

CITY OF MIDDLETON, WISCONSIN
Middleton, Wisconsin

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
December 31, 2014

Prepared by:

Department of Finance

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middleton, Wisconsin as of December 31, 2014, 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 53 and 54 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 are 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 16, 2015

BASIC FINANCIAL STATEMENTS

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	
ASSETS				
Cash and investments	\$ 20,951,932	\$ 7,497,263	\$ 28,449,195	\$ 374,406
Receivables (net of allowance for uncollectible accounts)				
Taxes	25,325,080	-	25,325,080	-
Delinquent taxes	29,366	-	29,366	-
Accounts	977,476	894,888	1,872,364	-
Interest	1,303	11,668	12,971	-
Loans	896,710	-	896,710	397,296
Special assessments	1,026,677	2,041,995	3,068,672	-
Due from other governments	28,000	-	28,000	-
Internal balances	4,117,929	(4,117,929)	-	-
Prepaid items	7,322	-	7,322	-
Restricted assets - cash and investments	-	60,820	60,820	-
Property held for future use	-	301,087	301,087	-
Capital assets not being depreciated	38,999,694	2,511,163	41,510,857	154,000
Capital assets being depreciated	50,706,173	36,931,083	87,637,256	2,018,796
Total assets	<u>143,067,662</u>	<u>46,132,038</u>	<u>189,199,700</u>	<u>2,944,498</u>
LIABILITIES				
Accounts payable	2,904,358	423,326	3,327,684	8,125
Deposits	904,814	-	904,814	-
Accrued liabilities	452,783	35,889	488,672	-
Due to other governments	7,287	-	7,287	-
Noncurrent liabilities:				
Due within one year	12,977,905	847,854	13,825,759	-
Due in more than one year	45,134,509	3,059,344	48,193,853	-
Total liabilities	<u>62,381,656</u>	<u>4,366,413</u>	<u>66,748,069</u>	<u>8,125</u>
DEFERRED INFLOWS OF RESOURCES				
Subsequent year tax levy	<u>25,245,437</u>	<u>-</u>	<u>25,245,437</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	40,190,979	35,939,954	76,130,933	-
Restricted				
Community development	8,184,549	-	8,184,549	-
Library	327,394	-	327,394	-
Impact fees	823,193	-	823,193	-
Tourism	1,296,451	-	1,296,451	-
Public safety	28,756	-	28,756	-
Senior center	162,111	-	162,111	-
Equipment replacement	-	60,820	60,820	-
Unrestricted	<u>4,427,136</u>	<u>5,764,851</u>	<u>10,191,987</u>	<u>2,936,373</u>
TOTAL NET POSITION	<u>\$ 55,440,569</u>	<u>\$ 41,765,625</u>	<u>\$ 97,206,194</u>	<u>\$ 2,936,373</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, 2014

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	\$ 3,499,140	\$ 241,434	\$ 342,919	\$ -	\$ (2,914,787)	\$ -	\$ (2,914,787)	
Public safety	8,857,148	1,906,784	209,608	-	(6,740,756)	-	(6,740,756)	
Public works	5,387,692	45,414	998,827	281,622	(4,061,829)	-	(4,061,829)	
Health and human services	467,424	28,414	44,176	-	(394,834)	-	(394,834)	
Leisure activities	5,105,093	374,183	841,141	314,044	(3,575,725)	-	(3,575,725)	
Conservation and economic development	1,843,956	499,054	4,250	-	(1,340,652)	-	(1,340,652)	
Interest and fiscal charges	1,455,644	-	-	-	(1,455,644)	-	(1,455,644)	
Total governmental activities	<u>26,616,097</u>	<u>3,095,283</u>	<u>2,440,921</u>	<u>595,666</u>	<u>(20,484,227)</u>	<u>-</u>	<u>(20,484,227)</u>	
Business-type activities:								
Water	1,663,981	2,225,334	-	593,153	-	1,154,506	1,154,506	
Sewer	2,218,802	2,022,849	-	-	-	(195,953)	(195,953)	
Pleasant View Golf Course	1,651,439	1,860,169	-	-	-	208,730	208,730	
Total business-type activities	<u>5,534,222</u>	<u>6,108,352</u>	<u>-</u>	<u>593,153</u>	<u>-</u>	<u>1,167,283</u>	<u>1,167,283</u>	
Total primary government	<u>\$ 32,150,319</u>	<u>\$ 9,203,635</u>	<u>\$ 2,440,921</u>	<u>\$ 1,188,819</u>	<u>(20,484,227)</u>	<u>1,167,283</u>	<u>(19,316,944)</u>	
Component Unit								
Community Development Authority	<u>\$ 98,270</u>	<u>\$ 27,854</u>	<u>\$ -</u>	<u>\$ -</u>				\$ (70,416)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					15,098,639	-	15,098,639	-
Property taxes, levied for tax increment district					7,823,747	-	7,823,747	-
Other taxes					1,530,158	-	1,530,158	-
Cable television franchise fees					223,308	-	223,308	-
Intergovernmental revenues not restricted to specific programs					821,534	-	821,534	-
Investment income					108,978	23,708	132,686	17,937
Miscellaneous					154,809	-	154,809	-
Total general revenues					<u>25,761,173</u>	<u>23,708</u>	<u>25,784,881</u>	<u>17,937</u>
Transfers					<u>(750,083)</u>	<u>750,083</u>	<u>-</u>	<u>-</u>
Change in net position					4,526,863	1,941,074	6,467,937	(52,479)
NET POSITION - BEGINNING OF YEAR					<u>50,913,706</u>	<u>39,824,551</u>	<u>90,738,257</u>	<u>2,988,852</u>
NET POSITION - END OF YEAR					<u>\$ 55,440,569</u>	<u>\$ 41,765,625</u>	<u>\$ 97,206,194</u>	<u>\$ 2,936,373</u>

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

**CITY OF MIDDLETON, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

	<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	\$ 6,736,677	\$ 131,591	\$ 3,429,483	\$ 5,473,383	\$ 5,180,798	\$ 20,951,932
Receivables (net)						
Taxes						
Tax levy	16,003,741	-	8,692,301	340,360	-	25,036,402
Special assessments on tax roll	7,547	-	189,008	-	-	196,555
Other	92,123	-	-	-	-	92,123
Delinquent taxes	29,366	-	-	-	-	29,366
Accounts	509,267	-	177,890	-	290,319	977,476
Interest	1,303	-	-	-	-	1,303
Loans	-	-	896,710	-	-	896,710
Special assessments	16,793	-	1,009,884	-	-	1,026,677
Due from other governments	28,000	-	-	-	-	28,000
Due from other funds	-	-	-	328,318	-	328,318
Advances to other funds	2,594,780	-	1,608,765	-	-	4,203,545
Prepaid items	7,322	-	-	-	-	7,322
TOTAL ASSETS	<u>\$ 26,026,919</u>	<u>\$ 131,591</u>	<u>\$ 16,004,041</u>	<u>\$ 6,142,061</u>	<u>\$ 5,471,117</u>	<u>\$ 53,775,729</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 813,622	\$ 1,815	\$ 545,306	\$ 1,166,329	\$ 377,286	\$ 2,904,358
Advances from other funds	-	-	-	354,405	-	354,405
Deposits	-	-	-	-	904,814	904,814
Due to other funds	59,529	-	-	-	-	59,529
Due to other governments	7,287	-	-	-	-	7,287
Total liabilities	<u>880,438</u>	<u>1,815</u>	<u>545,306</u>	<u>1,520,734</u>	<u>1,282,100</u>	<u>4,230,393</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent year tax levy	16,003,741	-	8,692,301	549,395	-	25,245,437
Loans receivable	-	-	896,710	-	-	896,710
Special assessments	16,793	-	1,198,892	-	-	1,215,685
Other receivables	48,228	-	-	-	-	48,228
	<u>16,068,762</u>	<u>-</u>	<u>10,787,903</u>	<u>549,395</u>	<u>-</u>	<u>27,406,060</u>
FUND BALANCES						
Nonspendable						
Prepaid items	7,322	-	-	-	-	7,322
Advances to other funds	2,594,780	-	-	-	-	2,594,780
Noncurrent receivables	29,366	-	-	-	-	29,366
Restricted						
Debt service	-	129,776	-	-	-	129,776
Community development	-	-	4,670,832	-	1,418,115	6,088,947
Library	-	-	-	-	327,394	327,394
Capital improvements	-	-	-	4,071,932	-	4,071,932
Impact fees	-	-	-	-	823,193	823,193
Tourism	-	-	-	-	1,296,451	1,296,451
Public safety	-	-	-	-	28,756	28,756
Senior center	-	-	-	-	162,111	162,111
Committed						
Library	-	-	-	-	37,485	37,485
Airport	-	-	-	-	95,512	95,512
Assigned						
Post employment benefits	1,123,373	-	-	-	-	1,123,373
Public safety	732,661	-	-	-	-	732,661
Debt service	-	-	-	-	-	-
Unassigned	4,590,217	-	-	-	-	4,590,217
Total fund balances	<u>9,077,719</u>	<u>129,776</u>	<u>4,670,832</u>	<u>4,071,932</u>	<u>4,189,017</u>	<u>22,139,276</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 26,026,919</u>	<u>\$ 131,591</u>	<u>\$ 16,004,041</u>	<u>\$ 6,142,061</u>	<u>\$ 5,471,117</u>	<u>\$ 53,775,729</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, 2014**

