>3,681,247</u>	<u>970,000</u>
Total other liabilities	<u>3,577,943</u>	<u>1,071,556</u>	<u>968,252</u>	<u>3,681,247</u>	<u>970,000</u>
 Total governmental activities long-term liabilities	 <u>\$ 62,253,339</u>	 <u>\$ 5,240,603</u>	 <u>\$ 12,963,923</u>	 <u>\$ 54,530,019</u>	 <u>\$ 6,280,741</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 6,000,000	\$ -	\$ 595,000	\$ 5,405,000	\$ 735,000
Debt premium	<u>87,650</u>	<u>-</u>	<u>27,679</u>	<u>59,971</u>	<u>27,679</u>
	<u>6,087,650</u>	<u>-</u>	<u>622,679</u>	<u>5,464,971</u>	<u>762,679</u>
Other liabilities:					
Vested compensated absences	<u>334,263</u>	<u>67,618</u>	<u>36,692</u>	<u>365,189</u>	<u>36,692</u>
 Total business-type activities long-term liabilities	 <u>\$ 6,421,913</u>	 <u>\$ 67,618</u>	 <u>\$ 659,371</u>	 <u>\$ 5,830,160</u>	 <u>\$ 799,371</u>

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2013, was \$138,171,950. Total general obligation debt outstanding at year end was \$55,390,000.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Type	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/13
Governmental Activities					
General Obligation Debt					
2004 General obligation promissory notes	06/15/04	03/01/14	2.50%-4.25%	\$ 1,910,000	\$ 215,000
2006 General obligation promissory notes	12/27/06	12/01/16	3.75%-4.00%	2,330,000	530,000
2008 General obligation refunding bonds	06/02/08	12/01/27	3.00%-4.00%	6,530,000	5,860,000
2008 General obligation promissory notes	06/09/08	12/01/17	3.50%-4.00%	2,000,000	1,400,000
2008 General obligation promissory notes	12/30/08	12/01/17	3.00%-4.25%	2,750,000	1,950,000
2010 General obligation refunding bonds	04/15/10	09/01/29	1.45%-8.5%	10,110,000	9,295,000
2010 General obligation promissory notes	04/15/10	09/01/17	1.20%-3.80%	2,010,000	1,260,000
2010 Taxable general obligation refunding bonds	11/23/10	09/01/20	.85%-3.75%	6,580,000	5,515,000
2010 General obligation refunding bonds	11/23/10	09/01/20	2.00%-4.00%	4,625,000	4,015,000
2011 General obligation promissory notes	05/09/11	09/01/19	2.00%-3.00%	2,500,000	2,500,000
2012 Taxable general obligation promissory notes	05/12/12	03/01/19	.46%-1.85%	2,540,000	2,195,000
2012 General obligation promissory notes	05/12/12	09/01/20	2.00%-2.25%	2,015,000	1,780,000
2012 General obligation promissory notes	12/28/12	09/01/21	1.00%-2.00%	4,500,000	4,360,000
2012 General obligation refunding bonds	12/28/12	09/01/32	1.05%-3.80%	5,110,000	5,110,000
2013 General obligation promissory notes	12/23/13	02/01/23	2.00%-3.00%	4,000,000	<u>4,000,000</u>
Total governmental activities-general obligation debt					<u>\$ 49,985,000</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

<u>Type</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/13</u>
Business-type Activities					
General Obligation Debt					
2006 General obligation promissory notes	12/27/06	12/01/16	3.75%-4.00%	\$ 1,200,000	\$ 1,200,000
2008 General obligation refunding bonds	12/30/08	09/01/21	3.505%-4.45%	1,700,000	1,700,000
2012 General obligation refunding bonds	02/27/12	03/01/16	2.00%	3,100,000	<u>2,505,000</u>
Total business-type activities - general obligation debt					<u>\$ 5,405,000</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Long-Term Debt</u>		<u>Business-type Long-Term Debt</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 5,280,000	\$ 1,405,670	\$ 735,000	\$ 164,000	\$ 7,584,670
2015	5,240,000	1,320,587	825,000	148,400	7,533,987
2016	5,185,000	1,194,771	2,145,000	130,700	8,655,471
2017	5,395,000	1,051,743	300,000	66,875	6,813,618
2018	4,900,000	896,745	300,000	54,125	6,150,870
2019-23	15,020,000	2,711,508	1,100,000	67,975	18,899,483
2024-28	6,735,000	1,123,272	-	-	7,858,272
2029	<u>2,230,000</u>	<u>168,866</u>	<u>-</u>	<u>-</u>	<u>2,398,866</u>
Totals	<u>\$ 49,985,000</u>	<u>\$ 9,873,162</u>	<u>\$ 5,405,000</u>	<u>\$ 632,075</u>	<u>\$ 65,895,237</u>

