

# CITY OF MADISON

## Comprehensive Annual Financial Report



as of and for the Year  
Ended December 31, 2016

**CITY OF MADISON**  
Madison, Wisconsin

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

As of and for the Year Ended  
December 31, 2016

Prepared By:

FINANCE DEPARTMENT STAFF

# CITY OF MADISON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

### TABLE OF CONTENTS

---

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Transmittal Letter	A – E
Certificate of Achievement for Excellence in Financial Reporting	F
List of Principal Officers	G – H
Organizational Chart	I
<b>II. FINANCIAL SECTION</b>	
Independent Auditors' Report	i – iii
Required Supplementary Information	
Management's Discussion and Analysis	iv – xxx
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1 – 2
Statement of Activities	3 – 4
Fund Financial Statements	
Balance Sheet – Governmental Funds	5 – 6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8 – 9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Funds	11 – 14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	15 – 16
Statement of Cash Flows – Proprietary Funds	17 – 20

# CITY OF MADISON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

### TABLE OF CONTENTS (cont.)

---

	<u>Page</u>
<b>II. FINANCIAL SECTION</b> (cont.)	
Basic Financial Statements (cont.)	
Fund Financial Statements (cont.)	
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position – Investment Trust Fund	22
Combining Statement of Net Position – Component Units	23
Combining Statement of Activities – Component Units	24
Notes to Financial Statements	25 – 125
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP) – General Fund	126 – 127
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Library	128
Other Postemployment Benefits Plan – Schedule of Funding Progress	129
Schedule of Proportionate Share of the Net Pension Liability (Asset) (City)	130
Schedule of Employer Contributions (City)	130
Schedule of Proportionate Share of the Net Pension Liability (Asset) (CDA)	131
Schedule of Employer Contributions (CDA)	131
Notes to Required Supplementary Information	132
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	133 – 134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	135 – 136

# CITY OF MADISON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

### TABLE OF CONTENTS (cont.)

---

	<u>Page</u>
<b>II. FINANCIAL SECTION (cont.)</b>	
Supplementary Information (cont.)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – CDBG	137
Combining Statement of Net Position – Nonmajor Enterprise Funds	138
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	139
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	140 – 141
Combining Statement of Net Position – Internal Service Funds	142
Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit) – Internal Service Funds	143
Combining Statement of Cash Flows – Internal Service Funds	144 – 145
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	146
Combining Statement of Changes in Assets and Liabilities – Agency Funds	147
Combining Statement of Net Position – Nonmajor Component Units	148
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Component Units	149
Statement of Net Position and Governmental Component Unit Balance Sheet – Business Improvement District	150
Statement of Activities and Governmental Component Unit – Revenues, Expenditures and Changes in Fund Balance – Business Improvement District	151
Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Actual and Budget – Business Improvement District	152
Sewer Remediation Revenue Bond Covenant	153
Schedule of Balance Sheet – Capital Projects	154
Schedule of Revenues, Expenditures and Changes in Fund Balance – Capital Projects	155

# CITY OF MADISON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

### TABLE OF CONTENTS (cont.)

---

	<u>Page</u>
<b>III. STATISTICAL SECTION</b>	
Index to the Statistical Section	156
Financial Trends	
Net Position by Component	157 – 158
Changes in Net Position	159 – 162
Fund Balances, Governmental Funds	163
Changes in Fund Balances, Governmental Funds	164 – 165
Revenue Capacity	
Assessed Value and Actual Value of Taxable Property	166
Direct and Overlapping Property Tax Rates	167
Principal Property Tax Payers	168
Property Tax Levies and Collections	169
Debt Capacity	
Ratios of General Obligation Debt Outstanding	170
Ratios of Outstanding Debt by Type	171 – 172
Direct and Overlapping Governmental Activities Debt	173
Legal Debt Margin Information	174 – 175
Pledged Revenue Coverage –	
Sewer Utility and Landfill Remediation	176
Water Utility	177
Demographic and Economic Information	
Demographic and Economic Statistics	178
Principal Employers	179

# CITY OF MADISON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

### TABLE OF CONTENTS (cont.)

---

#### Operating Information

Full-Time Equivalent City Government Employees by Function/Program	180 – 183
Operating Indicators by Function/Program	184 – 187
Capital Asset Statistics by Function/Program	188 – 189





**Finance Department**  
City-County Building, Room 406  
210 Martin Luther King, Jr. Boulevard  
Madison, WI 53703-3345  
PH 608 266-4671  
FAX 608 267-8705  
<http://www.cityofmadison.com/finance/>

---

June 28, 2017

To the Citizens, Honorable Mayor, and Common Council of the City of Madison:

Finance Department staff is pleased to present the City of Madison's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016.

## **FORMAL TRANSMITTAL**

### ***Legal Requirements***

Wisconsin Statutes and the Wisconsin Administrative Code require cities with a population of 25,000 or greater within the state to prepare and publish financial statements fairly presenting financial position and operating results at the close of each fiscal year. The statements must conform to various requirements, including, most notably, generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Furthermore, an independent firm of licensed certified public accountants must annually audit the statements (see Independent Audit below). Pursuant to these requirements, the Comprehensive Annual Financial Report of the City of Madison for the fiscal year ended December 31, 2016 is hereby submitted.

### **Assumption of Responsibility**

Management and preparers of the CAFR take responsibility for complying with all reporting requirements. For all disclosures made, we are accountable for:

1. The accuracy of the data offered,
2. The fairness of the presentation, and
3. The inclusiveness of all requisite data.

We believe the data presented is, to the best of our abilities, complete and reliable in all material respects and has been stated in a way that fairly represents the City's financial position and results of operations. We have made all necessary disclosures in this report to allow the users to gain an understanding of the City's financial activities.

The information presented in this Comprehensive Annual Financial Report is divided into three main sections: introductory, financial, and statistical. The introductory section of the report includes this transmittal letter, and information regarding the organization of the City. The transmittal letter is designed to complement the Management Discussion & Analysis (MD&A) and should be read in conjunction with the financial statements. The financial section of the report includes the MD&A, the basic financial statements, note disclosures to the financial statements, and combining and individual fund financial statements. Lastly, the statistical section of the report includes various financial and demographic data that is presented on a multi-year basis.

### **Internal Controls**

In order to provide reasonable assurance to the above representations, management has established and maintained a structure of internal controls.

Specifically, these controls are designed to ensure that:

1. City assets are safeguarded from loss, theft or misuse, and
2. Adequate accounting data is accurately captured for preparation of financial statements in conformity with GAAP.

The system of internal controls has been designed to provide reasonable, but not absolute assurance that the financial statements will be free from material misstatement. The controls have been implemented in a cost effective manner, so as not to allow their costs to exceed their benefits. To the best knowledge and belief of management, the system of internal controls is functioning appropriately; the data presented is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and result of the City's operations.

### **Budgetary Controls**

The City of Madison maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Activities of the General Fund, Library, and Community Development Block Grant (CDBG) are included in the annual budget. Budget to actual comparison schedules are provided within the required supplementary informational tab in the Comprehensive Annual Financial Report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total agency expenditure level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations of the operating budget lapse at year end unless carried over. Carryover encumbrances are re-appropriated as part of the following year's budget through formal resolution.

### **Independent Audits**

As mentioned above, state law requires the City's financial records to be audited annually by independent, licensed certified public accountants. The City of Madison has retained Baker Tilly Virchow Krause, LLP to perform its annual audits. Baker Tilly Virchow Krause, LLP concluded, based upon its audit procedures, that the City's annual financial report for the fiscal year ended December 31, 2016 was fairly presented in accordance with GAAP. The auditor's opinion is included in the financial section of this report.

## **PROFILE OF GOVERNMENT**

### **Demographic Profile**

The City of Madison, with a population of 247,207, is the second largest city in Wisconsin. It is located approximately 150 miles northwest of Chicago and 75 miles west of Milwaukee. Besides being the state capital, Madison is also the county seat of Dane County. Incorporated in 1846, Madison has since grown to encompass just over 78 square miles of land. It is the home of the University of Wisconsin system's flagship campus, with an enrollment of over 43,000 students. Madison is often cited in national rankings as one of the country's best places to reside.

### **Form of Government**

The City operates under a Mayor-Council form of government. The Mayor is the chief executive officer of the City and has the general supervisory authority over all City officers and heads of departments in the performance of their representative duties. Also, the Mayor is authorized under Wisconsin Statutes and City Ordinances to appoint department heads and makes appointments to various boards, committees and commissions, subject to Council confirmation.

The Mayor is elected to a four-year term and the twenty members of the Common Council are elected to two-year terms. The Common Council President serves a one-year term and is elected by the other members of the Council (a list of principal officers begins on page G).

## **Financial Statements-Functions/Programs Classifications**

The City of Madison provides a full range of services typical to Municipal governments, including:

- General government – Assessor, Attorney, City Clerk, City Council, Civil Rights, Employee Assistance Program, Finance, Human Resources, Information Technology, Mayor, Municipal Court, and Treasurer,
- Culture and recreation – Golf Courses, Library, Monona Terrace Community and Convention Center, and Parks
- Planning and development – Building Inspection, Community Development, Economic Development, and Planning,
- Public safety –Fire, Police, and Public Health,
- Public works and transportation – City Engineering, Metro Transit, Parking, Streets, Traffic Engineering, and Utilities,

### **Component Units**

In addition to the primary government operations of the City, the basic financial statements include the Community Development Authority of the City of Madison, Business Improvement District, Olbrich Botanical Society and Olbrich Botanical Society Foundation, Madison Public Library Foundation, and Madison Park's Foundation as component units.

Readers should note that the Statistical Section focuses on the primary government, rather than the whole financial reporting entity. Therefore, component units are excluded from the Statistical Section, except on the schedule of Legal Debt Margin Information, as certain debt of component units is applicable to the City's legal debt margin.

### **Budget**

Wisconsin budget law requires the City of Madison to prepare an annual budget and to hold a public hearing. The budget document must list anticipated revenues from all sources and the proposed appropriations for each department. The budget is also required to show, for comparative purposes, the actual revenues and expenditures for the preceding year and the estimated revenues and expenditures for the current year based on at least six months of actual experience. Any outstanding indebtedness and anticipated surplus is shown as well.

State budget law does not identify the content of the budget beyond that described above. After preparing the budget, the Finance Department publishes a summary of the budget in the newspaper of record, a statement as to where a detailed budget is available for public inspection and a notice as to when and where a public hearing will be held. According to Wisconsin statutes, the notice must be published fifteen days prior to the public hearing, which is held at a meeting of the Common Council.

## **ECONOMIC CONDITION**

### **Local Economy**

Madison's economy is expected to remain stable and strong due to continued investment in its tax base and the presence of the University of Wisconsin and state capital. Beyond the public sector; software development, biomedical research and technology are becoming a significant portion of a diverse local economy. Locally assessed real estate increased by 10.2% between 2016 and 2017.

The City's unemployment rate of 2.0% continues to be below the state and national rates of 3.0%, and 4.1% respectively. Per capita and median income track well above the state average, despite the high student population, indicating the area's quality of available jobs.

## Long-Term Financial Planning

The City's sound financial operations are expected to continue. In conjunction with the City's most recent general obligation debt issuance, Moody's Investors Service once again affirmed the City's Aaa bond rating, the highest quality rating available.

In its rating letter, Moody's noted the City's large and diverse economy that benefits from significant institutional presence, sound financial operations with a history of healthy reserves, and a manageable debt and pension burden supported by rapid principal amortization.

The City's debt profile is expected to remain manageable with 96.7% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.7% of the value of the taxable property base.

## Relevant Financial Policies

The local share of the City's capital program is financed primarily with 10-year general obligation promissory notes, unlike many communities, which borrow over a greater repayment term. This policy helps reduce the interest costs to taxpayers and maintain the City's Aaa bond rating. It is also the practice of the City to maintain an unassigned General Fund Balance equal to 15% of the adopted General Fund operating budget to help ensure the availability of adequate resources to address potential future emergencies. To avoid the creation of future structural budget deficits, it is the policy of the City of Madison to not use one-time revenue sources to fund ongoing operating expenses.