Fund balances - total governmental funds	\$ 22,139,276
<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>	89,705,867
<p>Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements.</p>	
Loans	896,710
Special assessments	1,215,685
Other receivables	48,228
<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	(53,205,000)
Landfill post-closure liability	(614,652)
Debt discount or premium	(381,820)
Compensated absences	(3,910,942)
Accrued interest payable	(452,783)
	(5,565,197)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 55,440,569</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, 2014

	<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	\$ 15,652,647	\$ -	\$ 7,823,747	\$ -	\$ 1,270,653	\$ 24,747,047
Intergovernmental	1,993,974	-	268,665	101,805	826,514	3,190,958
Licenses and permits	769,679	-	-	-	529,534	1,299,213
Fines, forfeitures, and penalties	266,264	-	-	-	-	266,264
Public charges for services	1,373,312	-	-	-	425,970	1,799,282
Intergovernmental charges for services	1,933,130	-	-	-	-	1,933,130
Special assessments	26,414	-	189,008	-	-	215,422
Contributions	-	-	-	-	79,764	79,764
Investment and interest income	61,564	-	122,213	417	10,314	194,508
Miscellaneous	156,526	-	153,290	-	22,035	331,851
Total revenues	<u>22,233,510</u>	<u>-</u>	<u>8,556,923</u>	<u>102,222</u>	<u>3,164,784</u>	<u>34,057,439</u>
EXPENDITURES						
Current						
General government	2,628,619	-	2,033,434	86,990	-	4,749,043
Public safety	8,013,108	-	-	-	1,661	8,014,769
Public works	3,421,300	-	-	-	-	3,421,300
Health and human services	467,424	-	-	-	-	467,424
Leisure activities	1,353,485	-	-	-	3,502,415	4,855,900
Conservation and economic development	586,088	-	-	-	166,365	752,453
Debt service						
Principal	-	5,280,000	-	-	-	5,280,000
Debt issuance costs	-	74,875	-	-	-	74,875
Interest and fiscal charges	-	1,408,082	-	-	-	1,408,082
Capital outlay	-	-	5,088,218	9,790,684	6,500	14,885,402
Total expenditures	<u>16,470,024</u>	<u>6,762,957</u>	<u>7,121,652</u>	<u>9,877,674</u>	<u>3,676,941</u>	<u>43,909,248</u>
Excess of revenues over (under) expenditures	5,763,486	(6,762,957)	1,435,271	(9,775,452)	(512,157)	(9,851,809)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	8,500,000	-	8,500,000
Premium on debt issued	-	93,554	-	-	-	93,554
Proceeds from sale of capital assets	306	-	-	-	-	306
Transfers in	453,917	6,693,433	-	-	1,068,395	8,215,745
Transfers out	<u>(6,585,585)</u>	<u>-</u>	<u>(2,096,508)</u>	<u>(139,735)</u>	<u>(144,000)</u>	<u>(8,965,828)</u>
Net change in fund balances	(367,876)	24,030	(661,237)	(1,415,187)	412,238	(2,008,032)
FUND BALANCES - BEGINNING 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>
FUND BALANCES - END OF YEAR	<u>\$ 9,077,719</u>	<u>\$ 129,776</u>	<u>\$ 4,670,832</u>	<u>\$ 4,071,932</u>	<u>\$ 4,189,017</u>	<u>\$ 22,139,276</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, 2014**

Net change in fund balances - total governmental funds \$ (2,008,032)

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.

12,773,504

Depreciation is reported in the government-wide statements

(2,063,211)

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.

(387,866)

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 \$(306). The loss on the sale\disposal of capital assets is recognized in the statement of activities \$(195,202).

(195,508)

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

(8,500,000)

Premium on debt issued

(93,554)

Debt retired

5,280,000

Landfill post-closure liability

(76,088)

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

(229,695)

Amortization of debt premium and discount

36,942

Accrued interest on debt

(9,629)

Change in net position of governmental activities

\$ 4,526,863

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

CITY OF MIDDLETON, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-type Activities			
	Enterprise Funds			
ASSETS	Water	Sewer	Pleasant View Golf Course	Totals
Current Assets				
Cash and investments	\$ 4,881,119	\$ 2,616,144	\$ -	\$ 7,497,263
Accounts receivable	422,993	471,895	-	894,888
Accrued interest	1,956	9,712	-	11,668
Due from other funds	24,769	34,760	-	59,529
Total current assets	<u>5,330,837</u>	<u>3,132,511</u>	<u>-</u>	<u>8,463,348</u>
Noncurrent Assets				
Restricted cash and investments	-	60,820	-	60,820
Special assessments receivable	-	2,041,995	-	2,041,995
Property held for future use	301,087	-	-	301,087
Capital assets:				
Property and equipment	27,185,502	15,353,702	11,509,482	54,048,686
Less: Accumulated depreciation	<u>(8,742,550)</u>	<u>(4,700,677)</u>	<u>(1,163,213)</u>	<u>(14,606,440)</u>
Total capital assets, net	<u>18,442,952</u>	<u>10,653,025</u>	<u>10,346,269</u>	<u>39,442,246</u>
Total noncurrent assets	<u>18,744,039</u>	<u>12,755,840</u>	<u>10,346,269</u>	<u>41,846,148</u>
Total assets	<u>24,074,876</u>	<u>15,888,351</u>	<u>10,346,269</u>	<u>50,309,496</u>
LIABILITIES				
Current Liabilities				
Accounts payable	7,151	355,229	60,946	423,326
Due to other funds	328,318	-	-	328,318
Accrued interest	-	-	35,889	35,889
Accrued compensated absences	11,937	29,760	43,478	85,175
Current portion of long-term debt	-	-	762,679	762,679
Total current liabilities	<u>347,406</u>	<u>384,989</u>	<u>902,992</u>	<u>1,635,387</u>
Noncurrent Liabilities				
Accrued compensated absences	171,527	48,030	100,174	319,731
Advances from other funds	-	-	3,849,140	3,849,140
General obligation debt	-	-	2,739,613	2,739,613
Total noncurrent liabilities	<u>171,527</u>	<u>48,030</u>	<u>6,688,927</u>	<u>6,908,484</u>
Total liabilities	<u>518,933</u>	<u>433,019</u>	<u>7,591,919</u>	<u>8,543,871</u>
NET POSITION				
Net investment in capital assets	18,442,952	10,653,025	6,843,977	35,939,954
Restricted for equipment replacement	-	60,820	-	60,820
Unrestricted	5,112,991	4,741,487	(4,089,627)	5,764,851
Total net position	<u>\$ 23,555,943</u>	<u>\$ 15,455,332</u>	<u>\$ 2,754,350</u>	<u>\$ 41,765,625</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, 2014

