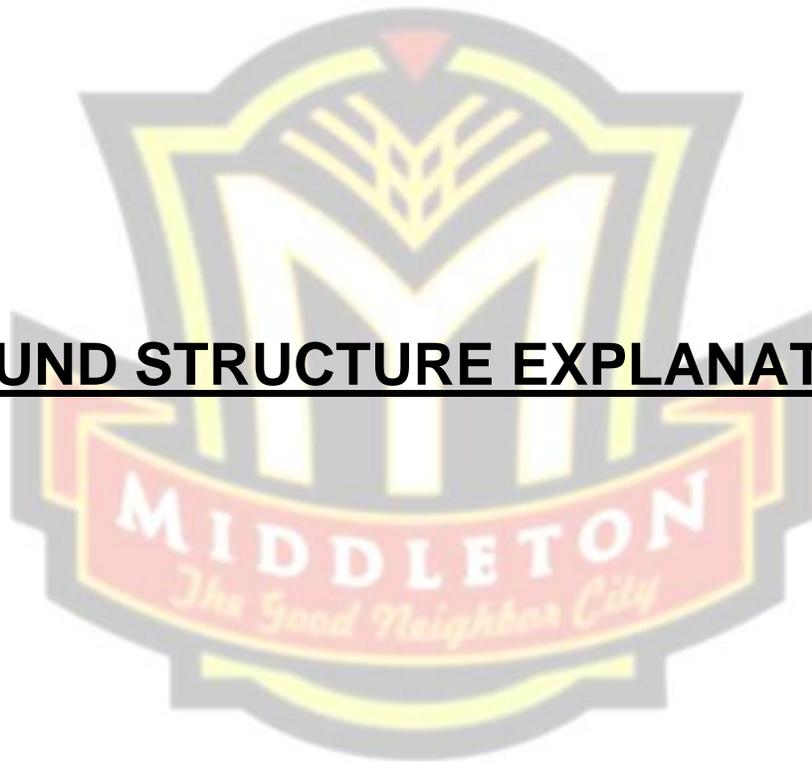




FUND STRUCTURE EXPLANATION





Fund Structure

The City of Middleton funds are divided into two types; 1) Governmental Fund Types and 2) Proprietary Fund Types.

Governmental Funds

Most City functions are accounted for in the governmental fund group. The City has four types of governmental funds; the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

- **General Fund, 100** - The General Fund accounts for all financial activities funded by non-specially designated and defined revenues, such as property and room taxes, permits and fees, non-designated intergovernmental revenue, parking fees and fines and forfeitures. The General Fund accounts for expenses such as general government, public safety including police and emergency medical services, public works, parks, recreation and conservancy.
- **Special Revenue Funds** This group of funds accounts for revenues and related disbursement activities having specific purposes, regulations and designations. The funds in this group include:
 - **Tourism Fund 201** - Primarily financed by room tax collections. 70% of room taxes are credited to Fund 201 with the remaining 30% credited to the General Fund.
 - **Community Development Authority Fund 203** – The Community Development Authority (CDA) is a component unit of the City of Middleton. The CDA is a legally separate organization from the rest of the government.
 - **Library Trust Fund 204** – Gifts and other library restricted donations are accounted for in this fund. In addition a library endowment and related transactions are recorded in Fund 204. Uses of Fund 204 proceeds are governed by the Library Board.
 - **Airport Fund 205** – The City of Middleton owns an airport located in the northwest section of the City. The operations of the Airport are performed by a private operator under the terms of a lease arrangement with the City. Revenues in Fund 205 include land lease rent, fuel fees, hangar fees and building lease.
 - **Subdividers Fund 206** – Revenues and resulting expenses emanating from agreements between the City and developers are accounted for in this fund. Examples include street light deposits, engineering fees, street and traffic sign deposits, materials and compacting testing and development monitoring activities.
 - **OPEB (Other Post-Employment Benefits) Fund 207** - Upon retirement an employee's sick leave balance is converted to a monetary equivalent and accounted for in OPEB Special Revenue Fund 207. The retired employee may then use their retired balance to offset health related costs, such as health insurance premiums, until the balance is depleted.
 - **Police Special Revenue and Activities Fund 208** – Revenues and related expenses from specially designated sources are accounted for in this fund. For example, Police grants, such as Shop with a Cop, Drug Training, Bullet Proof Vests are recorded in Fund 208.
 - **EMS (Emergency Medical Service) Special Revenue and Activities Fund 209** – Revenues and related expenses from specially designated sources restricted to EMS activities are recorded in this fund. One example is a patient tracking scanner grant.
 - **Public Lands Special Revenue and Activities Fund 210** - Revenues and related expenses from specially designated sources restricted to Public Lands activities are recorded in this fund. Examples include arbor day donations, memorial bench and tree donations, community garden revenue and dog park donations.