## Major Initiatives

- |                                    |   |
|------------------------------------|---|
| General government                 | The City continues to replace its outdated software solutions for Municipal Court and the Assessor's Office.  |
| Public safety                      | Midtown Police Station design has been completed and construction is expected to begin in August of 2017.   |
| Public works<br>and transportation | <p>Madison Metro Transit has contracted for an engineering design study for a potential satellite bus facility located at the Nakoosa Trail site. The design is for a fifty-six bus garage, which would house thirty-six sixty-foot articulated buses and twenty forty-foot buses or seventy forty-foot buses.</p> <p>The Streets Division location on Sycamore Avenue will have over 240,000 square feet of pavement replaced to improve the public drop-off site.</p> <p>The City Engineering reconstructed and resurfaced approximately nine miles of streets during 2016. Minor surface maintenance was completed on approximately 135 miles of City owned roads. The City of Madison Streets Program is rated every 2 years using the Pavement Surface Evaluation and Rating (PASER) system developed by the University of Wisconsin. By the close of the 2016 about 75% of the City's 790 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.</p> <p>Utility replacement and reconstruction of the Capital Square began in 2016. Work was completed on the northwest half of the Capital Square and the remaining half scheduled for completion in 2017.</p> <p>Complete reconstruction of Cottage Grove Road adjacent to Royster Corners was completed in 2016. Several enhancements for pedestrian and bicycle traffic were completed as part of this project.</p> <p>In 2016, over 5,700 feet of sewer line were refurbished with cured-in-place pipe (CIP) lining.</p> |

This process is less costly and less disruptive than traditional methods and improves the service life of pipe while increasing capacity and reducing treatment costs.

The Stormwater Utility progressed toward its total suspended solids (TSS) reduction goals by completing construction of a large scale treatment system for Willow Creek. Reduction of the discharge of total phosphorous continued with the City's participation in the Adaptive Management Project.

Planning  
and development

The Madison Municipal Building (MMB) will undergo a renovation with construction beginning in June of 2017, with an estimated move-in date of October of 2018. In addition, construction of the Judge Doyle Square parking ramp and the Capitol East parking ramp will begin in the fall of 2017.

Culture and recreation

The Esther Beach restroom will be completed in 2017; construction of the Penn Park shelter and restroom will begin in the summer of 2017.

By the close of 2017, all nine Madison Public Libraries will be electronically connected via high-speed fiber optic infrastructure. Additionally, Library staff with a community engagement focus will begin planning events with Madison's business community to highlight the Library's role to be a catalyst and idea incubator.

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madison's Comprehensive Annual Financial Report (CAFR) prepared for the fiscal year ended December 31, 2015. A facsimile of the certificate is included on the following page. This was the eighth year the City received this prestigious award. In order to be awarded a Certificate of Achievement the City was required to publish an easily readable and efficiently organized CAFR satisfying both GAAP and applicable legal requirements.

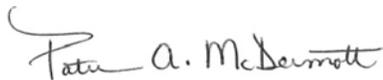
A Certificate of Achievement is valid annually. The City believes that its current CAFR meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2016 CAFR to the GFOA to determine its eligibility for award.

The issuing of this report on a timely basis is due to the hard work and dedication of the Accounting Services staff of the Finance Department and to our auditors, Baker Tilly Virchow Krause, LLP.

Respectfully submitted,



David Schmiedicke  
Finance Director



Patricia A. McDermott, CPA  
Accounting Manager

## Mission

The City of Madison, through the efforts of dedicated employees and elected officials, will deliver the highest quality services and provide a fair and orderly system of governance for our citizens and visitors.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Madison  
Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

# CITY OF MADISON

## LIST OF PRINCIPAL OFFICIALS

---

### MEMBERS OF THE COMMON COUNCIL

#### Name

Barbara Harrington-McKinney	Alder, District #1
Ledell Zellers	Alder, District #2
Amanda Hall	Alder, District #3
Michael Verveer	Alder, District #4
Shiva Bidar-Sielaff	Alder, District #5
Marsha Rummel, Council President	Alder, District #6
Steve King	Alder, District #7
Zach Wood	Alder, District #8
Paul Skidmore	Alder, District #9
Maurice Cheeks	Alder, District #10
Arvina Martin	Alder, District #11
Larry Palm	Alder, District #12
Sara Eskrich	Alder, District #13
Sheri Carter	Alder, District #14
David Ahrens	Alder, District #15
Denise DeMarb	Alder, District #16
Samba Baldeh, Council Vice President	Alder, District #17
Rebecca Kemble	Alder, District #18
Mark Clear	Alder, District #19
Matt Phair	Alder, District #20

### ELECTED OFFICIALS

Paul R. Soglin	Mayor
Daniel P. Koval	Municipal Judge

### CITY STAFF ISSUING REPORT

David Schmiedicke	Finance Director
Patricia A. McDermott, CPA	Accounting Services Manager

# CITY OF MADISON

## LIST OF PRINCIPAL OFFICIALS

---

### NONELECTED OFFICIALS

#### Mayoral Assistants

Anne Monks  
Katie Crawley  
Gloria Reyes  
Enis Ragland  
Nicholas Zavos

Deputy Mayor  
Deputy Mayor  
Deputy Mayor  
Deputy Mayor  
Government Relations Officer

Mark Hanson  
Michael May  
Maribeth Witzel-Behl  
David Schmiedicke  
David Gawenda  
Norman Davis  
Tresa Fuchs-Martinez  
Steven Davis  
Brad Wirtz  
Paul Kronberger  
Gregory Mickells  
Gregg McManners  
Michael Koval  
Janel Heinrich  
Rob Phillips  
Ronald Janowski (acting)  
Eric Knepp  
Chris Kelley  
David Dryer

City Assessor  
City Attorney  
City Clerk  
Finance Director  
City Treasurer  
Civil Rights Director  
Employee Assistance Program Admin  
Fire Chief  
Human Resources Director  
Information Technology Director  
Library Director  
Monona Terrace Director  
Police Chief  
Public Health Director  
City Engineer  
Fleet Service Superintendent  
Park Superintendent  
Street Superintendent  
Traffic Engineer and Parking  
Manager

Charles Kamp  
Tom Heikkinen  
Natalie Erdman

Metro Transit General Manager  
Water Utility Manager  
Planning & Community &  
Economic Development Director

James O'Keefe

Community Development  
Division Director

Matthew Mikolajewski

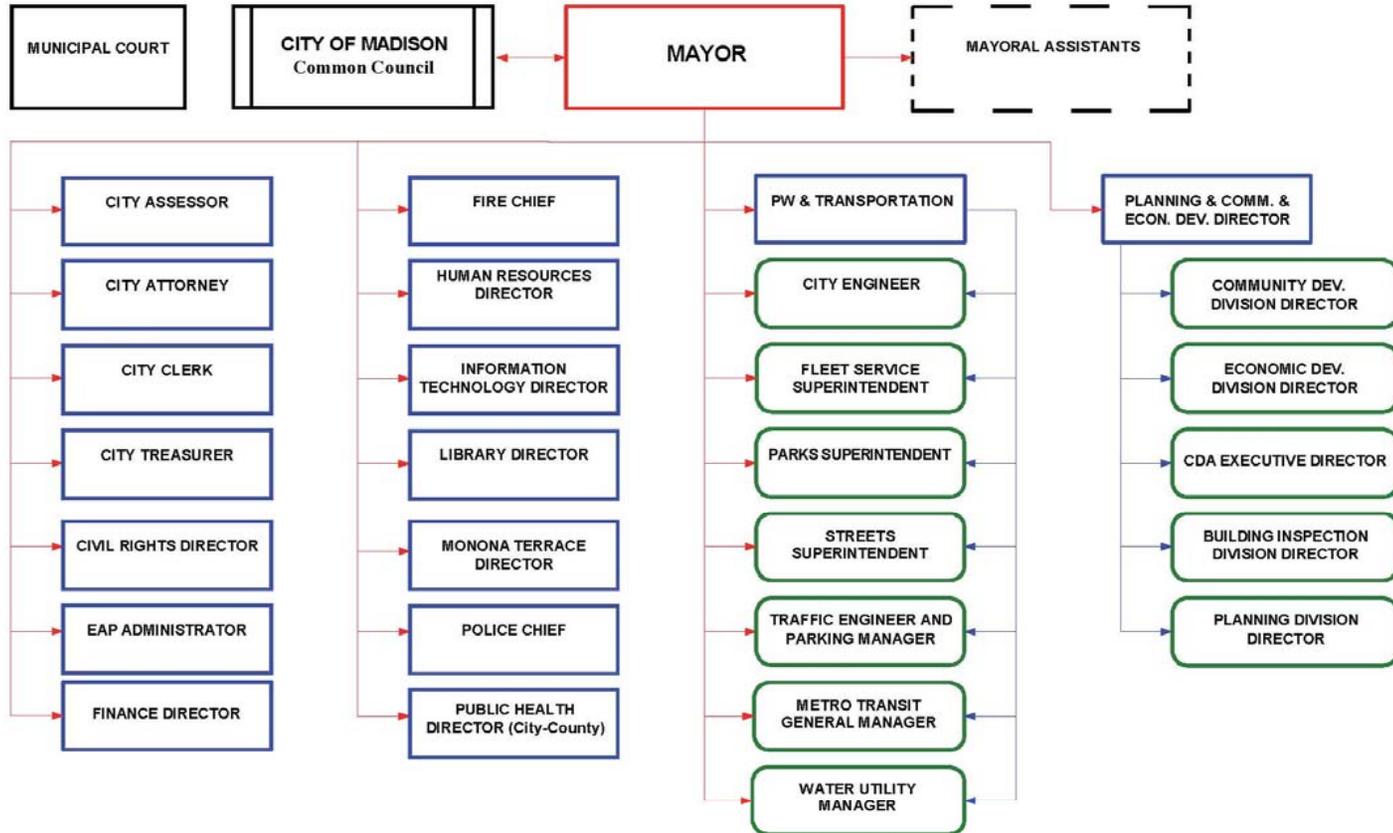
Economic Development  
Division Director

Natalie Erdman  
George Hank  
Heather Stouder

CDA Executive Director  
Building Inspection Division Director  
Planning Division Director

# CITY OF MADISON

## ORGANIZATION OF CITY OF MADISON GOVERNMENT





## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Madison  
Madison, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Madison'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 did not audit the financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA) and Monona Shores presented as a major fund of the CDA, which represent 56 percent, 59 percent and 44 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, the LLCs presented as component units of the CDA and Monona Shores presented as a major fund of the CDA, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, Monona Shores and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

To the City Council  
City of Madison

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 over financial reporting relevant to the City of Madison'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 of Madison'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, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin, as of December 31, 2016 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 required supplementary information as listed in the table of contents 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Madison's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the City Council  
City of Madison

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Madison's basic financial statements. The "Introductory Section" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the City of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Madison's internal control over financial reporting and compliance.

*Baker Tilly Veitchau Krause, LLP*

Madison, Wisconsin  
June 28, 2017

**CITY OF MADISON, WISCONSIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**UNAUDITED**

This discussion and analysis of the City of Madison's financial performance is intended to provide a narrative overview and analysis of the City's operational activities for the fiscal year ended December 31, 2016, with comparative data for the fiscal year ended December 31, 2015. This section is designed to assist the reader in focusing on significant financial issues, and to identify changes in the City's financial position including adopted budget plans. Please consider it in conjunction with the City's financial statements that follow.

**FINANCIAL HIGHLIGHTS**

- With total assets over \$2.4 billion, total liabilities just over \$871.1 million, deferred inflows of resources at roughly \$297.8 million, and deferred outflows of resources at approximately \$145.4 million, the total net position of the City of Madison increased by a little over 1.6% or nearly \$22.6 million from the previous year to about \$1.4 billion. Of this amount, approximately \$1.2 billion represented the City's net investment in capital assets, most of which do not generate revenues for their use or sale and were computed less unamortized premium and discount of about \$33.7 million for 2016. Just under \$124.8 million was held for restricted purposes and a little over \$119.5 million was unrestricted. The unrestricted net position is generally used to meet the City's ongoing obligations to residents and creditors.
- The primary government reported over \$241.7 million in program revenues to cover approximately \$498.7 million in expenses with the remaining general revenues of taxes, intergovernmental revenues not restricted to specific programs, investment income, and other miscellaneous sources offsetting the difference, including a surplus of nearly \$22.6 million at about \$279.6 million.
- As of December 31, 2016 the governmental funds reported combined ending fund balances of nearly \$189.5 million. This amount is broken down as follows: just under \$39.3 million of this balance is available for spending at the council's discretion (unassigned fund balance), at the end of the year management assigned and committed just over \$32.3 million for specific purposes with just over \$110.6 million restricted due to external constraints or regulations defining specific uses such as grants, state statutes, and tax exempt financing. The nonspendable fund balance includes advances, non-current receivables, inventories, prepaid items, and trust activities which totaled approximately \$7.2 million at year end. The nonspendable fund balance is legally or contractually required to be intact and not expected to be easily converted to cash.
- At the end of the fiscal year, just under \$39.3 million of unassigned fund balance remained within the general fund or approximately 13.8% of the adopted 2017 general fund expenditures; close to the City's stated target ratio of 15.0%. The unassigned fund balance for governmental funds increased in total by about \$878,000, or just under 2.3% when compared to the prior year. The City applied \$950,000 of assigned fund balance to the 2017 Adopted Operating Budget, recorded no interfund cash advances to other city funds, and received monthly loan payments totaling \$765,000 for the year from the Water Utility. Additionally, room tax revenues, ambulance fee collections, and city engineering, including traffic, charges for services fell below budgeted projections by just over \$1.5 million. However, uniform citations and investment income more than offset this amount by about \$900,000 at year end.