	Business-type Activities			Total
	Enterprise Funds			
	Water	Sewer	Pleasant View Golf Course	
OPERATING REVENUES				
Charges for services and sales	\$ 2,225,334	\$ 2,022,849	\$ 1,860,169	\$ 6,108,352
OPERATING EXPENSES				
Operation and maintenance	1,146,377	1,886,153	1,408,295	4,440,825
Depreciation	517,604	332,649	116,051	966,304
Total operating expenses	<u>1,663,981</u>	<u>2,218,802</u>	<u>1,524,346</u>	<u>5,407,129</u>
Operating income (loss)	<u>561,353</u>	<u>(195,953)</u>	<u>335,823</u>	<u>701,223</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,038	10,670	-	23,708
Interest expense	-	-	(127,093)	(127,093)
Total nonoperating revenues (expenses)	<u>13,038</u>	<u>10,670</u>	<u>(127,093)</u>	<u>(103,385)</u>
Income (loss) before capital contributions and transfers	574,391	(185,283)	208,730	597,838
CAPITAL CONTRIBUTIONS	593,153	-	-	593,153
TRANSFERS IN	-	-	1,200,000	1,200,000
TRANSFERS OUT	<u>(449,917)</u>	<u>-</u>	<u>-</u>	<u>(449,917)</u>
Change in net position	717,627	(185,283)	1,408,730	1,941,074
NET POSITION - BEGINNING OF YEAR	<u>22,838,316</u>	<u>15,640,615</u>	<u>1,345,620</u>	<u>39,824,551</u>
NET POSITION - END OF YEAR	<u>\$ 23,555,943</u>	<u>\$ 15,455,332</u>	<u>\$ 2,754,350</u>	<u>\$ 41,765,625</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, 2014

	Business-type Activities			Totals
	Enterprise Funds			
	Water	Sewer	Pleasant View Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,205,306	\$ 2,110,633	\$ 1,860,169	\$ 6,176,108
Payments to suppliers for goods and services	(712,851)	(1,710,871)	(554,598)	(2,978,320)
Payments to employees for services	(412,582)	(227,449)	(820,965)	(1,460,996)
Net cash provided by operating activities	<u>1,079,873</u>	<u>172,313</u>	<u>484,606</u>	<u>1,736,792</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(449,917)	-	-	(449,917)
Transfers from other funds	-	-	1,200,000	1,200,000
Advance from TIF No. 3	-	-	461,180	461,180
Net cash provided by (used in) noncapital financing activities	<u>(449,917)</u>	<u>-</u>	<u>1,661,180</u>	<u>1,211,263</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(175,870)	(21,627)	(46,786)	(244,283)
Principal paid on capital debt	-	-	(1,935,000)	(1,935,000)
Interest paid on capital debt	-	-	(164,000)	(164,000)
Net cash used in capital and related financing activities	<u>(175,870)</u>	<u>(21,627)</u>	<u>(2,145,786)</u>	<u>(2,343,283)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	13,038	10,593	-	23,631
Net increase (decrease) in cash and cash equivalents	467,124	161,279	-	628,403
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,413,995</u>	<u>2,515,685</u>	<u>-</u>	<u>6,929,680</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,881,119</u>	<u>\$ 2,676,964</u>	<u>\$ -</u>	<u>\$ 7,558,083</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, 2014

	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)	\$ 561,353	\$ (195,953)	\$ 335,823	\$ 701,223
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	517,604	332,649	116,051	966,304
Depreciation charged to sewer utility	40,294	(40,294)	-	-
Changes in noncash components of working capital				
Accounts receivable	(20,028)	28,195	-	8,167
Special assessments receivable	-	59,589	-	59,589
Due from other funds	(11,869)	(18,105)	(1,519)	(31,493)
Accounts payable	(35,544)	(4,008)	32,837	(6,715)
Accrued compensated absences	28,063	10,240	1,414	39,717
Net cash provided by operating activities	<u>\$ 1,079,873</u>	<u>\$ 172,313</u>	<u>\$ 484,606</u>	<u>\$ 1,736,792</u>
Reconciliation of cash and cash equivalents to the statement of net position - proprietary funds				
Cash and investments	\$ 4,881,119	\$ 2,616,144	\$ -	\$ 7,497,263
Restricted cash and investments	-	60,820	-	60,820
Cash and cash equivalents, end of year	<u>\$ 4,881,119</u>	<u>\$ 2,676,964</u>	<u>\$ -</u>	<u>\$ 7,558,083</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES				
Developer financed additions to Utility capital assets	<u>\$ 593,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,153</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, 2014**

	Tax Roll	Fire District	Total Agency Funds
ASSETS			
Cash and investments	\$ 24,933,610	\$ 302,196	\$ 25,235,806
Taxes receivable	13,349,754	-	13,349,754
Total assets	\$ 38,283,364	\$ 302,196	\$ 38,585,560
LIABILITIES			
Accounts payable	\$ -	\$ 47,934	\$ 47,934
Due to other governmental units	38,283,364	254,262	38,537,626
Total liabilities	\$ 38,283,364	\$ 302,196	\$ 38,585,560

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

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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, Wisconsin

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, 2014

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, 2014

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, 2014**

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, 2014

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 deferred inflows.

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, 2014

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, 2014**

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, 2014**

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, 2014, 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, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables (Continued)

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax deed - 2014 delinquent real estate taxes	October 2017

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, 2014**

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, 2014

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, 2014**

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, 2014 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 government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue. Gains or losses on prior debt refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year-end for both premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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, 2014**

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, 2014**

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			
Health and human services	441,116	467,424	26,308
Police special revenue and activity	3,000	8,161	5,161
Public land special revenue and activities	40,000	329,254	289,254
Library Fund	1,881,395	1,925,992	44,597

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, 2014**

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	\$ 4,582	\$ -	
Demand deposits			
Noninterest bearing	29,658,023	\$ 25,650,092	Custodial credit
Certificates of deposit	6,519,602	6,519,602	Custodial credit
Money market	<u>11,272,330</u>	<u>11,272,330</u>	Custodial credit
Total deposits	<u>47,449,955</u>	<u>43,442,024</u>	
Investments			
Madison Community Foundation	241,422	241,422	
Local Government Investment Pool (LGIP)	<u>6,424,268</u>	<u>6,424,268</u>	Credit, interest rate
Total investments	<u>6,665,690</u>	<u>6,665,690</u>	
 Total cash and investments	 <u>\$ 54,120,227</u>	 <u>\$ 50,107,714</u>	
 Reconciliation to the statement of net position:			
Unrestricted cash and investments	\$ 28,449,195		
Restricted cash and investments	60,820		
Fiduciary funds - Agency Fund	<u>25,235,806</u>		
	53,745,821		
 Cash and investments held for component unit:			
Unrestricted	<u>374,406</u>		
 Total cash and investments	 <u>\$ 54,120,227</u>		

The City's library had \$241,422 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, 2014**