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

H. Governmental Activities Net Position/Fund Balances

Governmental Activities

Governmental activities net position reported on the government wide Statement of Net Position at December 31, 2013 include the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 79,191,082
Less: related long-term debt (excluding unspent capital related debt proceeds)	<u>(44,823,089)</u>
Total invested in capital assets, net of related debt	<u>34,367,993</u>
Restricted	
Community development	9,064,869
Library	356,253
Impact fees	676,649
Tourism	1,195,129
Public safety	33,980
Senior center	<u>162,197</u>
	<u>11,489,077</u>
Unrestricted	<u>5,056,636</u>
Total governmental activities net position	<u>\$ 50,913,706</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

	<u>General</u>	<u>Debt Service</u>	<u>TIF District No. 3</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Nonspendable						
Prepaid items	\$ 213,208	\$ -	\$ -	\$ -	\$ -	\$ 213,208
Advances to other funds	2,594,780	-	-	-	-	2,594,780
Noncurrent receivables	14,827	-	-	-	-	14,827
	<u>2,822,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,822,815</u>
Restricted						
Debt service	-	105,746	-	-	-	105,746
Community development	-	-	5,332,069	-	1,207,288	6,539,357
Library	-	-	-	-	356,253	356,253
Capital improvements	-	-	-	5,487,119	-	5,487,119
Impact fees	-	-	-	-	676,649	676,649
Tourism	-	-	-	-	1,195,129	1,195,129
Public safety	-	-	-	-	33,980	33,980
Senior center	-	-	-	-	162,197	162,197
	<u>-</u>	<u>105,746</u>	<u>5,332,069</u>	<u>5,487,119</u>	<u>3,631,496</u>	<u>14,556,430</u>
Committed						
Library	-	-	-	-	38,254	38,254
Airport	-	-	-	-	107,029	107,029
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,283</u>	<u>145,283</u>
Assigned						
Post employment benefits	1,272,349	-	-	-	-	1,272,349
Public safety	494,011	-	-	-	-	494,011
Debt service	1,200,000	-	-	-	-	1,200,000
	<u>2,966,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,966,360</u>
Unassigned	<u>3,656,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,656,420</u>
Total fund balances	<u>\$ 9,445,595</u>	<u>\$ 105,746</u>	<u>\$ 5,332,069</u>	<u>\$ 5,487,119</u>	<u>\$ 3,776,779</u>	<u>\$ 24,147,308</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

Business-Type Activities

Business-type activities net position reported on the government-wide and proprietary funds statement of net position at December 31, 2013 include the following:

	<u>Water</u>	<u>Sewer</u>	<u>Pleasant View Golf Course</u>	<u>Totals</u>
Capital assets	\$ 26,160,417	\$ 15,332,075	\$ 11,462,696	\$ 52,955,188
Accumulated depreciation	(8,256,908)	(4,408,322)	(1,047,162)	(13,712,392)
Subtotals	17,903,509	10,923,753	10,415,534	39,242,796
Less capital related long-term debt	-	-	5,464,971	5,464,971
Net investment in capital assets	17,903,509	10,923,753	4,950,563	33,777,825
Restricted for equipment replacement	-	60,820	-	60,820
Unrestricted (deficit)	4,934,807	4,656,042	(3,604,943)	5,985,906
 Total business-type activities net position	 <u>\$ 22,838,316</u>	 <u>\$ 15,640,615</u>	 <u>\$ 1,345,620</u>	 <u>\$ 39,824,551</u>

I. Component Unit

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

Basis of Accounting/Measurement Focus

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

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives</u>
Land	\$ 154,000	\$ -	\$ -	\$ 154,000	-
Buildings	2,874,692	-	-	2,874,692	40 years
Less: Accumulated depreciation	(730,910)	(62,493)	-	(793,403)	-
 Totals	 <u>\$ 2,297,782</u>	 <u>\$ (62,493)</u>	 <u>\$ -</u>	 <u>\$ 2,235,289</u>	

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 4 - OTHER INFORMATION

A. Employees' Retirement System

Eligible City of Middleton employees participate in the Wisconsin Retirement System (System), a cost sharing multiple-employer defined benefit public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the System. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the System.