## **FINANCIAL HIGHLIGHTS (continued)**

- Outstanding General Obligation bonds and notes as of December 31, 2016, totaled just under \$409.9 million with approximately \$371.8 million related to governmental activities. Business-type activities closed the year with over \$270.6 million in revenue bond and general obligation debt.
- At December 31, 2016, the City reported a liability of more than \$25.7 million, for its proportionate share of the Employees' Retirement System net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, rolled forward to December 31, 2015. The City recognized a pension expense of nearly \$31.0 million which more than doubled from about \$14.7 million recorded the prior year. Net differences between projected and actual earnings on pension plan investments, largely contributed from reporting a pension asset of about \$38.6 million in 2015, to a liability at year end.
- Other post-employment benefits (OPEBs) net obligation is nearly \$33.0 million; an increase of just over 12% from 2015 of about \$29.4 million. This obligation is based on an actuarial valuation as of January 1, 2016, which indicates the actuarial determined accrued liability for benefits was close to \$64.4 million amortized over 30 years. Of this amount, approximately 68% or just over \$43.8 million is related to an implicit rate subsidy associated with allowing current and projected future retirees to purchase health insurance at the same premium as active employees.
- The City continued to provide resources during 2016, to replace outdated software systems such as: Computer-Assisted Mass Appraisal, Public Works Project Planning, Metro Transit route and time entry, Municipal Courts, and other agency scheduling systems.
- The City of Madison achieved its Aaa bond rating from the Moody's Investors Service. The City has maintained its Aaa bond rating annually since 1973.

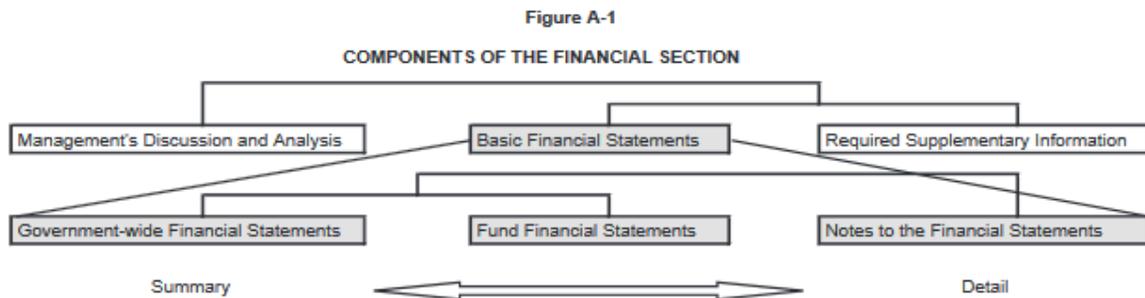
## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Madison's basic financial statements. The City of Madison's basic financial statements are comprised of three components:

1. Government-wide financial statements-provide for both long-term and current period information about the City's overall financial status,
2. Fund financial statements-focus on individual components of City government, reporting operations in more detail than the government-wide statements. These statements are comprised of governmental, proprietary, and fiduciary funds,
  - Governmental fund statements report how services were financed in the past year as well as what remains for future spending,
  - Proprietary fund statements present current year and long-term financial information,
  - Fiduciary fund statements provide financial information to which the City is solely an agent for the benefit of others to whom the resources belong.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- Notes to the financial statements-provide additional information that is essential to understanding the government-wide and fund financial statements. Figure A-1 below shows how portions of required components of the comprehensive annual report are related to one another.



This report also contains other supplementary information in addition to the basic financial statements.

Further explanation of the basic financial statement sections follows:

### Government-Wide Financial Statements

The two *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The government-wide financial statements can be found on pages 1 through 4 of this report.

The *Statement of Net Position* presents information on all of the City of Madison's assets, deferred outflows, liabilities, and deferred inflows with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating. Newer GASB Statements 68 and 71 require the net pension liability and related deferred outflows and deferred inflows, if any, to be reported within the financial statements. For the City of Madison, the primary deferred outflows of resources are for unamortized loss on advance refunding, and pension related amounts, with deferred inflows of resources mostly for property tax revenues levied in 2016, but will not be collected until 2017, and for pension related amounts.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as *governmental activities*, from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges, called *business-type activities*. The governmental activities of the City of Madison include; general government, public safety, public works and transportation, planning and development, culture and recreation, and interest and fiscal charges.

The *business-type activities* of the City include; a water utility, sewer utility, stormwater utility, parking utility, transit, convention center, and golf courses.

## Government-Wide Financial Statements (continued)

In addition to these various direct operations of the City, or *primary government*, the government-wide financial statements also include financial information related to legally separate entities for which the City has financial responsibility, known as *discretely presented component units*. The discretely presented component units are reported in a separate column to emphasize that they are legally separate.

The discretely presented component units are; the Community Development Authority (CDA) of the City of Madison which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID); the Olbrich Botanical Society and Olbrich Botanical Society Foundation (OBS and OBSF); and the Madison Public Library Foundation, Inc. (MPLF); and the Madison Parks Foundation (MPF). These entities are described in Note IV-I page 73 following the financial statements.

## Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City of Madison, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance related legal requirements. All of the funds of the City of Madison can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

***Governmental funds*** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The governmental fund financial statements can be found beginning on page 5 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the municipality's near-term financing decisions.

Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City of Madison maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the: General Fund, Library Fund, Debt Service Fund, and Capital Projects Fund. These are considered to be major funds or funds for which separate reporting has been determined to be helpful in fulfilling other legal reporting requirements.

Data from the other governmental funds are combined into a single, aggregated presentation. Disaggregated fund data for these other five governmental funds is provided in the form of combining statements in the supplementary information section beginning on page 133.

## **Fund Financial Statements (continued)**

*Proprietary Funds* maintained by the City of Madison are of two different types: *enterprise funds* and *internal service funds* that generally report services for which the City charges customers a fee.

*Enterprise funds* are used to report those functions presented as business-type activities in the government-wide financial statements. The *proprietary fund financial statements* can be found beginning on page 11 of this report.

The City's fund financial statements present separate major enterprise fund information for the: Water Utility, Sewer Utility, Stormwater Utility, and Transit Utility. The Parking Utility, Convention Center and Golf operations are presented as nonmajor Enterprise Funds beginning on page 138.

*Internal service funds* are used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to departmental customers within the governmental entity itself, rather than to external customers. Because these funds predominately benefit governmental rather than business-type functions, they have been included within the governmental activities of the government-wide financial statements.

The City of Madison uses internal service funds to account for its property and liability insurance, worker's compensation and fleet service functions. These internal functions are reported in a single, aggregated proprietary fund in the statement of net position-proprietary funds.

These are presented separately in the combining statement of net position internal service funds presentation beginning on page 142, and are included with other governmental activities in the government-wide financial statements.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Madison's own programs.

The accounting for fiduciary funds is similar to that used for proprietary funds. The City of Madison uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions and investments made on behalf of the local school district. City staff also serves as the fiscal agent to account for the Board of Education, Board of Health, and the Metropolitan Unified Fiber Network Consortium operations. The fiduciary fund financial statements can be found beginning on page 21 of this report.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 25 of this report.

## **Supplementary Information**

Compliance with the City's annual operating budget for the year ended December 31, 2016 is reported as required supplementary information in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) - General Fund, and Library Fund*, which begin on page 126.

Following the basic government-wide, and fund financial statements, accompanying notes, and required supplementary information, additional supplementary and statistical information has been provided as part of this report.

## **Supplementary Information (continued)**

The supplementary information on pages 133-155 includes combining statements for the nonmajor governmental, nonmajor enterprise, internal service, agency and component unit funds, the sewer remediation revenue bond covenant analysis, and capital projects.

The statistical section beginning on page 156 presents various classes of detailed information as a context for understanding the City's overall financial condition as presented in the financial statements, notes to the financial statements and required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS**

### **Statement of Net Position**

The City of Madison's statement of net position at December 31, 2016, and 2015, are summarized in the table below. Net position improved by nearly \$22.6 million, or more than 1.6% to just under \$1.4 billion. This upward change in net position is largely attributable to the City generating approximately \$241.7 million in program revenues, and recognizing a little over \$279.5 million in general revenues, all supporting expenses that increased by more than \$10.1 million from that of the prior year, to about \$498.7 million. Additionally, the primary government increased investments in capital assets such land, infrastructure, and plant in service capitalized for both the governmental and business-type activities during the year.

The net investment in capital assets comprises the majority or 82.5% of the primary government's total net position.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Most capital assets are used to provide services to residents and are not available for future spending.

See page xxvi of this report for information related to capital assets.

## Statement of Net Position (continued)

### City of Madison Summary Statement of Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Current and Other Assets	\$ 575,424	\$ 550,690	\$ 154,910	\$ 144,538	\$ 730,334	\$ 695,228
Capital Assets (net)	<u>989,820</u>	<u>981,756</u>	<u>702,990</u>	<u>669,246</u>	<u>1,692,810</u>	<u>1,651,002</u>
Total Assets	<u>\$ 1,565,244</u>	<u>\$ 1,532,446</u>	<u>\$ 857,900</u>	<u>\$ 813,784</u>	<u>\$ 2,423,144</u>	<u>\$ 2,346,230</u>
Deferred Outflows of Resources	<u>\$ 112,572</u>	<u>\$ 31,277</u>	<u>\$ 32,848</u>	<u>\$ 10,128</u>	<u>\$ 145,420</u>	<u>\$ 41,405</u>
<b>Liabilities:</b>						
Current Liabilities	\$ 52,347	\$ 52,241	\$ 30,355	\$ 25,346	\$ 82,702	\$ 77,587
Noncurrent Liabilities	<u>490,857</u>	<u>438,693</u>	<u>297,585</u>	<u>261,835</u>	<u>788,442</u>	<u>700,528</u>
Total Liabilities	<u>\$ 543,204</u>	<u>\$ 490,934</u>	<u>\$ 327,940</u>	<u>\$ 287,181</u>	<u>\$ 871,144</u>	<u>\$ 778,115</u>
Deferred Inflows of Resources	<u>\$ 284,909</u>	<u>\$ 231,339</u>	<u>\$ 12,854</u>	<u>\$ 1,094</u>	<u>\$ 297,763</u>	<u>\$ 232,433</u>
<b>Net Position:</b>						
Net investment in capital assets	\$ 696,131	\$ 686,732	\$ 459,130	\$ 449,895	\$ 1,155,261	\$ 1,136,627
Restricted	<u>112,779</u>	<u>130,520</u>	<u>12,102</u>	<u>17,879</u>	<u>124,881</u>	<u>148,399</u>
Unrestricted (deficit)	<u>40,794</u>	<u>24,198</u>	<u>78,721</u>	<u>67,863</u>	<u>119,515</u>	<u>92,061</u>
Total Net Position	<u>\$ 849,704</u>	<u>\$ 841,450</u>	<u>\$ 549,953</u>	<u>\$ 535,637</u>	<u>\$ 1,399,657</u>	<u>\$ 1,377,087</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	103%	117%	161%	186%	120%	136%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	5%	3%	23%	24%	10%	9%

Approximately 9% or about \$124.9 million of the primary government's total net position represent resources that are subject to other restrictions as to how they may be used either by external groups, such as contributors, or due to laws or regulations of other governments or grantors or, as a result of legal limitations established through constitutional provisions or enabling legislation.