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, 2014, \$36,312,589 of the City's total bank balances of \$43,442,024 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 \$6,424,268 invested in the local government investment pool, which had a weighted average maturity of 117 days. The City had \$6,519,602 invested in certificate of deposits with a weighted average maturity of 204 days.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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	\$ 16,125,230	\$ 8,692,301	\$ 340,360	\$ -	\$ -	\$ -	\$ 25,157,891
Accounts	509,267	177,890	-	290,319	422,993	471,895	1,872,364
Interest	1,303	-	-	-	1,956	9,712	12,971
Loans	-	896,710	-	-	-	-	896,710
Special assessments	24,340	1,198,892	-	-	-	2,041,995	3,265,227
Other governments	28,000	-	-	-	-	-	28,000
Total receivables	<u>16,688,140</u>	<u>10,965,793</u>	<u>340,360</u>	<u>290,319</u>	<u>424,949</u>	<u>2,523,602</u>	<u>31,233,163</u>
Less allowance for uncollectibles	-	-	-	-	-	-	-
Net total receivables	<u>\$ 16,688,140</u>	<u>\$ 10,965,793</u>	<u>\$ 340,360</u>	<u>\$ 290,319</u>	<u>\$ 424,949</u>	<u>\$ 2,523,602</u>	<u>\$ 31,233,163</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>\$ 2,095,602</u>	<u>\$ 2,041,995</u>	<u>\$ 4,137,597</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Deferred Inflows of Resources and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report deferred inflows of resources for the subsequent year's tax levy. Governmental funds report a liability in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Tax Levy</u>	<u>Total</u>
Property taxes	\$ -	25,245,437	25,245,437
Loan receivable	896,710	-	896,710
Special assessments not yet due	1,215,685	-	1,215,685
Other receivables	<u>48,228</u>	<u>-</u>	<u>48,228</u>
	<u>\$ 2,160,623</u>	<u>\$ 25,245,437</u>	<u>\$ 27,406,060</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, 2014, 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, 2014 was \$60,820.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2014 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	\$ 7,859,229	\$ -	\$ -	\$ 7,859,229
Right of way	18,751,280	-	-	18,751,280
Construction in progress	1,625,432	12,245,882	1,482,129	12,389,185
Total capital assets not being depreciated	<u>28,235,941</u>	<u>12,245,882</u>	<u>1,482,129</u>	<u>38,999,694</u>
Capital assets being depreciated				
Land improvements	8,033,312	92,703	195,508	7,930,507
Buildings	18,506,158	1,353,131	-	19,859,289
Machinery and equipment	5,524,472	232,977	-	5,757,449
Streets-infrastructure	21,020,473	330,940	-	21,351,413
Storm sewers-infrastructure	8,995,968	-	-	8,995,968
Traffic signals-infrastructure	1,331,766	-	-	1,331,766
Sidewalks-infrastructure	3,275,357	-	-	3,275,357
Bridges-infrastructure	3,278,231	-	-	3,278,231
Rail spur-infrastructure	482,163	-	-	482,163
Total capital assets being depreciated	<u>70,447,900</u>	<u>2,009,751</u>	<u>195,508</u>	<u>72,262,143</u>
Less: accumulated depreciation for				
Land improvements	2,798,335	359,628	-	3,157,963
Buildings	4,391,863	482,295	-	4,874,158
Machinery and equipment	3,395,443	544,131	-	3,939,574
Streets-infrastructure	3,867,838	318,678	-	4,186,516
Storm sewers-infrastructure	2,396,354	179,919	-	2,576,273
Traffic signals-infrastructure	664,541	53,271	-	717,812
Sidewalks-infrastructure	1,400,727	65,507	-	1,466,234
Bridges-infrastructure	442,555	43,710	-	486,265
Rail spur-infrastructure	135,103	16,072	-	151,175
Total accumulated depreciation	<u>19,492,759</u>	<u>2,063,211</u>	<u>-</u>	<u>21,555,970</u>
Capital assets being depreciated, net of depreciation	<u>50,955,141</u>	<u>(53,460)</u>	<u>195,508</u>	<u>50,706,173</u>
Total capital assets, net of depreciation	<u>\$ 79,191,082</u>	<u>\$ 12,192,422</u>	<u>\$ 1,677,637</u>	<u>\$ 89,705,867</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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	-	-	-	-
Total capital assets not being depreciated	<u>222,277</u>	<u>-</u>	<u>-</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	21,343,394	1,059,645	72,256	22,330,783
Administrative and general assets	673,809	37,696	-	711,505
Total capital assets being depreciated	<u>25,938,140</u>	<u>1,097,341</u>	<u>72,256</u>	<u>26,963,225</u>
Less: accumulated depreciation for				
Source of supply	366,841	25,790	-	392,631
Pumping	1,382,157	98,009	-	1,480,166
Treatment	342,570	672	-	343,242
Transmission and distribution	5,584,601	386,719	72,256	5,899,064
Administrative and general assets	580,739	46,708	-	627,447
Total accumulated depreciation	<u>8,256,908</u>	<u>557,898</u>	<u>72,256</u>	<u>8,742,550</u>
Capital assets being depreciated, net of depreciation	<u>17,681,232</u>	<u>539,443</u>	<u>-</u>	<u>18,220,675</u>
Total capital assets, net of depreciation	<u>\$ 17,903,509</u>	<u>\$ 539,443</u>	<u>\$ -</u>	<u>\$ 18,442,952</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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	13,405,522	-	-	13,405,522
Collection system pumping	1,327,171	21,627	-	1,348,798
Administrative and general assets	532,552	-	-	532,552
Total capital assets being depreciated	<u>15,265,245</u>	<u>21,627</u>	<u>-</u>	<u>15,286,872</u>
Less: accumulated depreciation	<u>4,408,322</u>	<u>292,355</u>	<u>-</u>	<u>4,700,677</u>
Capital assets being depreciated, net of depreciation	<u>10,856,923</u>	<u>(270,728)</u>	<u>-</u>	<u>10,586,195</u>
Total capital assets, net of depreciation	<u>\$ 10,923,753</u>	<u>\$ (270,728)</u>	<u>\$ -</u>	<u>\$ 10,653,025</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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>
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	23,255	-	7,315,236
Buildings	1,325,553	-	-	1,325,553
Equipment	629,162	23,531	-	652,693
Total capital assets being depreciated	<u>9,246,696</u>	<u>46,786</u>	<u>-</u>	<u>9,293,482</u>
Less: accumulated depreciation for				
Land improvements	332,831	19,900	-	352,731
Buildings	252,817	42,445	-	295,262
Equipment	461,514	53,706	-	515,220
Total accumulated depreciation	<u>1,047,162</u>	<u>116,051</u>	<u>-</u>	<u>1,163,213</u>
Capital assets being depreciated, net of depreciation	<u>8,199,534</u>	<u>(69,265)</u>	<u>-</u>	<u>8,130,269</u>
Total capital assets, net of depreciation	<u>\$ 10,415,534</u>	<u>\$ (69,265)</u>	<u>\$ -</u>	<u>\$ 10,346,269</u>
Total net capital assets- business-type activities	<u>\$ 39,242,796</u>	<u>\$ 199,451</u>	<u>\$ -</u>	<u>\$ 39,442,247</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 34,396
Public safety	512,415
Public works, which includes the depreciation of streets, storm sewers, traffic signals, sidewalks, bridges, and rail spur	867,482
Conservation and development	157,208
Leisure activities	<u>491,710</u>
Total governmental activities depreciation expense	<u><u>\$ 2,063,211</u></u>