Covered employees are required to contribute one-half of the actuarially determined contribution rate for general category employees, and executives and elected officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for City employees covered by the System for the year ended December 31, 2013 was \$8,988,398; the employer's total payroll was \$9,756,621. The total required contribution for the year ended December 31, 2013 was \$1,386,896 or 15.4% of covered payroll. Of this amount, \$789,067 was contributed by the employer for the current year and \$597,829 was contributed by the employees for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$1,181,687 and \$974,735, respectively, equal to the required contributions for each year.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 4 - OTHER INFORMATION (Continued)

A. Employees' Retirement System (Continued)

Employees who retire at or after age 65, (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service), are entitled to receive a retirement benefit. Employees may retire at age 55, (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. The final average earnings are the average of the employee's three highest year's 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 through June 30, 2011 are immediately vested. For participants employed after July 1, 2011, five years of creditable service is required for eligibility.

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.

B. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors, and omissions; worker's compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage to the prior year.

C. Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its retirees for health insurance. Prior to January 1, 2013, the City participated in a community rated plan, and accordingly, did not have an OPEB liability.

Plan Description

The City provides a single-employer defined benefit healthcare plan administered by Unity Health Insurance. 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. Retirees pay the full premium cost for health insurance. Employees may convert their accumulated sick leave to pay for health care premiums. The plan does not issue stand-alone financial statements.

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - OTHER INFORMATION (Continued)

C. Other Postemployment Benefits (Continued)

Funding Policy

The contribution of plan members and the employer are established and may be amended by the City Common Council. The required contribution is based on pay-as-you-go financing. For 2013, total expenditures for retirees' medical premiums during the year were \$118,624. The number of participants currently eligible to receive benefits is 21.

Annual OPEB Costs and Net OPEB Obligation

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

The City did not obtain an actuarial valuation for 2013, but rather estimated the implicit rate subsidy liability using an alternative method. The City intends to obtain an actuarial valuation in 2014.

The City's estimated net unfunded actuarial accrued liability (UAAL) at December 31, 2013 is \$2,862,888 and the ratio of the UAAL to covered payroll was 32%.

Actuarial Methods and Assumptions

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

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

CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - OTHER INFORMATION (Continued)

D. Commitments and Contingencies

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

Expenditures of the City's Tax Increment Districts are subject to review and audit by the Wisconsin Department of Revenue and the overlapping taxation districts. The City has allocated certain expenditures for administration, public safety, public lands administration, and transit services which were reimbursed to the City's General Fund. For 2012 and 2013, these costs amount to approximately \$3.2 million. Review by the Wisconsin Department of Revenue or the overlapping taxation districts could result in a portion of these expenditures being disallowed.

The City has entered into various development agreements in connection with the Tax Increment Districts. Under the terms of these agreements, the City has made commitments for development incentives or reimbursements. Commitments for projects undertaken through 2013 totaled \$9.4 million of which \$1.3 million has been paid. The remaining commitment is \$8.1 million.

E. Joint Ventures

Metropolitan Refuse District, Inc.

The City of Middleton and the Villages of Shorewood Hills and Waunakee are members of the Metropolitan Refuse District, Inc. (District), which owns and operates the closed local sanitary landfill. The landfill stopped accepting waste at the end of 1996. The three member communities share in the operational costs of the District based on estimated population, with the 2013 percentages as follows:

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

The District is made up of member from each community. For the City, the corporate member is the Mayor or the Mayor's appointed designee. For each of the Villages, the corporate member is the Village President or the Village President's appointed designee. At the annual meeting, members appoint directors and officers as the governing body. The governing body has authority to adopt its own budget and control of financial affairs of the District. The District's fund balance at December 31, 2013 is a deficit of \$961,722. Reporting standards require the City to report its share of the net deficit. The City's proportionate share in the operations of the District is 56%, which amounts to \$538,564 of the District's net deficit. The City's share of the net deficit has been reported in the government-wide statement of net position as landfill post-closure cost. The City made payments totaling \$51,300 to the District in 2013. The City will continue to support the District's postclosure care costs in the future.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 4 - OTHER INFORMATION (Continued)

E. Joint Ventures (Continued)

Metropolitan Refuse District, Inc. (Continued)

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

Multijurisdictional Public Safety Information System Commission (MJPISC)