Just over \$119.5 million of the primary government's total net position, or nearly 9%, may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note, that a little over \$78.7 million of the unrestricted net position are related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities.

At the end of 2016, the City is able to report positive balances for unrestricted net position, both for the government as a whole, as well as for its separate governmental and business-type activities even with recording the required net pension liability, related deferred outflows of resources, and related deferred inflows of resources at year end.

Furthermore, total net position exceeded total liabilities and deferred inflows at the end of 2016, for both governmental and business-type activities by 120%. Unrestricted net position was positive at 5.0% of total liabilities and deferred inflows for governmental activities up from the prior year. The same measure was 23% for business-type activities and totaled 10% in the aggregate for the primary government.

## Statement of Activities

The following table summarizes changes in net position for the primary government as well as governmental and business-type activities:

<b>City of Madison</b>						
<b>Summary Statement of Activities</b>						
<b>(in thousands)</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Revenue:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 43,081	\$ 33,856	\$ 126,916	\$ 116,390	\$ 169,997	\$ 150,246
Operating grants and contributions	16,115	18,037	27,269	27,088	43,384	45,125
Capital grants and contributions	13,861	24,294	14,483	13,694	28,344	37,988
<b>General revenues:</b>						
Property Taxes	228,202	217,253	-	-	228,202	217,253
Intergovernmental revenues not restricted to specific programs	23,943	24,058	-	-	23,943	24,058
Investment income	4,810	2,804	1,124	839	5,934	3,643
Other (loss)	21,034	21,806	447	(583)	21,481	21,223
<b>Total revenues</b>	<b>\$ 351,046</b>	<b>\$ 342,108</b>	<b>\$ 170,239</b>	<b>\$ 157,428</b>	<b>\$ 521,285</b>	<b>\$ 499,536</b>
<b>Expenses:</b>						
General government	\$ 38,026	\$ 32,365	\$	\$	\$ 38,026	\$ 32,365
Public safety	138,833	127,693	-	-	138,833	127,693
Public works and transportation	73,050	76,019	-	-	73,050	76,019
Planning and development	37,986	48,070	-	-	37,986	48,070
Culture and recreation	40,912	40,132	-	-	40,912	40,132
Interest and fiscal charges	8,674	8,521	-	-	8,674	8,521
Water	-	-	27,087	26,845	27,087	26,845
Sewer	-	-	34,597	32,799	34,597	32,799
Stormwater	-	-	12,800	13,176	12,800	13,176
Parking	-	-	9,071	9,070	9,071	9,070
Transit	-	-	64,010	61,721	64,010	61,721
Convention Center	-	-	10,349	9,312	10,349	9,312
Golf courses	-	-	3,320	2,836	3,320	2,836
<b>Total expenses</b>	<b>\$ 337,481</b>	<b>\$ 332,800</b>	<b>\$ 161,234</b>	<b>\$ 155,759</b>	<b>\$ 498,715</b>	<b>\$ 488,559</b>
Excess before transfers	13,565	9,308	9,005	1,669	22,570	10,977
Transfers	(5,311)	(11,550)	5,311	11,550	-	-
Change in net position	8,254	(2,242)	14,316	13,219	22,570	10,977
Net position, beginning of year	841,450	843,692	535,637	522,418	1,377,087	1,366,110
Net position, end of year	<b>\$ 849,704</b>	<b>\$ 841,450</b>	<b>\$ 549,953</b>	<b>\$ 535,637</b>	<b>\$ 1,399,657</b>	<b>\$ 1,377,087</b>

## Statement of Activities (continued)

Property tax general revenues and charges for services program revenues financed almost 80% of the primary government's expenses. Operating and capital grant contributions, as well as intergovernmental revenues not restricted for specific programs, are largely passed through from federal and state resources. These same resources funded slightly over 19% of the City's wide range of services, or functional expenses during the year, with the largest being public safety (police and fire).

The following narrative considers the operations of governmental and business-type activities separately.

### Governmental Activities

Governmental activities for 2016, increased net position by more than \$8.2 million. Total revenues exceeded total expenses by just under \$13.6 million; however approximately \$5.3 million (net) was transferred to the business-type activities thereby reducing the governmental activities net position at the end of year.

Some notable changes in revenues and expenses are described below:

#### Revenues

##### Charges for services

- General government increased by approximately \$250,000 from the prior year as follows:
  1. Clerk's licenses and inspection fees up by \$225,000,
- Public safety increased by just over \$500,000 from 2015:
  1. Ambulance conveyance fees down by about \$760,000 given delayed collection efforts by the City's third party provider while implementing new software,
  2. Uniform citations increased by about \$960,000 due to legal action to recover penalties for building code violations against an owner of multiple properties; however, moving and parking violations were down by about \$280,000,
  3. Fire EMS Protection services for Shorewood Hills, Blooming Grove, and the Town of Burke jurisdictions, increased by nearly \$110,000,
  4. Police services up by approximately \$70,000,
  5. The remaining difference of about \$400,000 was due to changes between year-end deferred revenue accruals (\$680,000 current year, compared to \$280,000 from the prior year) mostly related to timing for ambulance collections,
- Public works and transportation increased by almost \$6.8 million for the following:
  1. Building permit revenues up by \$200,000,
  2. Approximately \$2.5 million of broadband, and cable franchise fees were reclassified to this category from miscellaneous revenues,
  3. Billings to private entities for traffic engineering services were down totaling about \$365,000 for the year,
  4. Plus the difference of about \$4.4 million for conversion entries required for deferred revenue accruals largely related to special assessments collections,
- Planning and development program revenues decreased from the prior year by just under \$300,000 as follows:
  1. Less revenues were recognized for revolving loan payments which totaled nearly \$700,000,
  2. A TIF guarantee and a closing refund were received for a little over \$400,000,

## **Governmental Activities (continued)**

### **Revenues (continued)**

#### Charges for services (continued)

- Culture and recreation increased by over \$1.9 million during 2016 for the following:
  1. Nearly \$1.5 million more was collected for urban forestry special charges during the year,
  2. Cemetery, dog, and park permits were reclassified to this category from general government totaling approximately \$455,000 by the close of the year.

#### Operating grants and contributions:

- Public safety increased by just over \$500,000 for additional state aids received for fire and other police grants of about \$250,000. The remaining was due to approximately \$250,000 of other state payments for services reclassified from the intergovernmental revenues category during the year.
- Public works and transportation was down by approximately \$2.9 million, due to timing of unavailable revenues in 2015, collected in 2016, for county and other units of government participation for street infrastructure projects totaling approximately \$3.0 million. No additional highway or recycling aid funding was provided by the State, in fact, it was reduced slightly by almost \$85,000 from that of the previous year.
- Planning and development increased by just over \$460,000 during 2016, as the City received more federal and state funding for the grant program Transport 2020, and for the Judge Doyle project totaling approximately \$735,000. However, less federal grant funding was drawn, or requested for community development efforts in the amount of approximately \$400,000 for the year.
- Culture and recreation increased minimally, by less than \$60,000, for library donations and other small contributions received during the year.
- Interest and fiscal charges decreased slightly by \$64,000 during the year, as the debt service fund earned less interest income by approximately \$62,000 in 2016.

#### Capital grants and contributions:

- There were no general government or public safety capital grant contributions during 2016. The slight change between years for public safety, totaling nearly \$500,000, was for street resurfacing state payment revenues that should have been classified to planning and development by the close of the prior year.

## Governmental Activities (continued)

Capital grants and contributions (continued):

- Public works and transportation decreased significantly from the prior year, by almost \$9.2 million as follows:
  1. Capital infrastructure contributions were down, as well as timing for revenue recognition by approximately \$6.4 million from the prior year,
  2. Special assessment revenues were also down by a little less than \$2.8 million, and 29 less districts were opened in 2016, or 687 when compared to 716 from the prior year.
- Planning and development capital contributions increased by approximately \$1.1 million, as the City received a development grant from the Wisconsin Economic Development Corporation for the Royster Clark project totaling \$210,000; however, TIGER grant revenues of nearly \$272,000 were not received during the fiscal year. Additional federal entitlement funds for community block grants were provided during the year, or nearly \$400,000. The remaining difference is a result of timing for revenue recognition of approximately \$700,000 from the prior year.
- Culture and recreation capital funding decreased from the prior year, by just over \$1.8 million as the State contributed to both Central and Skate Parks totaling over \$1.6 million in 2015. Further, the State did not provide additional funding for Merrill or Highland Parks similar to the prior year which totaled slightly over \$200,000.

### Expenses

- General government expenses changed by approximately \$5.6 million when compared to the prior year, including required conversion entries to full accrual from modified accrual fund statements. Of that amount, \$1.0 million is attributable to cost of living raises averaging 3.4%, or about \$200,000, and nearly \$800,000 for election official wages and fringe benefits during the year. Benefit costs within this category, netted to a roughly \$650,000 increase, which included a \$1.2 million expense for stagehand pension prior year service costs, and related expenses. Additionally, the room tax fund granted a little less than \$1.8 million to the Overture Center for an operating subsidy that in prior years, was expensed within the planning and development function. Further, \$1.1 million more was spent for supplies (\$400,000) and purchased services (\$700,000) throughout the year.

Lastly, a little over \$800,000 is explained by the difference between years for the conversion to full accrual and other elimination entries required at year end as follows:

1. Pension-related up \$900,000,
  2. Other post-employment benefits down by \$12,000,
  3. Depreciation down by \$421,000,
  4. Internal services eliminations lower by \$101,000,
  5. Capital asset additions, disposals, and/or adjustments higher by \$214,000
  6. Compensated absences up by \$243,000
- Public safety expenses increased by approximately \$11.1 million when compared to 2015, as operational costs, for both salaries and fringe benefits were higher by just over \$4.8 million. This increase is largely for 3% cost of living increases for officers and civilians (Fire Supervisors received 3.5%) effective December 2015, overtime, and retirement leave balance cash payouts. Additionally, about \$1.8 million was allocated to this function for fleet services, insurance and worker's compensation expenses. Roughly, \$600,000 more was spent for supplies and purchased services during 2016. Further, an actuarially determined pension expense of just over \$8.3 million was recorded at year-end, which was partially offset by savings within internal service fund eliminations, other post-employment benefits, and compensated absence accruals netting about \$4.4 million at year end.