Business-type activities

Water Utility	
Depreciation	\$ 557,898
Depreciation charged to Sewer Utility operation and maintenance expenses	<u>(40,294)</u>
	<u>517,604</u>
Sewer Utility	
Depreciation	292,355
Depreciation charged to Sewer Utility operation and maintenance expenses	<u>40,294</u>
	<u>332,649</u>
Pleasant View Golf Course	<u>116,051</u>
Total business-type activities depreciation expense	<u><u>\$ 1,298,953</u></u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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>
Water Utility	General Fund	\$ (24,769)
Sewer Utility	General Fund	(34,760)
Capital Projects Fund	Water Utility	<u>328,318</u>
Total fund financial statements		<u>\$ 268,789</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	Capital Projects fund	354,405
TIF District No. 3	Pleasant View Golf Course	<u>1,254,360</u>
Total fund financial statements		<u>\$ 4,203,545</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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>Pleasant View Golf Course</u>	<u>Nonmajor Special Revenue</u>	
General	\$ -	\$ 4,317,190	\$ 1,200,000	\$ 1,068,395	\$ 6,585,585
TIF District No. 3	-	2,096,508	-	-	2,096,508
Capital Projects Fund	-	139,735	-	-	139,735
Water Utility	449,917	-	-	-	449,917
Nonmajor Special Revenue Funds	4,000	140,000	-	-	144,000
Totals	<u>\$ 453,917</u>	<u>\$ 6,693,433</u>	<u>\$ 1,200,000</u>	<u>\$ 1,068,395</u>	<u>\$ 9,415,745</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, 2014**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2014 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	\$ 49,985,000	\$ 8,500,000	\$ 5,280,000	\$ 53,205,000	\$ 12,000,000
Debt premium and discount	325,208	93,554	36,942	381,820	-
Landfill post-closure liability	538,564	76,088	-	614,652	-
	<u>50,848,772</u>	<u>8,669,642</u>	<u>5,316,942</u>	<u>54,201,472</u>	<u>12,000,000</u>
Other liabilities:					
Vested compensated absences	3,681,247	1,207,600	977,905	3,910,942	977,905
Total other liabilities	<u>3,681,247</u>	<u>1,207,600</u>	<u>977,905</u>	<u>3,910,942</u>	<u>977,905</u>
Total governmental activities long-term liabilities	<u>\$ 54,530,019</u>	<u>\$ 9,877,242</u>	<u>\$ 6,294,847</u>	<u>\$ 58,112,414</u>	<u>\$ 12,977,905</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 5,405,000	\$ -	\$ 1,935,000	\$ 3,470,000	\$ 825,000
Debt premium	59,971	-	27,679	32,292	-
	<u>5,464,971</u>	<u>-</u>	<u>1,962,679</u>	<u>3,502,292</u>	<u>825,000</u>
Other liabilities:					
Vested compensated absences	365,189	122,811	83,094	404,906	83,094
Total business-type activities long-term liabilities	<u>\$ 5,830,160</u>	<u>\$ 122,811</u>	<u>\$ 2,045,773</u>	<u>\$ 3,907,198</u>	<u>\$ 908,094</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, 2014, was \$141,867,215. Total general obligation debt outstanding at year end was \$56,675,000. The City was in compliance with the legal debt limitation as of December 31, 2014.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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 12/31/14
Governmental Activities					
General Obligation Debt					
2008 General obligation refunding bonds	06/02/08	12/01/27	3.00%-4.00%	\$ 6,530,000	\$ 5,560,000
2008 General obligation promissory notes	06/09/08	12/01/17	3.50%-4.00%	2,000,000	1,100,000
2008 General obligation promissory notes	12/30/08	12/01/17	3.00%-4.25%	2,750,000	1,500,000
2010 General obligation refunding bonds	04/15/10	09/01/29	1.45%-8.5%	10,110,000	8,820,000
2010 General obligation promissory notes	04/15/10	09/01/17	1.20%-3.80%	2,010,000	960,000
2010 Taxable general obligation refunding bonds	11/23/10	09/01/20	.85%-3.75%	6,580,000	4,775,000
2010 General obligation refunding bonds	11/23/10	09/01/20	2.00%-4.00%	4,625,000	3,495,000
2011 General obligation promissory notes	05/09/11	09/01/19	2.00%-3.00%	2,500,000	2,350,000
2012 Taxable general obligation promissory notes	05/12/12	03/01/19	.46%-1.85%	2,540,000	1,840,000
2012 General obligation promissory notes	05/12/12	09/01/20	2.00%-2.25%	2,015,000	1,540,000
2012 General obligation promissory notes	12/28/12	09/01/21	1.00%-2.00%	4,500,000	3,910,000
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	3,745,000
2014 General obligation promissory notes	12/09/14	08/01/22	2.00%-3.00%	2,000,000	2,000,000
2014 General obligation note anticipation note	12/09/14	12/15/15	2.00%	6,500,000	<u>6,500,000</u>
Total governmental activities-general obligation debt					<u>\$ 53,205,000</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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 12/31/14</u>
Business-type Activities					
General Obligation Debt					
2008 General obligation refunding bonds	12/30/08	09/01/21	3.505%-4.45%	\$ 1,700,000	\$ 1,700,000
2012 General obligation refunding bonds	02/27/12	03/01/16	2.00%	3,100,000	<u>1,770,000</u>
Total business-type activities - general obligation debt					<u>\$ 3,470,000</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>	
2015	\$ 12,000,000	\$ 1,630,839	\$ 825,000	\$ 100,400	\$ 14,556,239
2016	5,420,000	1,379,039	945,000	82,700	7,826,739
2017	5,635,000	1,225,602	300,000	66,875	7,227,477
2018	5,145,000	1,059,104	300,000	54,125	6,558,229
2019	4,980,000	915,454	400,000	39,250	6,334,704
2020-2024	12,410,000	2,800,843	700,000	28,725	15,939,568
2025-2029	6,470,000	1,092,956	-	-	7,562,956
2030-2032	1,145,000	86,470	-	-	1,231,470
Totals	<u>\$ 53,205,000</u>	<u>\$10,190,307</u>	<u>\$3,470,000</u>	<u>\$ 372,075</u>	<u>\$ 67,237,382</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, 2014**

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, 2014 include the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 89,705,867
Less: related long-term debt (excluding unspent capital related debt proceeds)	<u>(49,514,888)</u>
Total invested in capital assets, net of related debt	<u>40,190,979</u>
 Restricted	
Community development	8,184,549
Library	327,394
Impact fees	823,193
Tourism	1,296,451
Public safety	28,756
Senior center	162,111
	<u>10,822,454</u>
 Unrestricted	<u>4,427,136</u>
 Total governmental activities net position	<u><u>\$ 55,440,569</u></u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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, 2014 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	\$ 7,322	\$ -	\$ -	\$ -	\$ -	\$ 7,322
Advances to other funds	2,594,780	-	-	-	-	2,594,780
Noncurrent receivables	29,366	-	-	-	-	29,366
	<u>2,631,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,631,468</u>
Restricted						
Debt service	-	129,776	-	-	-	129,776
Community development	-	-	4,670,832	-	1,418,115	6,088,947
Library	-	-	-	-	327,394	327,394
Capital improvements	-	-	-	4,071,932	-	4,071,932
Impact fees	-	-	-	-	823,193	823,193
Tourism	-	-	-	-	1,296,451	1,296,451
Public safety	-	-	-	-	28,756	28,756
Senior center	-	-	-	-	162,111	162,111
	<u>-</u>	<u>129,776</u>	<u>4,670,832</u>	<u>4,071,932</u>	<u>4,056,020</u>	<u>12,928,560</u>
Committed						
Library	-	-	-	-	37,485	37,485
Airport	-	-	-	-	95,512	95,512
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,997</u>	<u>132,997</u>
Assigned						
Post employment benefits	1,123,373	-	-	-	-	1,123,373
Public safety						
Reserve for fire	492,661	-	-	-	-	492,661
Reserve for EMS	240,000	-	-	-	-	240,000
Debt service	-	-	-	-	-	-
	<u>1,856,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,856,034</u>
Unassigned						
	<u>4,590,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,590,217</u>
Total fund balances	<u>\$ 9,077,719</u>	<u>\$ 129,776</u>	<u>\$ 4,670,832</u>	<u>\$ 4,071,932</u>	<u>\$ 4,189,017</u>	<u>\$ 22,139,276</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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, 2014 include the following:

	<u>Water</u>	<u>Sewer</u>	<u>Pleasant View Golf Course</u>	<u>Totals</u>
Capital assets	\$ 27,185,502	\$ 15,353,702	\$ 11,509,482	\$ 54,048,686
Accumulated depreciation	<u>(8,742,550)</u>	<u>(4,700,677)</u>	<u>(1,163,213)</u>	<u>(14,606,440)</u>
Subtotals	18,442,952	10,653,025	10,346,269	39,442,246
Less capital related long-term debt	<u>-</u>	<u>-</u>	<u>3,502,292</u>	<u>3,502,292</u>
Net investment in capital assets	18,442,952	10,653,025	6,843,977	35,939,954
Restricted for equipment replacement	-	60,820	-	60,820
Unrestricted (deficit)	<u>5,112,991</u>	<u>4,741,487</u>	<u>(4,089,627)</u>	<u>5,764,851</u>
 Total business-type activities net position	 <u>\$ 23,555,943</u>	 <u>\$ 15,455,332</u>	 <u>\$ 2,754,350</u>	 <u>\$ 41,765,625</u>

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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	<u>(793,403)</u>	<u>(62,493)</u>	<u>-</u>	<u>(855,896)</u>	-
Totals	<u>\$ 2,235,289</u>	<u>\$ (62,493)</u>	<u>\$ -</u>	<u>\$ 2,172,796</u>	

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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 2014 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, 2014 was \$9,162,017; the employer's total payroll was \$9,756,621. The total required contribution for the year ended December 31, 2014 was \$1,394,694 or 15.22% of covered payroll. Of this amount, \$753,137 was contributed by the employer for the current year and \$641,557 was contributed by the employees for the current year. Total contributions for the years ending December 31, 2013 and 2012 were \$1,386,896 and \$1,181,687, respectively, equal to the required contributions for each year.