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

Middleton Fire District

The City of Middleton and the Towns of Springfield, Westport, and Middleton jointly operate the local fire district, which is called the Middleton Fire District, which provides fire protection. The communities share in the operations of the District based on the ratio of equalized values of each member. The governing body is made up of elected officials from each community. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the District. The City has made payments totaling \$1,179,035 to the District in 2013 for operating expenses. The transactions of the District are not reflected in these financial statements. The City does not have an equity interest in the joint venture. Separately issued financials statements of the District are not prepared.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 14,013,042	\$ 14,013,042	\$ 14,136,261	\$ 123,219
Intergovernmental	1,891,635	2,025,427	2,015,429	(9,998)
Licenses and permits	539,600	539,600	828,552	288,952
Fines, forfeitures, and penalties	315,000	315,000	291,296	(23,704)
Public charges for services	1,292,816	1,292,816	1,407,170	114,354
Interdepartmental charges for services	1,919,130	1,919,130	1,919,130	-
Special assessments	96,000	96,000	125,324	29,324
Investment income	62,000	62,000	69,966	7,966
Miscellaneous	88,374	88,374	180,640	92,266
Total revenues	<u>20,217,597</u>	<u>20,351,389</u>	<u>20,973,768</u>	<u>622,379</u>
EXPENDITURES				
Current				
General government	2,879,540	3,062,096	2,551,419	510,677
Public safety	7,867,939	7,867,939	8,286,465	(418,526)
Public works	3,342,731	3,350,631	3,332,707	17,924
Health and human services	431,569	431,569	437,254	(5,685)
Leisure activities	1,369,186	1,371,286	1,348,136	23,150
Conservation and development	561,966	561,966	586,595	(24,629)
Total expenditures	<u>16,452,931</u>	<u>16,645,487</u>	<u>16,542,576</u>	<u>102,911</u>
Excess of revenues over expenditures	<u>3,764,666</u>	<u>3,705,902</u>	<u>4,431,192</u>	<u>725,290</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	73	73
Transfers in	890,000	614,400	654,019	39,619
Transfers out	<u>(4,784,666)</u>	<u>(4,579,126)</u>	<u>(4,535,852)</u>	<u>43,274</u>
Total other financing sources (uses)	<u>(3,894,666)</u>	<u>(3,964,726)</u>	<u>(3,881,760)</u>	<u>82,966</u>
Net change in fund balance	(130,000)	(258,824)	549,432	808,256
FUND BALANCE - Beginning	<u>8,896,163</u>	<u>8,896,163</u>	<u>8,896,163</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 8,766,163</u>	<u>\$ 8,637,339</u>	<u>\$ 9,445,595</u>	<u>\$ 808,256</u>

CITY OF MIDDLETON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2013

NOTE 1 - BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in the notes to the financial statements. A budget has been adopted for the General Fund, Debt Service Fund, certain special revenue funds, and capital project funds. Wisconsin Statute Section 65.90 requires that an annual budget be adopted for all funds.

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

NOTE 2 - EXCESS EXPENDITURES OVER APPROPRIATIONS

The following functions experienced excess expenditures over appropriations:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund			
Public safety	\$ 7,867,939	\$ 8,286,465	\$ 418,526
Health and human services	431,569	437,254	5,685
Conservation and development	561,966	586,595	24,629