Fund Structure (cont.)

- **Senior Center Special Revenue and Activities Fund 211** - Revenues and related expenses from specially designated sources restricted to Senior Center activities are recorded in this fund. Examples include Senior Center donations and the Dane County nutrition revenue.
- **Library Operations Fund 212** - Revenues and related expenses from specially designated sources restricted to Library Operations activities are recorded in this fund. Major sources include an annual transfer from the General Fund to Fund 212 as well as Dane County facility and operational reimbursements.
- **Debt Service Fund 300** – Financial transactions related to the City's general obligation bonds and notes are recorded in Fund 300. Specifically these include principal and interest payments as well as paying agent service fees.
- **Capital Project Funds**
 - **Tax Increment Financing (District) # 3 Fund 401** – Tax Increment District # 3 was initially established in 1993. The property tax increment resulting from development activities is recorded in Fund 401. Tax increment is defined as the amount of new taxes above the property taxes generated prior to development. The property taxes generated prior to development is referred to as the base property tax amount. Expenditures in Fund 401 generally include payments to developers as incentives for new development activity in the Tax Increment District or TID and other related disbursements. The Greenway Center area development, the Discovery Springs development and the Downtown rehabilitation are major projects occurring in this District.
 - **Public Works Capital Construction Fund 412** – The Department of Public Works is responsible for major capital construction in the City. This activity is segregated in Fund 412. Revenues have been from the annual sale of general obligation notes. Projects include road reconstruction and rejuvenation, sidewalk rehabilitation, traffic studies and other infrastructure activities. The proposed construction of a new Municipal Operation Center to replace the Public Works garage will be recorded in Fund 412.
 - **Public Lands Capital Construction and Acquisition Fund 414** – The Department of Public Lands is responsible for major capital park, conservancy, recreation and forestry activities. Specific projects include Pheasant Branch stream bank stabilization and boardwalk construction, Pheasant Branch Conservancy South Fork Trail construction, Graber Pond restoration, Wetland Mitigation sites, Lakeview Park improvements, emerald ash tree removal and replacement, aquatic center improvements and boat launch improvements. Revenues have been from the annual sale of general obligation notes.
 - **Other Capital Projects and Acquisition Fund 416** – This fund records capital financial transactions for other City departments. These include the Police Department vehicle replacements, the Emergency Medical Service defibrillator and monitor replacements, the Library radio frequency identification project, the Library self-checkout project and mike and pedestrian facility improvements. Revenues have been from the annual sale of general obligation notes.



Fund Structure (cont.)

- **Tax Increment Financing (District) # 5 Fund 501** – Tax Increment Financing District # 5 was created in 2009. Development activity is just beginning in this District. Similar to Fund 401, property tax increment resulting from development activities will be recorded in Fund 501. Tax increment is defined as the amount of new taxes above the property taxes generated prior to development. The property taxes generated prior to development is referred to as the base property tax amount. Expenditures in Fund 501 generally include payments to developers as incentives for new development activity in the Tax Increment District and other related disbursements.

Proprietary Funds

Proprietary Funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (enterprise funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds.

- **Enterprise Funds** – Enterprise funds are governmental accounting funds in which the services provided are financed and operated similar to those of a private business. User fees are established and revised to ensure that revenues are adequate to meet all necessary expenditures. Revenues in Enterprise Funds are restricted to the funds within which they reside.
 - **Water Fund 610** – The City operates a water utility with seven deep wells with a total delivering capacity of 5,840 gallons per minute. All financial activities related to the water utility are recorded in Fund 610. The rates charges to utility customers are regulated and approved by the Public Service Commission of Wisconsin.
 - **Sewer Fund 620** – The City contracts with the Madison Metropolitan Sewerage District, which was created in 1930. In 2012 the District served 340,000 Dane County customers in five cities, seven villages and 28 town/sanitary districts. The City bills Middleton customers and in turn pays the District for treatment costs. The City is responsible for transmission lines and related pump stations within the City limits.
 - **Golf Course Fund 650**- The City operates a 305 acre golf course, Pleasant View Golf Course overlooking the City, the City of Madison and Lake Mendota to the east. All revenues, such as greens fees, league and membership fees as well as related course expenses, such as food and beverage concessions and greens maintenance activities are recorded in Fund 650.

Trust and Agency Fund

The City of Middleton is the fiscal agent for the Middleton Fire District.

- **Fire District Fund 800** - The Middleton Fire District provides comprehensive fire related services to the City of Middleton, the Town of Middleton, the Town of Westport and the Town of Springfield. Each entity contributes a pro rata population based contribution to the District. Over 100 volunteers provide the primary staffing resources to the District along with six full-time, paid staff. All financial transactions for the District are recorded in Fund 800.