## Governmental Activities (continued)

### Expenses (continued)

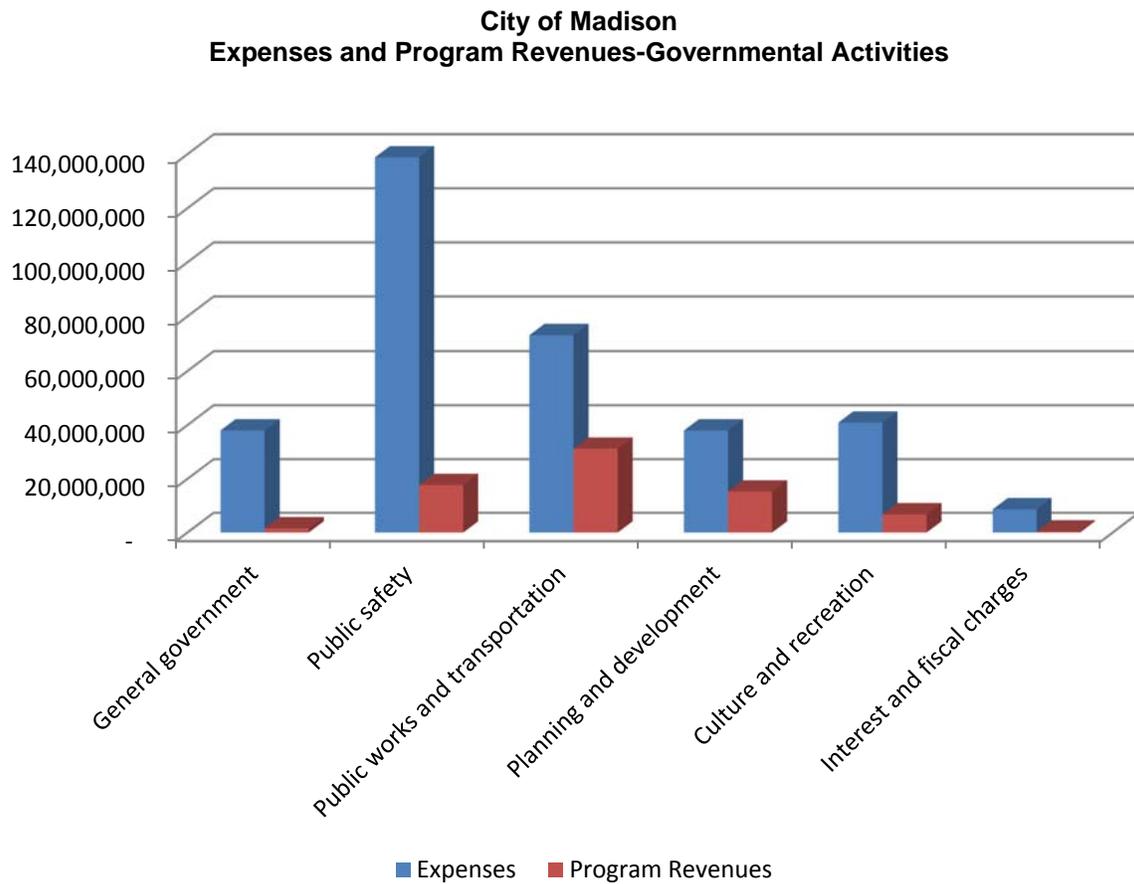
- Public works and transportation expenses decreased by nearly \$3.0 million, which is largely due to the change between years for the conversion and elimination entries required for full accrual reporting which netted approximately \$2.7 million for the following:
  1. Capital asset disposals less by \$7.1 million,
  2. Internal service fund eliminations were down by \$3.3 million,
  3. Depreciation was higher, totaling approximately \$1.1 million,
  4. Compensated absences increased by \$2.3 million,
  5. Pension-related expenses were greater by \$2.4 million,
  6. Capital asset additions and contributions during the year increased by \$1.9 million,
- Planning and development expenses decreased significantly by just over \$10.1 million in 2016, largely due to less Tax Increment District (TID) loans and grants finalized for redevelopment during the year when compared to 2015. For example, TID #45 loaned approximately \$13.2 million for improvements at 126 S. Carroll (Anchor Bank), and about \$1.4 million for Gebhard Galaxie Phase 2, of the 800 Block of East Washington was financed from TID #36 during the prior year. Roughly \$8.0 million was expensed for various TID projects during 2016.

Additionally, the City acquired land as part of redeveloping Garver Feed Mill on the east side of Madison), and new neighborhood centers (Meadowridge, Park Edge, Theresa Terrace) for approximately \$4.0 million in 2015; however no significantly larger land parcels or centers were purchased by the City prior to year-end. Further, only a small full accrual conversion and elimination change between years was computed which totaled nearly \$250,000. This change was for depreciation, pension, and compensated absence increased expenses of about \$700,000, that were somewhat offset by \$450,000 less for other post-employment and internal service eliminations for the year.

- Culture and recreation expenses were slightly higher by about \$800,000 during the year largely due to cost of living adjustments averaging 3.4% in 2016, or roughly \$900,000 for this functional category. Work supplies and purchased service expenses increased by about \$200,000 during the year. Additionally, pension related, other post-employment, depreciation, capital asset disposals losses, and compensated absence expenses increased by approximately \$1.0 million which were more than offset by a nearly \$1.3 million internal service elimination computed for full accrual presentation.
- Interest and fiscal charges between years changed slightly, or by about \$153,000 as both the required interest paid and issuance costs for debt were similar to that of the prior year.

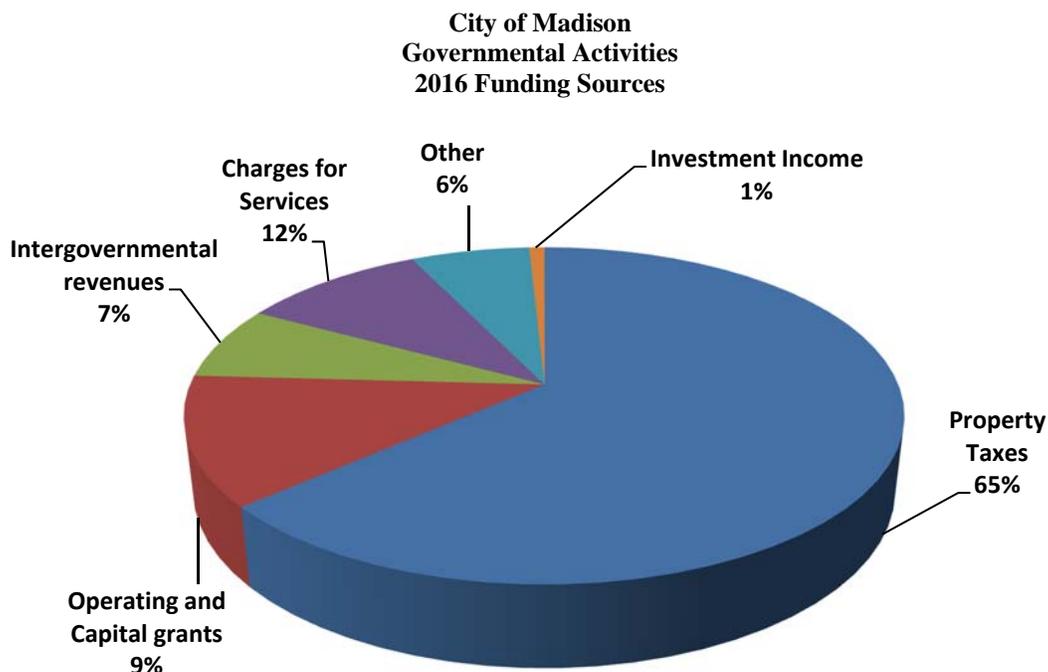
## Governmental Activities (continued)

### Expenses (continued)



The statement of activities provides a concise picture of funding for the various activities of the City. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon the property tax for funding, deriving 65% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 16%, while charges for services and all other sources account for 19% of total governmental activity resources.

## Governmental Activities (continued)



## Business-type Activities

Business-type activities include the operations of the Water, Sewer, Stormwater, Parking, and Transit Utilities, the Convention Center, and Golf courses provided an increase to the City's net position of just over \$14.3 million including transfers netting over \$5.3 million for 2016. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled just over \$13.8 million with roughly \$7.4 million to the Transit Utility, and \$4.3 million to the Convention Center for continuing operations and capital matching funds. The Stormwater Utility received over \$1.1 million in capital asset contributions from the Capital Project Funds. The Sewer Utility received over \$500,000 from the Impact Fee Special Revenue Funds at year-end.

The business-type activities remitted payments in lieu of taxes (PILOT) to the General Fund totaling just under \$8.5 million. Total revenues exceeded expenses by approximately \$9.0 million prior to any transfer of funds activity by the close of 2016. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 57.

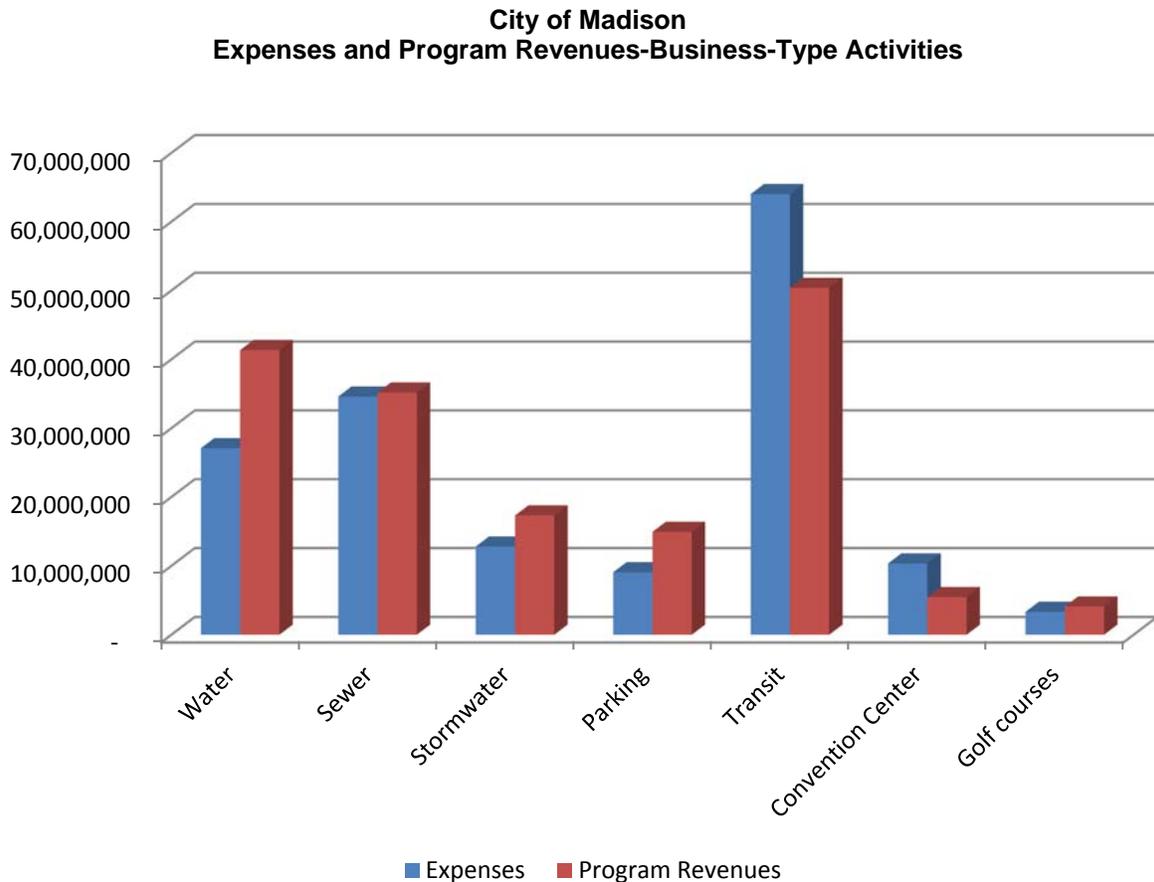
Program revenues for business-type activities increased from the prior year to about \$168.7 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate \$10.5 million more than the prior year, in charges for services revenues to support operating expenditures.

- Water Utility's rates last increased January 1, 2012. Effective September 29, 2015, the Public Service Commission approved a 31% rate increase for the utility,
- Sewer Utility's volume and flat rates increased by 5.22% on average for 2016, up from 4.93% in 2015,
- Stormwater Utility base, impervious and pervious rates increased on average by 3.35% for 2016, compared to the increase of 2.23% in 2015.

## Business-type Activities (continued)

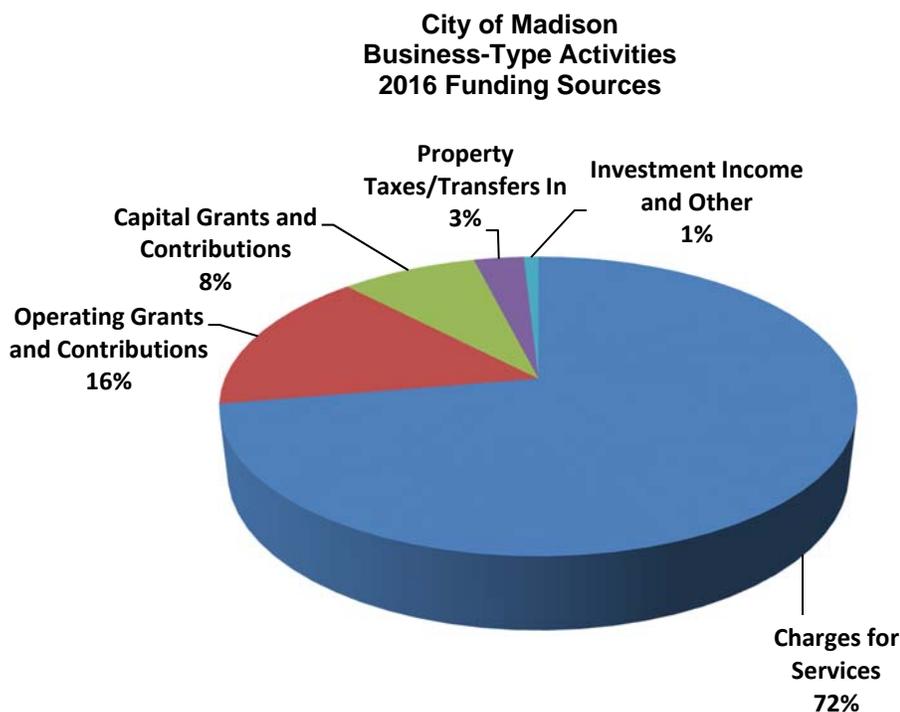
- Parking Utility's rates increased on average by 20% on June 1, 2016. The total estimated operating revenue increase is expected to result in approximately \$1.3 million more annually. Revenues received from customers in 2016, totaled about \$1.0 million more than the prior year.