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

SUPPLEMENTARY INFORMATION

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
TAXES				
General property tax	\$ 13,581,442	\$ 13,581,442	\$ 13,598,627	\$ 17,185
Fees in lieu of taxes	44,100	44,100	44,100	-
Room tax	385,000	385,000	489,462	104,462
Interest and penalties on taxes	2,500	2,500	4,072	1,572
Total taxes	<u>14,013,042</u>	<u>14,013,042</u>	<u>14,136,261</u>	<u>123,219</u>
INTERGOVERNMENTAL				
Shared taxes from state	391,125	391,125	395,678	4,553
State aid - road allotment	1,048,271	1,076,604	1,076,605	1
State aid - exempt computer aid	160,000	265,459	265,459	-
State aid - fire insurance dues	88,900	88,900	89,261	361
State aid - law enforcement	86,000	86,000	74,219	(11,781)
Federal and state aid - other	55,250	55,250	55,396	146
County aid - signals	8,200	8,200	9,508	1,308
County aid - senior citizens	45,153	45,153	45,153	-
County aid - youth center	8,736	8,736	4,150	(4,586)
Total intergovernmental	<u>1,891,635</u>	<u>2,025,427</u>	<u>2,015,429</u>	<u>(9,998)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	35,000	35,000	33,813	(1,187)
Operators' licenses	12,000	12,000	13,580	1,580
Contractors' licenses	-	-	400	400
Alarm licenses	9,000	9,000	9,772	772
Cigarette licenses	1,000	1,000	630	(370)
Bicycle licenses	-	-	15	15
Dog and cat licenses	6,000	6,000	2,258	(3,742)
Cable TV franchise license	200,000	200,000	211,878	11,878
Other miscellaneous licenses	2,100	2,100	2,805	705
Building permits	160,000	160,000	314,336	154,336
Electrical permits	35,000	35,000	76,537	41,537
Plumbing permits	35,000	35,000	81,665	46,665
Erosion control permits	12,500	12,500	24,101	11,601
Other public land fees	-	-	-	-
Zoning permits	12,000	12,000	30,100	18,100
Park reservation permits	20,000	20,000	26,662	6,662
Total licenses and permits	<u>539,600</u>	<u>539,600</u>	<u>828,552</u>	<u>288,952</u>
FINES, FORFEITURES, AND PENALTIES				
Court penalties	190,000	190,000	173,536	(16,464)
Parking violations	40,000	40,000	47,204	7,204
Court costs	85,000	85,000	70,556	(14,444)
Total fines, forfeitures, and penalties	<u>315,000</u>	<u>315,000</u>	<u>291,296</u>	<u>(23,704)</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PUBLIC CHARGES FOR SERVICES				
Clerk fees	\$ 10,000	\$ 10,000	\$ 12,347	\$ 2,347
Vehicle registration fees	1,000	1,000	1,050	50
Police special services	-	-	25	25
Police department fees	10,000	10,000	10,392	392
Ambulance services	680,248	680,248	788,291	108,043
EMS fixed cost abatement	196,068	196,068	196,068	-
Plan commission charges	15,000	15,000	17,157	2,157
Senior citizens	15,500	15,500	28,995	13,495
Swimming pool	206,000	206,000	225,443	19,443
Summer recreation	105,000	105,000	94,758	(10,242)
Fall-Winter-Spring recreation	44,000	44,000	31,821	(12,179)
Public works charges	10,000	10,000	93	(9,907)
Other recreation	-	-	730	730
Total public charges for services	<u>1,292,816</u>	<u>1,292,816</u>	<u>1,407,170</u>	<u>114,354</u>
INTERDEPARTMENTAL CHARGES FOR SERVICES				
Administration reimbursements - Utilities	135,000	135,000	135,000	-
Administration reimbursements - TIF	1,776,530	1,776,530	1,776,530	-
Administration reimbursements - Landfill	5,000	5,000	5,000	-
Administration reimbursements - Fire District	2,600	2,600	2,600	-
Total interdepartmental charges for services	<u>1,919,130</u>	<u>1,919,130</u>	<u>1,919,130</u>	<u>-</u>
SPECIAL ASSESSMENTS				
Curb, gutter, and sidewalks	95,000	95,000	125,317	30,317
Interest on special assessments	1,000	1,000	7	(993)
Total special assessments	<u>96,000</u>	<u>96,000</u>	<u>125,324</u>	<u>29,324</u>
INVESTMENT INCOME				
	<u>62,000</u>	<u>62,000</u>	<u>69,966</u>	<u>7,966</u>
COMMERCIAL REVENUES				
Rent of City buildings and offices	24,000	24,000	52,940	28,940
Donations	2,000	2,000	5,442	3,442
Sale of materials	8,000	8,000	1,913	(6,087)
Miscellaneous	20,000	20,000	86,924	66,924
Annual environmental impact fee	32,624	32,624	32,624	-
Event/trip revenue	1,000	1,000	-	(1,000)
Interlocking ignition device	750	750	797	47
Total commercial revenues	<u>88,374</u>	<u>88,374</u>	<u>180,640</u>	<u>92,266</u>
OTHER FINANCING SOURCES				
Sale of City property	-	-	73	73
Transfer in - Water Utility	390,000	390,000	429,619	39,619
Transfer in - Nonmajor Funds	500,000	224,400	224,400	-
Total other financing sources	<u>890,000</u>	<u>614,400</u>	<u>654,092</u>	<u>39,692</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 21,107,597</u>	<u>\$ 20,965,789</u>	<u>\$ 21,627,860</u>	<u>\$ 662,071</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