**CITY OF MIDDLETON, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

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, 2014**

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 2014, total expenditures for retirees' medical premiums during the year were \$162,924. 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 2014, but rather estimated the implicit rate subsidy liability using an alternative method. The City intends to obtain an actuarial valuation in 2015.

The City's estimated net unfunded actuarial accrued liability (UAAL) at December 31, 2014 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, 2014**

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 2014, these costs amount to approximately \$1.8 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 2014 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 2014 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, 2014 is a deficit of \$1,097,592. 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 \$614,652 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 \$49,330 to the District in 2014. 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, 2014**

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 \$782,044 to the District in 2014 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 15,498,843	\$ 15,498,843	\$ 15,652,647	\$ 153,804
Intergovernmental	1,845,156	1,845,156	1,993,974	148,818
Licenses and permits	540,000	540,000	769,679	229,679
Fines, forfeitures, and penalties	310,000	310,000	266,264	(43,736)
Public charges for services	1,325,500	1,325,500	1,373,312	47,812
Interdepartmental charges for services	1,933,130	1,933,130	1,933,130	-
Special assessments	90,000	90,000	26,414	(63,586)
Investment income	48,500	48,500	61,564	13,064
Miscellaneous	143,124	143,124	156,526	13,402
Total revenues	<u>21,734,253</u>	<u>21,734,253</u>	<u>22,233,510</u>	<u>499,257</u>
EXPENDITURES				
Current				
General government	2,766,796	2,766,796	2,628,619	138,177
Public safety	8,118,299	8,118,299	8,013,108	105,191
Public works	3,436,987	3,436,987	3,421,300	15,687
Health and human services	441,116	441,116	467,424	(26,308)
Leisure activities	1,370,613	1,370,613	1,353,485	17,128
Conservation and development	614,857	614,857	586,088	28,769
Total expenditures	<u>16,748,668</u>	<u>16,748,668</u>	<u>16,470,024</u>	<u>278,644</u>
Excess of revenues over expenditures	<u>4,985,585</u>	<u>4,985,585</u>	<u>5,763,486</u>	<u>777,901</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	306	306
Transfers in	400,000	400,000	453,917	53,917
Transfers out	<u>(5,385,585)</u>	<u>(6,585,585)</u>	<u>(6,585,585)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,985,585)</u>	<u>(6,185,585)</u>	<u>(6,131,362)</u>	<u>54,223</u>
Net change in fund balance	-	(1,200,000)	(367,876)	832,124
FUND BALANCE - Beginning	<u>9,445,595</u>	<u>9,445,595</u>	<u>9,445,595</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 9,445,595</u>	<u>\$ 8,245,595</u>	<u>\$ 9,077,719</u>	<u>\$ 832,124</u>

CITY OF MIDDLETON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2014

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			
Health and human services	441,116	467,424	26,308
Police special revenue and activity	3,000	8,161	5,161
Public land special revenue and activities	40,000	329,254	289,254
Library Fund	1,881,395	1,925,992	44,597

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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
TAXES				
General property tax	\$ 15,046,560	\$ 15,046,560	\$ 15,054,539	\$ 7,979
Fees in lieu of taxes	44,100	44,100	44,100	-
Business taxes	-	-	2,358	2,358
Room tax	407,183	407,183	544,566	137,383
Interest and penalties on taxes	1,000	1,000	7,084	6,084
Total taxes	<u>15,498,843</u>	<u>15,498,843</u>	<u>15,652,647</u>	<u>153,804</u>
INTERGOVERNMENTAL				
Shared taxes from state	435,086	435,086	417,863	(17,223)
State aid - road allotment	943,444	943,444	943,502	58
State aid - exempt computer aid	185,000	185,000	339,169	154,169
State aid - fire insurance dues	89,000	89,000	103,343	14,343
State aid - law enforcement	75,000	75,000	79,138	4,138
Federal and state aid - other	55,250	55,250	59,575	4,325
County aid - signals	9,500	9,500	-	(9,500)
County aid - senior citizens	44,176	44,176	44,176	-
County aid - youth center	8,700	8,700	7,208	(1,492)
Total intergovernmental	<u>1,845,156</u>	<u>1,845,156</u>	<u>1,993,974</u>	<u>148,818</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	33,000	33,000	36,758	3,758
Operators' licenses	10,000	10,000	15,711	5,711
Contractors' licenses	500	500	-	(500)
Alarm licenses	9,000	9,000	10,973	1,973
Cigarette licenses	500	500	600	100
Bicycle licenses	-	-	-	-
Dog and cat licenses	5,000	5,000	4,344	(656)
Cable TV franchise license	200,000	200,000	223,308	23,308
Other miscellaneous licenses	2,500	2,500	2,350	(150)
Building permits	160,000	160,000	251,551	91,551
Electrical permits	35,000	35,000	59,564	24,564
Plumbing permits	35,000	35,000	63,531	28,531
Erosion control permits	15,000	15,000	30,077	15,077
Other public land fees	-	-	800	800
Zoning permits	14,500	14,500	24,625	10,125
Park reservation permits	20,000	20,000	45,487	25,487
Total licenses and permits	<u>540,000</u>	<u>540,000</u>	<u>769,679</u>	<u>229,679</u>
FINES, FORFEITURES, AND PENALTIES				
Court penalties	190,000	190,000	146,208	(43,792)
Parking violations	45,000	45,000	44,467	(533)
Court costs	75,000	75,000	75,589	589
Total fines, forfeitures, and penalties	<u>310,000</u>	<u>310,000</u>	<u>266,264</u>	<u>(43,736)</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PUBLIC CHARGES FOR SERVICES				
Clerk fees	\$ 8,000	\$ 8,000	\$ 17,298	\$ 9,298
Vehicle registration fees	1,000	1,000	1,168	168
Police special services	-	-	379	379
Police department fees	10,000	10,000	8,630	(1,370)
Ambulance services	726,000	726,000	787,363	61,363
EMS fixed cost abatement	197,000	197,000	196,261	(739)
Plan commission charges	15,000	15,000	20,930	5,930
Senior citizens	15,500	15,500	28,414	12,914
Swimming pool	199,000	199,000	179,818	(19,182)
Summer recreation	99,000	99,000	82,084	(16,916)
Fall-Winter-Spring recreation	38,000	38,000	14,748	(23,252)
Hubbard Art Center Program	15,000	15,000	24,854	9,854
Public works charges	1,000	1,000	-	(1,000)
Other recreation	1,000	1,000	11,365	10,365
Total public charges for services	<u>1,325,500</u>	<u>1,325,500</u>	<u>1,373,312</u>	<u>47,812</u>
INTERDEPARTMENTAL CHARGES FOR SERVICES				
Administration reimbursements - Utilities	135,000	135,000	135,000	-
Administration reimbursements - Airport	14,000	14,000	14,000	-
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>1,933,130</u>	<u>1,933,130</u>	<u>1,933,130</u>	<u>-</u>
SPECIAL ASSESSMENTS				
Curb, gutter, and sidewalks	90,000	90,000	26,039	(63,961)
Interest on special assessments	-	-	375	375
Total special assessments	<u>90,000</u>	<u>90,000</u>	<u>26,414</u>	<u>(63,586)</u>
INVESTMENT INCOME				
	<u>48,500</u>	<u>48,500</u>	<u>61,564</u>	<u>13,064</u>
COMMERCIAL REVENUES				
Rent of City buildings and offices	48,000	48,000	23,210	(24,790)
Donations	15,000	15,000	17,747	2,747
Sale of materials	2,000	2,000	10,686	8,686
Miscellaneous	45,000	45,000	71,304	26,304
Annual environmental impact fee	32,624	32,624	32,624	-
Interlocking ignition device	500	500	955	455
Total commercial revenues	<u>143,124</u>	<u>143,124</u>	<u>156,526</u>	<u>13,402</u>
OTHER FINANCING SOURCES				
Sale of City property	-	-	306	306
Transfer in - Water Utility	400,000	400,000	449,917	49,917
Transfer in - Nonmajor Funds	-	-	4,000	4,000
Total other financing sources	<u>400,000</u>	<u>400,000</u>	<u>454,223</u>	<u>54,223</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES				
	<u>\$ 22,134,253</u>	<u>\$ 22,134,253</u>	<u>\$ 22,687,733</u>	<u>\$ 553,480</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
GENERAL GOVERNMENT				
Council	\$ 66,873	\$ 66,873	\$ 66,367	\$ 506
Police commission	4,848	4,848	6,530	(1,682)
Landmarks commission	350	350	138	212
Middleton youth commission	40,700	40,700	41,245	(545)
Art committee	3,000	3,000	3,127	(127)
Sustainability committee	7,000	7,000	5,100	1,900
Municipal court	109,049	109,049	99,227	9,822
General administration	767,123	767,123	914,344	(147,221)
Information technology	653,660	653,660	650,138	3,522
Elections	62,800	62,800	34,266	28,534
Board of review	300	300	-	300
Independent auditing	48,000	48,000	45,020	2,980
Legal counseling	210,000	210,000	191,688	18,312
Special legal counsel	5,000	5,000	26,870	(21,870)
Buildings and grounds	140,427	140,427	134,118	6,309
Illegal taxes and tax refunds	15,000	15,000	18,532	(3,532)
Property and liability insurance	414,966	414,966	320,670	94,296
Income continuation insurance	15,000	15,000	-	15,000
Contingency	100,000	100,000	-	100,000
Group life insurance	35,000	35,000	18,591	16,409
Bank fees	500	500	84	416
Miscellaneous	67,200	67,200	52,564	14,636
Total general government	<u>2,766,796</u>	<u>2,766,796</u>	<u>2,628,619</u>	<u>138,177</u>
PUBLIC SAFETY				
Police administration	729,470	729,470	831,100	(101,630)
Police patrol	3,738,201	3,738,201	3,574,830	163,371
Code compliance	80,026	80,026	87,033	(7,007)
Training	-	-	-	-
School patrol	14,766	14,766	14,061	705
Fire suppression	782,044	782,044	782,044	-
Public fire protection	460,000	460,000	437,391	22,609
EMS	1,479,297	1,479,297	1,451,788	27,509
Building inspector	122,586	122,586	119,249	3,337
Electrical inspector	101,309	101,309	98,825	2,484
Plumbing inspection	70,678	70,678	70,509	169
Emergency preparedness	43,109	43,109	38,197	4,912
Sealer of weights and measures	4,400	4,400	4,400	-
Erosion control enforcement	16,000	16,000	20,951	(4,951)
Communications	476,413	476,413	482,730	(6,317)
Total public safety	<u>8,118,299</u>	<u>8,118,299</u>	<u>8,013,108</u>	<u>105,191</u>