Total operating expenses for the business-type activities increased by nearly \$5.5 million at year end. Much of the increase in spending, is attributable to the Water, Sewer, Stormwater, and Transit Utilities personnel costs, pension, other post-retirement benefits, and transportation expenses.



As would be expected for business-type activities, charges for services are the primary revenue source, at 72% of the total. State and federal aids and grants continue to be an important revenue source at 24%. Transfers from the primary government are comprised of property taxes and minor investment income representing 4% of business-type revenues.

## Business-type Activities (continued)



## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, for all Major and Nonmajor Governmental Funds:

	Fund Balance 2016	Fund Balance 2015	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 54,215,524	\$ 54,637,598	\$ (422,074)
Library	674,351	781,398	(107,047)
Debt Service	19,638,780	19,021,835	616,945
Capital Projects	83,652,381	48,667,506	34,984,875
Other Nonmajor Governmental	<u>31,308,705</u>	<u>29,329,507</u>	<u>1,979,198</u>
Total	<u>\$ 189,489,741</u>	<u>\$ 152,437,844</u>	<u>\$ 37,051,897</u>

## Governmental Funds (continued)

As of December 31, 2016, the City of Madison's governmental funds reported combined ending fund balances of approximately \$189.5 million, an increase of just over \$37.0 million from the prior year.

Of this total, more than \$7.2 million has been classified as nonspendable, or amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact. The nonspendable fund balances resulted by and large from advances to the Water Utility, and the Community Development Authority, noncurrent receivables for the ice arena's land contracts, tax chargebacks, inventories, prepaid health insurance for January 2017 premiums, and trust activities.

About \$110.6 million of the governmental fund balance is restricted for specific legal requirements and other commitments such as debt service payments, unspent borrowing proceeds, tax increments generated to cover capital outlay for subsequent year expenditures, and for distributions to other taxing jurisdictions.

More than \$32.3 million of the year end fund balance was committed or assigned for specific purposes such as encumbrances or one-time applications to future budget appropriations; leaving a total unassigned governmental fund balance of nearly \$39.3 million available for spending at the discretion of the City's elected officials.

The *general fund* is the primary operating fund used to account for the governmental operations of the City, with the direct expenditures of this fund accounting for nearly 58.2% of the City's governmental fund expenditures as reported on the *statement of revenues, expenditures and changes in fund balances*.

As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or future budgeted expenditure level. The total year end general fund balance of about \$54.2 million represented about 24.1% of roughly \$224.9 million in 2016 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while over \$39.3 million unassigned balance represented about 17.5% of the same expenditure measure.

Historically in Madison, the audited unassigned fund balance has been considered in proportion to the subsequent year's budgeted general fund expenditures, including debt service, and used to measure the adequacy of the City's operating reserve, with a stated target ratio of 15%. The adopted 2017 general fund budget authorized expenditures of \$283,938,546. The general fund 2016 unassigned fund balance was slightly over 13.8% of the subsequent year's budget which remained similar to last year's percentage of 14.0%, but actually lower than the historical target due to the following:

- No repayments were made in 2016 for the \$238,000 prior year long-term advance to the Community Development Authority.
- The general fund provided a \$1.6 million cash subsidy to the City Insurance Fund to help ensure a positive net position within that fund at year end.
- City management also assigned roughly \$2.7 million more than the prior year, for life and disability premium stabilization, compensated absences reserves, and encumbrances. Additionally, \$950,000 was applied to the 2017 Operating Budget in order to maintain a roughly 3.7% tax levy increase, and to keep the unassigned fund balance near the target of 15%.

## Governmental Funds (continued)

- The investment's book, par, and market values were tracked throughout 2016. The City's investment portfolio, and life premium stabilization reserves incurred a gain, or mark-to-market adjustment of roughly \$1.6 million. This adjustment when netted against the general fund income earnings, resulted in total investment revenues of nearly \$2.8 million by the end of the year.
- State Highway aid and recycling revenues decreased slightly by nearly \$85,000 to roughly \$11.0 million in 2016. Additionally, State Shared revenue, payments for municipal services, and computer reimbursement revenues increased by only \$62,400 from the prior year, totaling just under \$16.8 million. Collectively, revenue categories for license and permitting fees, fines and forfeitures, intergovernmental, and investment income were all favorable by nearly \$4.9 million when compared to the final amended budgeted in 2016. The positive revenue variance also included a closing refund from TID #33 (Monroe Harrison) in the amount of \$220,000, and a TID #32 (Union Square) equity payment totaling \$190,000. Total actual fund revenues were extremely close to budgeted levels with an ending positive variance of just about \$201,000; however, ambulance conveyance, engineering charges for services, room taxes, and parking violation revenues, totaled about \$1.8 million less than originally estimated.
- Total expenditure variances ended the year favorably at approximately \$1.9 million, and less than 1.0% from the final amended budget due to less snow events occurring and excess salt supplies on hand during the winter season, for a total expenditure savings of just over \$513,000. Approximately \$900,000 of voting equipment purchases were delayed until 2017, and savings of \$500,000 of salaries and benefits for vacant positions within the planning and development divisions was realized during the fiscal year. Overall, total actual expenditures exceeded total revenues by just over \$420,000 largely because of cost of living adjustments averaging 2.25% at the beginning of the year, and 1.15% again mid-July in 2016. However, the City did experience slightly lower health insurance premiums given plan deductible and co-pay changes. Lastly, smaller savings in purchased services and other work supply costs, helped to offset some of salaries and benefit expenditures throughout the year in the general fund.

The *library* special revenue fund includes resources that are legally restricted to support the various library branches and programs within the City. The fund balance was reasonably consistent when compared to the prior year with a slight decrease of a little more than \$107,000 due to higher debt service payment requirements, and slightly more spent for library collections during the year.

The *debt service* fund had a total fund balance of about \$19.6 million at year end. The fund balance change, or increase of nearly \$617,000 is largely due to about \$1.5 million of returned 2014 unspent general obligation proceeds from capital projects for arbitrage compliance. The City issued \$11.8 million in general obligation notes, with an average coupon rate of 3.00%, to refund \$11.6 million of Series 2008-A, outstanding notes with an average coupon rate of about 4.3% during 2016. The net proceeds, along with existing funds, prepaid the outstanding debt. This current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$443,837.

Additionally, the City issued approximately \$73.9 million in tax-exempt promissory notes with a true interest cost of 1.56%, to finance various city capital projects; along with another roughly \$6.7 million in tax-exempt bonds with a true interest cost of 2.27%, for street infrastructure; as well just over \$7.1 million in taxable general obligation notes at a true interest cost of 1.76%, for economic development within the tax incremental financing districts. The premiums received as a result of general obligation borrowing totaled approximately \$5.0 million which represents about 5% of the par value of the tax-exempt debt.

See Note IV-F beginning on page 61 for other long-term obligation disclosures.

## Governmental Funds (continued)

The *capital projects* consolidated fund includes special assessments, tax increment districts, and other capital projects. This large governmental fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of equipment and/or major capital facilities and other capital assets.

The special assessments fund is used to account for the long-term receivables associated with the City's Special Assessment Program. This fund saw a net decrease of 29 fewer opened special assessment districts in 2016, down to 687 from 716 in 2015. Additionally, the ending receivable balance decreased by about \$1.7 million from the prior year, resulting from more final improvement payoffs and/or assessment revisions in 2016. Delinquent special assessments increased by about \$54,000 during the year, to approximately \$733,300. Of the approximately \$35.0 million change to the capital projects fund balance noted above, roughly \$800,000 is attributable to the special assessments fund.

The tax incremental financing districts are used to account for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing. Negative cash balances reported at year end within some of the TIDs, receive advances from the Other Capital Projects Fund. Approximately \$11.8 million was advanced to cover these districts at year end.

The City currently had 17 active districts during the year. The districts generated in total, just under \$17.9 million in tax increments, borrowed roughly \$10.8 million, received about \$518,000 in payment from a developer for the Monona Terrace Hotel Ramp, sold about \$550,000 for land located on Winnebago Street within TID #37, used just over \$11.6 million for capital expenditures, and paid about \$9.6 million in long-term debt, capital leases, and issuance costs during 2016. Additionally, TID #33 (Monroe Harrison) closed during the year and refunded approximately \$600,000 to overlying tax jurisdictions. Furthermore, TID #35 (Todd Drive) donated \$500,000 to TID #38 (Badger Ann Park). The net change in fund balance for the TIDs increased by more than \$8.8 million by the end of the year.

The following is a listing of noteworthy TID projects still active during 2016:

- Judge Doyle (Wilson Street Corridor)-TID #25
- State Street Bike and Pedestrian access-TID #32
- Upper State Street Corridor-TID #32
- Outer Capital Loop (Southeast)-TID #32
- Railroad Crossing-TID #36
- East Washington Avenue-TID #36
- Capital Gateway Corridor-TID #36
- Union Corners-TID #37
- Stoughton Road-TID #39
- Park and Drake-TID #43
- Royster Clark-TID #44
- Capitol Square West-TID #45
- Research Park-TID #46

The other capital projects fund accounts for financial resources used for the acquisitions or construction of equipment, facilities, and infrastructure. The fund balance increased by about \$25.3 million from the prior year, as approximately \$23.0 million remained restricted for unspent general obligation proceeds after borrowing during the last quarter of 2016. Major street improvements for reconstruction, paving, and resurfacing totaled about \$10 million for the year. The City spent about \$4.0 million for public safety radio systems. The Madison Municipal Building renovation was underway spending approximately \$2.5 million by year end. The City also contributed \$2.4 million to the Royster Clark Development.

## Governmental Funds (continued)

The aggregated *other nonmajor governmental* funds column includes various special revenue and permanent funds such as: Community Development Block Grant (CDBG), revolving loans, other grants, other restricted funds, and permanent funds, used to account for specific revenue sources that are legally restricted to expenditures for specific purposes.

The accumulated fund balances increased to just over \$31.3 million or by nearly \$2.0 million at year end. The increase is largely attributable to additional program income (recycled grant funds), and an Energy Efficient pass through federal grant totaling approximately \$1.6 million.

Most of the other special revenue funds within the category, reported small fund balance increases by the close of 2016 totaling just under \$430,000. The permanent funds for cemetery perpetual care, Olin Park, and other park endowments, earned investment income during the year totaling \$187,330, up significantly for this fund when compared to \$90,511 from 2015.

## Proprietary Funds

The City's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in greater detail for the Enterprise Funds: Water Utility, Sewer Utility, Stormwater Utility, Parking Utility, Convention Center, Golf Courses, and for the Internal Service Funds: Fleet Services, City Insurance and Worker's Compensation Funds.

The following schedules and analysis indicates the net position and total changes in net position as of December 31 for both fund types.

	Net Position 2016	Net Position 2015	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 120,898,737	\$ 112,619,376	\$ 8,279,361
Sewer Utility	113,677,127	112,277,896	1,399,231
Stormwater Utility	207,747,454	201,549,077	6,198,377
Metro Transit Utility	35,784,745	42,451,201	(6,666,456)
Nonmajor Enterprise	78,916,388	74,720,424	4,195,964
Total	<u>\$ 557,024,451</u>	<u>\$ 543,617,974</u>	<u>\$ 13,406,477</u>

The net position of the *enterprise-type* proprietary funds at the end of 2016 totaled over \$557.0 million, up approximately \$13.4 million from the previous year.

The Water Utility's total revenues increased by a little over \$6.0 million or 20.5% when compared to the prior year. City staff submitted a rate case application to the Public Service Commission of Wisconsin in 2015. The utility was granted a 31% rate increase which became effective September 29, 2015, and is currently ranked 36th for residential rates out of 78 rates for utilities classified with customers over 4,000 in Wisconsin. In 2016, the utility received 630 new applications for service, or up 4.3% from the prior year. The utility last changed effectuated a rate change on January 1, 2012.