GENERAL GOVERNMENT				
Council	\$ 67,191	\$ 67,191	\$ 66,835	\$ 356
Police commission	8,710	8,710	215	8,495
Landmarks commission	484	484	1,529	(1,045)
Middleton youth commission	27,067	27,067	24,860	2,207
Art committee	3,000	3,000	2,171	829
Sustainability committee	7,744	7,744	7,190	554
Municipal court	107,891	107,891	101,071	6,820
General administration	878,848	935,048	820,423	114,625
Information technology	650,184	650,184	644,594	5,590
Elections	29,500	29,500	18,165	11,335
Board of review	300	300	-	300
Independent auditing	48,000	48,000	43,790	4,210
Legal counseling	200,000	200,000	205,060	(5,060)
Special legal counsel	3,400	3,400	26,627	(23,227)
Buildings and grounds	137,693	152,937	156,998	(4,061)
Illegal taxes and tax refunds	6,000	6,000	17,008	(11,008)
Property and liability insurance	394,000	394,000	356,613	37,387
Income continuation insurance	16,000	16,000	-	16,000
Contingency	228,028	265,140	-	265,140
Group life insurance	32,000	32,000	17,499	14,501
Bank fees	14,000	14,000	4,824	9,176
Miscellaneous	19,500	93,500	35,947	57,553
Total general government	<u>2,879,540</u>	<u>3,062,096</u>	<u>2,551,419</u>	<u>510,677</u>
PUBLIC SAFETY				
Police administration	710,205	710,205	700,209	9,996
Police patrol	3,522,815	3,522,815	3,660,514	(137,699)
Code compliance	78,299	78,299	78,195	104
Training	-	-	-	-
School patrol	14,477	14,477	14,344	133
Fire suppression	811,048	811,048	1,179,035	(367,987)
Public fire protection	437,391	437,391	437,391	-
EMS	1,493,192	1,493,192	1,416,050	77,142
Building inspector	113,940	113,940	119,228	(5,288)
Electrical inspector	100,666	100,666	100,026	640
Plumbing inspection	66,489	66,489	66,045	444
Emergency preparedness	31,006	31,006	16,475	14,531
Sealer of weights and measures	4,500	4,500	4,400	100
Erosion control enforcement	16,000	16,000	18,292	(2,292)
Communications	467,911	467,911	476,261	(8,350)
Total public safety	<u>7,867,939</u>	<u>7,867,939</u>	<u>8,286,465</u>	<u>(418,526)</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PUBLIC WORKS				
Machinery	\$ 312,021	\$ 312,021	\$ 322,161	\$ (10,140)
Garage	44,000	44,000	51,324	(7,324)
Public works salaries and fringes	629,082	629,082	630,966	(1,884)
Protective equipment	3,000	3,000	3,461	(461)
Engineering	701,021	701,021	687,982	13,039
Street maintenance	31,950	31,950	36,950	(5,000)
Street cleaning	8,900	8,900	8,916	(16)
Snow and ice control	66,450	66,450	69,114	(2,664)
Traffic signals	22,250	22,250	10,719	11,531
Traffic signs and markings	42,100	42,100	52,259	(10,159)
Street lighting	111,000	111,000	112,420	(1,420)
Tree and brush	2,000	2,000	1,857	143
Storm sewers	50,000	47,900	54,108	(6,208)
Mass transit	329,957	339,957	334,191	5,766
Garbage collection	542,000	542,000	536,921	5,079
Sanitary landfill	51,300	51,300	51,300	-
Recycling	245,700	245,700	243,799	1,901
Sidewalk maintenance	150,000	150,000	124,259	25,741
Total public works	<u>3,342,731</u>	<u>3,350,631</u>	<u>3,332,707</u>	<u>17,924</u>
HEALTH AND HUMAN SERVICES				
Aging	<u>431,569</u>	<u>431,569</u>	<u>437,254</u>	<u>(5,685)</u>
LEISURE ACTIVITIES				
Cable television	4,000	4,000	5,285	(1,285)
Hubbard arts center	-	-	8,365	(8,365)
Recreation programs and events	68,199	68,199	23,164	45,035
Recreation administration	129,181	129,181	129,035	146
Swimming pool	280,854	280,854	297,707	(16,853)
Summer recreation	69,319	69,319	83,521	(14,202)
Parks	817,633	819,733	801,059	18,674
Total leisure activities	<u>1,369,186</u>	<u>1,371,286</u>	<u>1,348,136</u>	<u>23,150</u>
CONSERVATION AND DEVELOPMENT				
Water resources	30,459	30,459	20,144	10,315
Conservancy land commission	75,250	75,250	117,997	(42,747)
Planning commission	315,690	315,690	308,891	6,799
Other	7,500	7,500	7,638	(138)
Forestry	133,067	133,067	131,925	1,142
Total conservation and development	<u>561,966</u>	<u>561,966</u>	<u>586,595</u>	<u>(24,629)</u>
OTHER FINANCING USES				
Transfers out - Nonmajor Funds - Other	-	132,624	89,350	43,274
Transfers out - Library Fund	1,007,346	1,007,346	1,007,346	-
Transfers out - Debt Service Fund	3,777,320	3,439,156	3,439,156	-
Total other financing uses	<u>4,784,666</u>	<u>4,579,126</u>	<u>4,535,852</u>	<u>43,274</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ 21,237,597</u>	<u>\$ 21,224,613</u>	<u>\$ 21,078,428</u>	<u>\$ 146,185</u>