CITY OF MIDDLETON, WISCONSIN
DETAILED SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PUBLIC WORKS				
Machinery	\$ 333,934	\$ 333,934	\$ 355,793	\$ (21,859)
Garage	44,000	44,000	57,777	(13,777)
Public works salaries and fringes	621,266	621,266	654,829	(33,563)
Protective equipment	3,000	3,000	2,839	161
Engineering	712,301	712,301	713,796	(1,495)
Street maintenance	44,175	44,175	52,939	(8,764)
Street cleaning	9,900	9,900	7,438	2,462
Snow and ice control	73,950	73,950	112,266	(38,316)
Traffic signals	20,000	20,000	4,263	15,737
Traffic signs and markings	30,244	30,244	25,509	4,735
Street lighting	118,000	118,000	111,722	6,278
Tree and brush	2,000	2,000	1,515	485
Storm sewers	10,000	10,000	16,707	(6,707)
Mass transit	391,517	391,517	383,499	8,018
Garbage collection	560,000	560,000	540,039	19,961
Sanitary landfill	55,000	55,000	49,330	5,670
Recycling	257,700	257,700	251,127	6,573
Sidewalk maintenance	150,000	150,000	79,912	70,088
Total public works	<u>3,436,987</u>	<u>3,436,987</u>	<u>3,421,300</u>	<u>15,687</u>
HEALTH AND HUMAN SERVICES				
Aging	441,116	441,116	467,424	(26,308)
LEISURE ACTIVITIES				
Cable television	8,000	8,000	4,165	3,835
Hubbard arts center	18,765	18,765	30,443	(11,678)
Recreation programs and events	29,224	29,224	31,983	(2,759)
Recreation administration	144,888	144,888	143,628	1,260
Swimming pool	280,979	280,979	267,128	13,851
Summer recreation	64,093	64,093	80,542	(16,449)
Parks	824,664	824,664	795,596	29,068
Total leisure activities	<u>1,370,613</u>	<u>1,370,613</u>	<u>1,353,485</u>	<u>17,128</u>
CONSERVATION AND DEVELOPMENT				
Water resources	30,459	30,459	20,378	10,081
Conservancy land commission	123,968	123,968	134,791	(10,823)
Planning commission	324,947	324,947	319,962	4,985
Other	-	-	9,755	(9,755)
Forestry	135,483	135,483	101,202	34,281
Total conservation and development	<u>614,857</u>	<u>614,857</u>	<u>586,088</u>	<u>28,769</u>
OTHER FINANCING USES				
Transfers out - Nonmajor Funds - Other	-	1,200,000	1,200,000	-
Transfers out - Library Fund	1,068,395	1,068,395	1,068,395	-
Transfers out - Debt Service Fund	4,317,190	4,317,190	4,317,190	-
Total other financing uses	<u>5,385,585</u>	<u>6,585,585</u>	<u>6,585,585</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ 22,134,253</u>	<u>\$ 23,334,253</u>	<u>\$ 23,055,609</u>	<u>\$ 278,644</u>

CITY OF MIDDLETON, WISCONSIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	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	\$ 2,263,258	\$ 37,928	\$ 40,989	\$ 264,424	\$ 29,377	\$ 105,630	\$ 448,514	\$ 182,175	\$ 1,230,899	\$ 29,556	\$ 63,720	\$ 320,835	\$ 163,493	\$ 5,180,798
Accounts receivable	-	-	-	-	-	-	-	-	290,319	-	-	-	-	290,319
TOTAL ASSETS	<u>\$ 2,263,258</u>	<u>\$ 37,928</u>	<u>\$ 40,989</u>	<u>\$ 264,424</u>	<u>\$ 29,377</u>	<u>\$ 105,630</u>	<u>\$ 448,514</u>	<u>\$ 182,175</u>	<u>\$ 1,521,218</u>	<u>\$ 29,556</u>	<u>\$ 63,720</u>	<u>\$ 320,835</u>	<u>\$ 163,493</u>	<u>\$ 5,471,117</u>
LIABILITIES AND FUND BALANCES														
LIABILITIES														
Accounts payable	\$ 122,504	\$ 443	\$ -	\$ -	\$ 7,396	\$ 10,118	\$ -	\$ -	\$ 224,767	\$ 800	\$ -	\$ 9,876	\$ 1,382	\$ 377,286
Deposits	904,814	-	-	-	-	-	-	-	-	-	-	-	-	904,814
Total liabilities	<u>1,027,318</u>	<u>443</u>	<u>-</u>	<u>-</u>	<u>7,396</u>	<u>10,118</u>	<u>-</u>	<u>-</u>	<u>224,767</u>	<u>800</u>	<u>-</u>	<u>9,876</u>	<u>1,382</u>	<u>1,282,100</u>
FUND BALANCES														
Restricted	1,235,940	-	40,989	264,424	21,981	-	448,514	182,175	1,296,451	28,756	63,720	310,959	162,111	4,056,020
Committed	-	37,485	-	-	-	95,512	-	-	-	-	-	-	-	132,997
Total fund balances	<u>1,235,940</u>	<u>37,485</u>	<u>40,989</u>	<u>264,424</u>	<u>21,981</u>	<u>95,512</u>	<u>448,514</u>	<u>182,175</u>	<u>1,296,451</u>	<u>28,756</u>	<u>63,720</u>	<u>310,959</u>	<u>162,111</u>	<u>4,189,017</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,263,258</u>	<u>\$ 37,928</u>	<u>\$ 40,989</u>	<u>\$ 264,424</u>	<u>\$ 29,377</u>	<u>\$ 105,630</u>	<u>\$ 448,514</u>	<u>\$ 182,175</u>	<u>\$ 1,521,218</u>	<u>\$ 29,556</u>	<u>\$ 63,720</u>	<u>\$ 320,835</u>	<u>\$ 163,493</u>	<u>\$ 5,471,117</u>

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,270,653	\$ -	\$ -	\$ -	\$ -	\$ 1,270,653
Intergovernmental	-	-	-	-	783,629	-	-	-	-	-	27,127	-	15,758	826,514
Licenses and permits	333,704	-	-	-	-	-	195,830	-	-	-	-	-	-	529,534
Public charges for services	-	18,721	4,787	-	13,512	124,276	-	-	-	-	-	264,674	-	425,970
Contributions	-	-	-	28,837	-	-	-	-	-	1,661	-	37,467	11,799	79,764
Investment income	-	-	-	9,958	-	-	-	356	-	-	-	-	-	10,314
Miscellaneous	-	-	-	-	16,984	-	-	1,339	1,736	1,276	-	700	-	22,035
Total revenues	<u>333,704</u>	<u>18,721</u>	<u>4,787</u>	<u>38,795</u>	<u>814,125</u>	<u>124,276</u>	<u>195,830</u>	<u>1,695</u>	<u>1,272,389</u>	<u>2,937</u>	<u>27,127</u>	<u>302,841</u>	<u>27,557</u>	<u>3,164,784</u>
EXPENDITURES														
Current:														
Public safety	-	-	-	-	-	-	-	-	-	1,661	-	-	-	1,661
Leisure activities	-	19,490	4,853	24,116	1,925,992	-	-	-	1,171,067	-	-	329,254	27,643	3,502,415
Conservation and development	28,952	-	-	-	-	135,793	-	1,620	-	-	-	-	-	166,365
Capital outlay	-	-	-	-	-	-	-	-	-	6,500	-	-	-	6,500
Total expenditures	<u>28,952</u>	<u>19,490</u>	<u>4,853</u>	<u>24,116</u>	<u>1,925,992</u>	<u>135,793</u>	<u>-</u>	<u>1,620</u>	<u>1,171,067</u>	<u>8,161</u>	<u>-</u>	<u>329,254</u>	<u>27,643</u>	<u>3,676,941</u>
Excess of revenues over (under) expenditures	304,752	(769)	(66)	14,679	(1,111,867)	(11,517)	195,830	75	101,322	(5,224)	27,127	(26,413)	(86)	(512,157)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	-	1,068,395	-	-	-	-	-	-	-	-	1,068,395
Transfers out	-	-	-	-	-	-	-	(94,000)	-	-	(50,000)	-	-	(144,000)
Net change in fund balances	304,752	(769)	(66)	14,679	(43,472)	(11,517)	195,830	(93,925)	101,322	(5,224)	(22,873)	(26,413)	(86)	412,238
FUND BALANCES - BEGINNING OF YEAR	<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>
FUND BALANCES - END OF YEAR	<u>\$ 1,235,940</u>	<u>\$ 37,485</u>	<u>\$ 40,989</u>	<u>\$ 264,424</u>	<u>\$ 21,981</u>	<u>\$ 95,512</u>	<u>\$ 448,514</u>	<u>\$ 182,175</u>	<u>\$ 1,296,451</u>	<u>\$ 28,756</u>	<u>\$ 63,720</u>	<u>\$ 310,959</u>	<u>\$ 162,111</u>	<u>\$ 4,189,017</u>

**CITY OF MIDDLETON, WISCONSIN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
December 31, 2014**

	<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	\$ 672,438	\$ 3,718,803	\$ 651,689	\$ 430,453	\$ 5,473,383
Taxes receivable	340,360	-	-	-	340,360
Receivables	-	-	-	-	-
Due from other funds	-	328,318	-	-	328,318
Total assets	<u>\$ 1,012,798</u>	<u>\$ 4,047,121</u>	<u>\$ 651,689</u>	<u>\$ 430,453</u>	<u>\$ 6,142,061</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 100,559	\$ 1,045,959	\$ 16,594	\$ 3,217	\$ 1,166,329
Advances from other funds	<u>354,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,405</u>
Total liabilities	<u>454,964</u>	<u>1,045,959</u>	<u>16,594</u>	<u>3,217</u>	<u>1,520,734</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent year tax levy	<u>549,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,395</u>
FUND BALANCES					
Restricted	<u>8,439</u>	<u>3,001,162</u>	<u>635,095</u>	<u>427,236</u>	<u>4,071,932</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,012,798</u>	<u>\$ 4,047,121</u>	<u>\$ 651,689</u>	<u>\$ 430,453</u>	<u>\$ 6,142,061</u>

CITY OF MIDDLETON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2014

	<u>TIF District No. 5</u>	<u>Public Works Capital Construction</u>	<u>Public Lands Capital Construction</u>	<u>General Capital Projects</u>	<u>Intrafund Eliminations</u>	<u>Total</u>
REVENUES						
Intergovernmental	\$ 30,602	\$ 60,000	\$ 11,203	\$ -	\$ -	\$ 101,805
Investment and interest income	-	372	26	19	-	417
Total revenues	<u>30,602</u>	<u>60,372</u>	<u>11,229</u>	<u>19</u>	<u>-</u>	<u>102,222</u>
EXPENDITURES						
Current:						
General government	86,990	-	-	-	-	86,990
Capital outlay	<u>356,640</u>	<u>8,655,848</u>	<u>349,170</u>	<u>429,026</u>	<u>-</u>	<u>9,790,684</u>
Total expenditures	<u>443,630</u>	<u>8,655,848</u>	<u>349,170</u>	<u>429,026</u>	<u>-</u>	<u>9,877,674</u>
Excess of revenues over (under) expenditures	(413,028)	(8,595,476)	(337,941)	(429,007)	-	(9,775,452)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	7,807,000	398,765	294,235	-	8,500,000
Transfers in	0	-	52,016	5,084	(57,100)	-
Transfers out	<u>(139,735)</u>	<u>(57,100)</u>	<u>-</u>	<u>-</u>	<u>57,100</u>	<u>(139,735)</u>
Net change in fund balances	(552,763)	(845,576)	112,840	(129,688)	-	(1,415,187)
FUND BALANCES - BEGINNING OF YEAR	<u>561,202</u>	<u>3,846,738</u>	<u>522,255</u>	<u>556,924</u>	<u>-</u>	<u>5,487,119</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,439</u>	<u>\$ 3,001,162</u>	<u>\$ 635,095</u>	<u>\$ 427,236</u>	<u>\$ -</u>	<u>\$ 4,071,932</u>