CITY OF MIDDLETON, WISCONSIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013

	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund	Airport	Safety Impact Fee and Other	Economic Development Grant	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Senior Center Activities	Total Nonmajor Governmental Funds
ASSETS														
Cash and investments	\$ 1,513,567	\$ 38,343	\$ 41,055	\$ 249,745	\$ 70,453	\$ 118,801	\$ 252,684	\$ 276,100	\$ 1,059,485	\$ 33,980	\$ 86,593	\$ 355,476	\$ 162,197	\$ 4,258,479
Accounts receivable	-	-	-	-	-	-	-	-	273,663	-	-	-	-	273,663
TOTAL ASSETS	\$ 1,513,567	\$ 38,343	\$ 41,055	\$ 249,745	\$ 70,453	\$ 118,801	\$ 252,684	\$ 276,100	\$ 1,333,148	\$ 33,980	\$ 86,593	\$ 355,476	\$ 162,197	\$ 4,532,142
LIABILITIES AND FUND BALANCES														
LIABILITIES														
Accounts payable	\$ 7,931	\$ 89	\$ -	\$ -	\$ 5,000	\$ 11,772	\$ -	\$ -	\$ 138,019	\$ -	\$ -	\$ 18,104	\$ -	\$ 180,915
Deposits	574,448	-	-	-	-	-	-	-	-	-	-	-	-	574,448
Total liabilities	<u>582,379</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>11,772</u>	<u>-</u>	<u>-</u>	<u>138,019</u>	<u>-</u>	<u>-</u>	<u>18,104</u>	<u>-</u>	<u>755,363</u>
FUND BALANCES														
Restricted	931,188	-	41,055	249,745	65,453	-	252,684	276,100	1,195,129	33,980	86,593	337,372	162,197	3,631,496
Committed	-	38,254	-	-	-	107,029	-	-	-	-	-	-	-	145,283
Total fund balances	<u>931,188</u>	<u>38,254</u>	<u>41,055</u>	<u>249,745</u>	<u>65,453</u>	<u>107,029</u>	<u>252,684</u>	<u>276,100</u>	<u>1,195,129</u>	<u>33,980</u>	<u>86,593</u>	<u>337,372</u>	<u>162,197</u>	<u>3,776,779</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,513,567	\$ 38,343	\$ 41,055	\$ 249,745	\$ 70,453	\$ 118,801	\$ 252,684	\$ 276,100	\$ 1,333,148	\$ 33,980	\$ 86,593	\$ 355,476	\$ 162,197	\$ 4,532,142

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Subdividers' Deposits	Lost and Damaged Books	Library Gift	Library Endowment	Library Fund	Airport	Safety Impact Fee and Other	Economic Development Grant	Tourism Commission	Police Activities	EMS Activities	Public Land Activities	Senior Center Activities	Total Nonmajor Governmental Funds
REVENUES														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,142,077	\$ -	\$ -	\$ -	\$ -	\$ 1,142,077
Intergovernmental	-	-	-	-	779,524	-	-	-	-	-	5,160	-	15,037	799,721
Licenses and permits	32,751	-	-	-	-	-	146,718	-	-	-	58,139	-	-	237,608
Public charges for services	-	19,811	8,789	-	15,942	126,009	-	-	-	-	-	290,594	-	461,145
Contributions	-	-	-	29,495	-	-	-	-	-	-	-	-	-	29,495
Investment income	-	-	-	30,506	-	-	-	130	-	-	-	-	-	30,636
Miscellaneous	-	-	-	-	14,442	-	-	-	-	19,972	-	128,007	59,694	222,115
Total revenues	32,751	19,811	8,789	60,001	809,908	126,009	146,718	130	1,142,077	19,972	63,299	418,601	74,731	2,922,797
EXPENDITURES														
Current:														
Public safety	-	-	-	-	-	-	-	-	-	4,684	-	-	-	4,684
Leisure activities	-	5,874	2,162	10,978	1,799,437	-	-	-	1,025,586	-	-	299,549	20,150	3,163,736
Conservation and development	91,411	-	-	-	-	82,502	-	163	-	-	-	-	-	174,076
Total expenditures	91,411	5,874	2,162	10,978	1,799,437	82,502	-	163	1,025,586	4,684	-	299,549	20,150	3,342,496
Excess of revenues over (under) expenditures	(58,660)	13,937	6,627	49,023	(989,529)	43,507	146,718	(33)	116,491	15,288	63,299	119,052	54,581	(419,699)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	-	1,007,346	-	-	-	-	-	-	-	-	1,007,346
Transfers out	(224,400)	-	-	-	-	-	-	-	-	-	(131,272)	-	-	(355,672)
Net change in fund balances	(283,060)	13,937	6,627	49,023	17,817	43,507	146,718	(33)	116,491	15,288	(67,973)	119,052	54,581	231,975
FUND BALANCES - BEGINNING OF YEAR	1,214,248	24,317	34,428	200,722	47,636	63,522	105,966	276,133	1,078,638	18,692	154,566	218,320	107,616	3,544,804
FUND BALANCES - END OF YEAR	\$ 931,188	\$ 38,254	\$ 41,055	\$ 249,745	\$ 65,453	\$ 107,029	\$ 252,684	\$ 276,100	\$ 1,195,129	\$ 33,980	\$ 86,593	\$ 337,372	\$ 162,197	\$ 3,776,779

**CITY OF MIDDLETON, WISCONSIN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
December 31, 2013**

	<u>TIF District No. 5</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>General Capital Projects</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 562,714	\$ 3,813,319	\$ 535,708	\$ 556,924	\$ 5,468,665
Taxes receivable	209,035	-	-	-	209,035
Receivables	-	33,641	-	-	33,641
Total assets	<u>\$ 771,749</u>	<u>\$ 3,846,960</u>	<u>\$ 535,708</u>	<u>\$ 556,924</u>	<u>\$ 5,711,341</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	<u>\$ 1,512</u>	<u>\$ 222</u>	<u>\$ 13,453</u>	<u>\$ -</u>	<u>\$ 15,187</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent year tax levy	<u>209,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,035</u>
FUND BALANCES					
Restricted	<u>561,202</u>	<u>3,846,738</u>	<u>522,255</u>	<u>556,924</u>	<u>5,487,119</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 771,749</u>	<u>\$ 3,846,960</u>	<u>\$ 535,708</u>	<u>\$ 556,924</u>	<u>\$ 5,711,341</u>

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2013

	<u>TIF District No. 5</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>General Capital Projects</u>	<u>Total</u>
REVENUES					
Intergovernmental	\$ 31,537	\$ 33,641	\$ 72,614	\$ -	\$ 137,792
Miscellaneous	-	-	5,000	-	5,000
Total revenues	<u>31,537</u>	<u>33,641</u>	<u>77,614</u>	<u>-</u>	<u>142,792</u>
EXPENDITURES					
Current:					
General government	449,117	-	-	-	449,117
Conservation and development	30,000	-	-	-	30,000
Capital outlay	<u>383,557</u>	<u>1,946,086</u>	<u>619,035</u>	<u>278,081</u>	<u>3,226,759</u>
Total expenditures	<u>862,674</u>	<u>1,946,086</u>	<u>619,035</u>	<u>278,081</u>	<u>3,705,876</u>
Excess of revenues over (under) expenditures	(831,137)	(1,912,445)	(541,421)	(278,081)	(3,563,084)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	3,286,750	469,700	243,550	4,000,000
Transfers in	-	-	-	72,624	72,624
Transfers out	(94,321)	-	-	(62,564)	(156,885)
Sale of city property	<u>-</u>	<u>9,736</u>	<u>-</u>	<u>-</u>	<u>9,736</u>
Net change in fund balances	(925,458)	1,384,041	(71,721)	(24,471)	362,391
FUND BALANCES - BEGINNING OF YEAR	<u>1,486,660</u>	<u>2,462,697</u>	<u>593,976</u>	<u>581,395</u>	<u>5,124,728</u>
FUND BALANCES - END OF YEAR	<u>\$ 561,202</u>	<u>\$ 3,846,738</u>	<u>\$ 522,255</u>	<u>\$ 556,924</u>	<u>\$ 5,487,119</u>