Depreciation, interest, and amortization expenses increased by about \$1.2 million during the year, due to infrastructure improvements. Additionally, since the Water Utility adopted GASB-68 effective January 1, 2015, no cumulative effect of an accounting principle adjustment was necessary to change the fund's net position at year end, as was required in 2015, totaling just over \$2.7 million. However, the utility did change its method of accounting for service lateral re-hook expenses in relation to main replacements. These expenses are now being capitalized with the cost of main replacements. This change resulted in \$700,000 capitalized for re-hook expenses in 2016.

## Proprietary Funds (continued)

Furthermore, the Water Utility added a net \$21.7 million of plant in service in 2016. Of this amount, approximately \$5.8 million was contributed by developers, contractors, and received by special assessments.

Capital projects paid for by the utility, included approximately \$9.4 million for new and replacement water mains, \$2.6 million for Lakeview Reservoir reconstruction, \$9.4 million for the Peterson Street Operations Center Building Remodel, and \$944,000 for miscellaneous pumping station work and meter program.

Revenue bonds were issued totaling \$38.4 million, with an average interest rate of 2.57%, which funded approximately \$23.8 million for infrastructure, and \$14.6 million to advance refund just over \$17.4 million in 2007 revenue bonds with an average interest rate of 4.28%. The advance refunding resulted in an economic gain of \$2,984,959.

Rate increases of approximately 5.22% for the Sewer Utility, and 3.35% for the Stormwater Utility were in effect as of January 1, 2016. These increases helped to keep the net positions positive for both funds. In addition, the Sewer Utility added \$6.6 million in public projects for the following: \$1.6 million for Verona Road Phases 1 and 2, \$820,000 for Cottage Grove Lumberman to Thompson, \$734,000 for Lower Badger Mill Creek Sanitary Interceptor Phase 3, and \$691,000 for Royster Clark Development Phase 2. Furthermore, the Sewer Utility added nearly \$920,000 for two Vactors, a tandem dump truck (both shared with the Stormwater Utility), and other smaller equipment procurements. Revenue bonds were issued during 2016, in the amount of \$14.6 million for improvements to plant in service.

The Stormwater Utility had income before contributions totaling just over \$2.9 million at year end. The utility also added \$7.4 million in public projects to plant from construction in progress which included: \$1.5 million for East Johnson Street reconstruction, and \$509,000 for Monona Drive Phase 3. The utility recorded just over \$3.2 million in capital contributions, and spent roughly \$900,000 for equipment including two new Pelican street sweepers during the year.

The net position for the Metro Transit Utility decreased significantly by approximately 15.7%, or about \$6.7 million. Employee compensation and benefits accounted for 74% of total operating expenses excluding depreciation, and were favorable when compared to the budget by roughly \$1.2 million at year end. The City decreased its operating subsidy to the utility by more than \$5.0 million in 2016, to nearly \$7.4 million, given the utility's ability to increase its contingent reserve balance the last few years.

In 2016, Metro's bus ridership of 13.4 million was down about 7.3% from the prior year; this decline is most likely attributable to fuel prices near \$2.00 per gallon, a mild winter season, and some passenger overcrowding during peak hours of service.

Additionally, Metro staff worked to submit a TIGER grant application for building the first phase of a bus satellite facility at Nakoosa Trail. To help better position the City to compete for federal grant dollars; the Common Council authorized moving forward with a \$1.5 million locally funded engineering and design plan for this infrastructure investment.

Metro's work with the Madison police department, city management, school district, and others to address security concerns is a top priority. Security incidents at 3 of the 4 transfer points declined in 2016 by about 21%. This effort will continue to be a top management area of focus.

## Proprietary Funds (continued)

The nonmajor enterprise funds include: Parking Utility, Convention Center, and Golf courses. The net position for the Parking Utility increased by about 13.3%, or approximately \$5.5 million by the close of the fiscal year; the utility remains debt free and collected nearly \$15.0 million from customers to fund operating expenses that totaled just over \$9.1 million. Additionally, the utility revised its parking rate structure during 2016, by means of an ordinance revision. This revision outlines updated fee structures, and increases to hourly rates for metered parking, hangtag permits, restricted parking, and no parking zones established by meter hoods.

Furthermore, planning and design continues for an underground parking garage to replace the Government East ramp with approximately 600 stalls on Pinckney Street. The utility plans to use its cash reserves totaling nearly \$35.5 million by the close of the fiscal year, to partially fund the Judge Doyle Garage project budgeted for an estimated \$45 million, as part of a \$175 million private development on two city-owned blocks adjacent to Pinckney Street.

The Convention Center's net position decreased by just over \$861,000 or about 2.7% for 2016, largely due to pension related expenses. During the year, the room tax fund subsidy for operations and capital contributions totaled around \$4.3 million, up from the prior year by about \$120,000.

Golf Courses net position decreased by nearly \$400,000 (including pilot payments to the general fund) from last year, due to experiencing an operating loss of about \$180,000 largely resulting from unemployment benefits previously charged to the general fund, and for a net pension actuarially determined liability and pension related deferred outflows of resources recorded for GASB-68 compliance. Pilot payments transferred to the general fund totaled \$239,164 for the year.

The net position of the City's three *internal service-type* proprietary funds outlined below, increased significantly during the year, from a deficit net position of about \$3.9 million from the prior year, to a positive total net position of nearly \$4.4 million by close of the fiscal year.

Approximately \$3.0 million more was charged to agency users for a depreciation recapture in 2016, which netted a positive operating income within Fleet Services of about \$3.3 million. This allocation also greatly facilitated in keeping a total net position deficit within the fund, to just under \$560,000 for the year.

Additionally, an appropriation was made from the General Fund to the City Insurance Fund in the amount of \$1.6 million to ensure a positive total net position balance within the fund at year end. Also, both the City's Insurance and Worker's Compensation Funds received favorable actuarial reserve adjustments which reduced operation and maintenance expenses by about \$2.7 million collectively during the year.

Furthermore, city staff recognized a roughly \$1.0 million insurance recovery receipt for losses incurred to damaged voting equipment during 2016. Subsequently, the replacement equipment was purchased in January of 2017 within the general fund.

	Net Position 2016	Net Position 2015	Increase (Decrease)
<b>Internal Service Funds:</b>			
Fleet Services	\$ (559,388)	\$ (3,866,323)	\$ 3,306,935
City Insurance	2,862,723	(40,450)	2,903,173
Worker's Compensation	<u>2,064,984</u>	<u>(10,400)</u>	<u>2,075,384</u>
Total	<u>\$ 4,368,319</u>	<u>\$ (3,917,173)</u>	<u>\$ 8,285,492</u>

## **BUDGETARY HIGHLIGHTS**

As shown in the *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP)* for the General Fund found on page 126, the original 2016 general fund budget authorized expenditures of approximately \$273.8 million funded by anticipated revenues of about \$273.8 million with a \$550,000 application of fund balance.

During the year, the Common Council authorized additional expenditures of \$3,569,332 from budgeted reserves, for an amended budget amount of more than \$277.3 million.

The City ended the year with favorable general fund final budget variances for expenditures and revenues totaling just over \$2.1 million. Expenditures deviated from the budget by approximately \$1.9 million, with revenues slightly over budget by about \$201,000. Management expected positive variances at year end for both expenditures and revenues.

Given a moderate winter season, the streets division was under budget by about \$513,000; however this was offset by about \$850,000 in higher than expected public safety salary and benefit costs.

Additionally, general government, and planning and development expenditure categories lapsed nearly \$2.4 million largely due to savings within purchased services and work supplies; including approximately \$900,000 in voting equipment procurements that were delayed yet reauthorized in 2017.

The revenue variances were also favorable by nearly \$201,000, Intergovernmental revenues were up slightly, in total by about \$250,000 when compared to the budget, primarily due to recycling aid, computer reimbursement, and fire insurance dues. Charges for Services were down nearly \$850,000 as ambulance conveyance fee collections were delayed given a software implementation during the last quarter of 2016, and for loss of facility rental revenues; however uniform citation revenues helped to offset this category totaling about \$1.0 million. Additionally, the City received a TID equity payment and refund totaling \$409,000, but room tax revenues fell short of budgeted projections by about \$500,000 at year end.

## **CAPITAL ASSETS AND LONG TERM DEBT**

### **Capital Assets**

In accordance with GASB-34, the City has recorded historical costs and depreciation expense associated with its capital assets, including infrastructure.

As summarized in the following table, the City's reported capital assets for governmental and business-type activities at December 31, 2016 of over \$2.4 billion.

Roughly 72% of capital assets were related to infrastructure and plant in service. For financial statement purposes, land costs and construction in progress are reported separately and are not combined with the City's infrastructure networks.

Total accumulated depreciation was calculated to be a little over \$760.5 million, or approximately 31.0% of the historical asset cost. Depreciation expense by function totaled just under \$60.5 million for both governmental and business-type activities. Net of accumulated depreciation, the City's investment in capital assets totaled nearly \$1.7 billion as of December 31, 2016.

## CAPITAL ASSETS AND LONG TERM DEBT (continued)

### Capital Assets

**City of Madison**  
**Capital Assets, Net of Accumulated Depreciation**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 198,373	\$ 194,344	\$ 61,540	\$ 60,052	\$ 259,913	\$ 254,396
Construction in Progress	48,168	54,032	21,280	33,862	69,448	87,894
Land Improvements	28,580	26,126	-	-	28,580	26,126
Buildings	177,767	174,818	-	-	177,767	174,818
Machinery and Equipment	137,854	136,363	-	-	137,854	136,363
Intangibles	13,660	13,594	-	-	13,660	13,594
Infrastructure	862,875	835,979	-	-	862,875	835,979
Plant in Service	-	-	903,228	843,248	903,228	843,248
Subtotal	\$ 1,467,277	\$ 1,435,256	\$ 986,048	\$ 937,162	\$ 2,453,325	\$ 2,372,418
Less Accumulated Depreciation	(477,457)	(453,500)	(283,058)	(267,916)	(760,515)	(721,416)
Total net capital assets	\$ 989,820	\$ 981,756	\$ 702,990	\$ 669,246	\$ 1,692,810	\$ 1,651,002

Some notable additions to the City's capital assets during 2016 included (in millions):

- Water pumping, treatment, transmissions, distributions, and sanitary sewers \$35.7
- Infrastructure Street Network in Construction in Progress (CIP) 30.9
- Infrastructure Street Network in service 24.0
- Major motor equipment fleet and vehicle additions 15.5
- Bridge Network in service and (CIP) 9.8
- Land and land improvements 7.2
- Buildings, building improvements in (CIP) 5.0
- Bike paths in service and (CIP) 3.8
- Traffic signals, street lights and fiber 1.5

Additional information related to the City of Madison's capital assets is reported in Note IV-D following the basic financial statements beginning on page 53.

### Long-Term Debt

On December 31, 2016, the City of Madison had \$649,792,266 of long-term bonds, notes, and capital leases outstanding, as summarized in the following table:

## CAPITAL ASSETS AND LONG TERM DEBT (continued)

### Long-Term Debt

#### City of Madison Bonds, Notes, and Capital Leases Outstanding

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Obligation Bonds and Notes	\$ 371,796,718	\$ 344,474,698	\$ 38,063,463	\$ 37,361,066	\$ 409,860,181	\$ 381,835,764
Revenue Bonds	-	-	232,540,000	205,655,000	232,540,000	205,655,000
Capital Leases	4,881,585	5,506,585	2,510,500	3,275,500	7,392,085	8,782,085
<b>Total</b>	<b>\$ 376,678,303</b>	<b>\$ 349,981,283</b>	<b>\$ 273,113,963</b>	<b>\$ 246,291,566</b>	<b>\$ 649,792,266</b>	<b>\$ 596,272,849</b>

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the city's jurisdiction. Applicable debt of the City totaled \$410,605,000 or 33.4% of the maximum legal limit of \$1,229,821,113.

During 2016, the City issued new debt for the following amounts and types:

#### City of Madison New Long-Term Debt Issued

Date	Type of Debt	Amount	Moody's Rating
10/19/2016	General Obligation Notes	\$ 85,750,000	Aaa
10/19/2016	General Obligation Notes - Taxable	7,135,000	Aaa
10/19/2016	General Obligation Bonds	6,735,000	Aaa
12/28/2016	Sewer Revenue Bonds	14,600,000	Aa2
12/28/2016	Water Revenue Bonds	38,420,000	Aa2
		<u>\$ 152,640,000</u>	

Additional information related to the City of Madison's long-term obligations is reported in Note IV-F following the basic financial statements beginning on page 61.

## CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

### Financial Outlook

The 2017 budget adopted by the Madison Common Council in November 2016 authorized an increase in total budgeted expenditures about \$10.8 million funded by a 4.7% increase in the property tax levy, an increase in other revenue sources of just over \$525,000, and a \$950,000 application of fund balance. City management is projecting 2017 actual revenues recognized and expenditures incurred to be extremely close to the adopted budget.

## **CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS (continued)**

### **Financial Outlook**

A simple projection of results from the first three months of 2017, suggests general fund revenues will be at a surplus of about \$550,000 depending upon the required to-market adjustments during the year, and the timing of any interest rate moves by the Federal Reserve.

Ambulance conveyance revenues were increased within the 2017 Operating Budget to nearly \$7.7 million, up \$585,000 from the prior year, to more closely reflect staff projections which included a slight fee increase. Investment interest is expected and budgeted at \$1.2 million for the fiscal period. However, room tax collections are anticipated to grow slower than the previous year, along with building permit revenues continuing to decline slightly. Collectively, City management estimates both of these revenues sources to be down by about \$1.4 million by the close of 2017.

The 2017 Adopted Budget includes \$3.8 million in salary savings due to anticipated retirements and open vacated positions. Presently, hiring is planned during the second quarter of 2017, for public works, parks, and library staffs, netting a smaller surplus within salaries than anticipated prior to year-end. Overtime is projected at a deficit of about \$575,000 for the Police and Fire departments which is planned to be partially offset by savings within the City's snow budget of just over \$150,000. Projected expenditure savings for purchased services and supplies are trending lower than predicted, as the City incurred only three snow events during the first quarter of 2017, and anticipates three more during the fourth quarter. The City generally budgets for 7 snow events for the winter season each costing approximately \$560,000. Program income reserves from 2016 and prior years, will be used for community agency contracts and/or loans for 2017 budgeted appropriations.

On balance, management expects revenues and expenditures to be in equilibrium based on actual experience to date, with perhaps even a slight surplus by year end. Historically, the City's internal budget monitoring and control systems have proven effective and have resulted in savings in most departmental budgets at the end of each fiscal year. These normally occurring savings can be expected to offset the majority of the currently anticipated expenditure over-runs and any revenue shortfalls identified above for 2017.

### **Economic Factors**

The local economy has remained rather strong during this period when compared to the remainder of the state and nation. According to the Wisconsin Department of Workforce Development, May 2017 Labor Statistics, the local unadjusted unemployment rate stood at 2.0%, well below the state average rate of 3.0% and national rate of 4.1%.

The City's population increased to 247,207 from 242,216 as estimated by the Wisconsin State Department of Administration.

Locally assessed real estate value increased by approximately 10.2% between 2016 and 2017. Commercial property increased by 16.6% while total residential assessments increased by 6.6%. New construction was up strongly from \$518 million in 2015 to \$750 million in 2016. The average single family home assessment increased by about 5.8% from \$254,593 to \$269,377. These assessment figures compare favorably to the rest of the state and nation given the City's resilient economy.

## REQUESTS FOR INFORMATION

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to provide accountability for the financial resources it receives.

If you have questions about the information contained in this report or need additional financial information concerning the City of Madison, please contact the Finance Department, 210 Martin Luther King Jr. Boulevard, Room 406, City-County Building, Madison, Wisconsin, 53703. Our staff can be reached by telephone at 608-266-4671 or e-mail at [finance@cityofmadison.com](mailto:finance@cityofmadison.com).

BASIC FINANCIAL  
STATEMENTS

**CITY OF MADISON**

STATEMENT OF NET POSITION

As of December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 205,463,625	\$ 81,309,383	\$ 286,773,008	\$ 17,305,952
Receivables (net)				
Taxes	247,045,299	-	247,045,299	-
Accounts	7,563,533	7,626,130	15,189,663	716,740
Special assessments	14,821,927	10,383,267	25,205,194	261,492
Accrued interest	1,709,964	-	1,709,964	136,333
Accrued revenue	974,730	10,767	985,497	-
Long-term loans	27,126,720	-	27,126,720	102,330
Other	16,546,000	-	16,546,000	-
Pledge receivable	-	-	-	1,734,075
Internal balances	12,223,413	(12,223,413)	-	-
Due from other governmental units	5,878,393	5,733,864	11,612,257	324,412
Due from component units	654,610	-	654,610	-
Inventories	2,727,241	1,241,053	3,968,294	86,280
Prepaid items	2,089,381	857,657	2,947,038	1,545,310
Advances to component unit	7,939,194	-	7,939,194	-
Lease receivable	4,881,585	-	4,881,585	-
Lease receivable from primary government	-	-	-	7,392,085
Other Assets				
Net non-utility property	-	254,832	254,832	-
Prepaid expenses - land lease	-	45,976	45,976	-
Beneficial interest in assets held by MCF	-	-	-	5,236,966
Other	-	833,153	833,153	440,562
Restricted Assets				
Cash and investments	13,963,070	54,828,220	68,791,290	4,353,494
Investment in Wisconsin Municipal Mutual Insurance Co.	3,815,820	-	3,815,820	-
Other	-	-	-	1,920,856
Property held for future use	-	4,009,072	4,009,072	-
Capital Assets				
Land	198,372,545	61,540,150	259,912,695	11,662,779
Construction in progress	48,167,874	21,279,971	69,447,845	555,308
Land improvements	28,580,100	-	28,580,100	-
Buildings	177,767,031	-	177,767,031	-
Machinery and equipment	137,853,770	-	137,853,770	-
Intangibles	13,659,864	-	13,659,864	-
Infrastructure	862,875,446	-	862,875,446	-
Plant in service	-	903,227,698	903,227,698	107,753,603
Accumulated depreciation	(477,456,658)	(283,058,056)	(760,514,714)	(53,266,975)
Total Assets	<u>1,565,244,477</u>	<u>857,899,724</u>	<u>2,423,144,201</u>	<u>108,261,602</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on advance refunding	-	1,973,323	1,973,323	-
Pension related amounts	<u>112,572,594</u>	<u>30,874,277</u>	<u>143,446,871</u>	<u>1,457,933</u>
Total Deferred Outflows of Resources	<u>112,572,594</u>	<u>32,847,600</u>	<u>145,420,194</u>	<u>1,457,933</u>

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
<b>LIABILITIES</b>				
Accounts payable	\$ 15,632,464	\$ 9,921,187	\$ 25,553,651	\$ 568,556
Accrued payroll and payroll taxes	11,245,698	3,613,990	14,859,688	1,569,065
Other accrued liabilities and deposits	23,945,761	1,303,947	25,249,708	-
Due to other governmental units	1,468,348	-	1,468,348	-
Due to primary government	-	-	-	654,610
Payable from Restricted Assets				
Accrued liabilities	-	3,114,832	3,114,832	-
Current maturities of revenue bonds	-	10,115,000	10,115,000	-
Other liabilities	-	1,561,845	1,561,845	-
Other liabilities	54,746	723,960	778,706	890,459
Advances from primary government	-	-	-	7,939,194
Noncurrent Liabilities				
Due within one year	63,900,932	9,593,088	73,494,020	3,272,880
Due in more than one year	426,956,121	287,991,666	714,947,787	14,326,665
Total Liabilities	<u>543,204,070</u>	<u>327,939,515</u>	<u>871,143,585</u>	<u>29,221,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	242,312,847	1,024,853	243,337,700	2,286,942
Pension related amounts	42,596,118	11,829,539	54,425,657	554,837
Total Deferred Inflows of Resources	<u>284,908,965</u>	<u>12,854,392</u>	<u>297,763,357</u>	<u>2,841,779</u>
<b>NET POSITION</b>				
Net investment in capital assets	696,130,916	459,130,784	1,155,261,700	45,638,303
Restricted for				
Debt service	15,658,006	11,201,837	26,859,843	-
Equipment replacement	-	900,000	900,000	378,067
Loan programs	31,942,076	-	31,942,076	-
Library	1,405,146	-	1,405,146	2,178,042
Park purposes	409,542	-	409,542	6,907,907
Impact fees	12,984,570	-	12,984,570	-
Other grants	862,278	-	862,278	-
Other restricted special revenue funds	2,293,341	-	2,293,341	-
Residual receipts	-	-	-	44,401
Real estate taxes	-	-	-	23,259
TID activities	43,318,716	-	43,318,716	-
Trust purposes - expendable	3,185,450	-	3,185,450	-
Trust purposes - nonexpendable	719,711	-	719,711	-
Unrestricted	<u>40,794,284</u>	<u>78,720,796</u>	<u>119,515,080</u>	<u>22,486,348</u>
<b>TOTAL NET POSITION</b>	<u>\$ 849,704,036</u>	<u>\$ 549,953,417</u>	<u>\$ 1,399,657,453</u>	<u>\$ 77,656,327</u>

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 38,026,460	\$ 1,582,945	\$ 13,215	\$ -
Public safety	138,832,946	15,791,545	1,945,135	-
Public works and transportation	73,049,893	10,131,496	11,217,386	9,907,595
Planning and development	37,986,391	10,439,621	2,036,586	2,797,573
Culture and recreation	40,912,451	5,135,854	485,965	1,156,219
Interest and fiscal charges	8,673,810	-	416,928	-
Total Governmental Activities	<u>337,481,951</u>	<u>43,081,461</u>	<u>16,115,215</u>	<u>13,861,387</u>
Business-type Activities				
Water	27,087,143	35,552,491	-	5,789,485
Sewer	34,597,239	34,293,941	-	882,670
Stormwater	12,800,118	15,188,100	-	2,122,606
Parking utility	9,070,617	14,923,974	-	-
Transit	64,010,188	18,328,051	27,269,559	4,777,990
Convention center	10,348,530	5,442,720	-	-
Golf courses	3,320,180	3,187,116	-	910,099
Total Business-type Activities	<u>161,234,015</u>	<u>126,916,393</u>	<u>27,269,559</u>	<u>14,482,850</u>
Total Primary Government	<u>\$ 498,715,966</u>	<u>\$ 169,997,854</u>	<u>\$ 43,384,774</u>	<u>\$ 28,344,237</u>
<b>Component Units</b>				
CDA (Housing)	\$ 27,547,152	\$ 7,517,116	\$ 17,319,501	\$ 6,115,968
Business Improvement District	415,090	409,188	2,600	-
Olbrich Foundation (Parks)	2,082,056	1,286,879	5,086,707	-
Library Foundation	1,240,902	148,165	978,824	-
Parks Foundation	316,181	43,688	334,945	-
Total Component Units	<u>\$ 31,601,381</u>	<u>\$ 9,405,036</u>	<u>\$ 23,722,577</u>	<u>\$ 6,115,968</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for the library

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Interest on capital leases

Miscellaneous

Gain on sale of assets

Transfers - Internal

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning

**NET POSITION - ENDING**

Net (Expense) Revenues and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (36,430,300)	\$ -	\$ (36,430,300)	\$ -
(121,096,266)	-	(121,096,266)	-
(41,793,416)	-	(41,793,416)	-
(22,712,611)	-	(22,712,611)	-
(34,134,413)	-	(34,134,413)	-
(8,256,882)	-	(8,256,882)	-
<u>(264,423,888)</u>	<u>-</u>	<u>(264,423,888)</u>	<u>-</u>
-	14,254,833	14,254,833	-
-	579,372	579,372	-
-	4,510,588	4,510,588	-
-	5,853,357	5,853,357	-
-	(13,634,588)	(13,634,588)	-
-	(4,905,810)	(4,905,810)	-
-	777,035	777,035	-
-	<u>7,434,787</u>	<u>7,434,787</u>	<u>-</u>
<u>(264,423,888)</u>	<u>7,434,787</u>	<u>(256,989,101)</u>	<u>-</u>
-	-	-	3,405,433
-	-	-	(3,302)
-	-	-	4,291,530
-	-	-	(113,913)
-	-	-	<u>62,452</u>
-	-	-	<u>7,642,200</u>
194,019,578	-	194,019,578	-
16,288,835	-	16,288,835	-
17,893,720	-	17,893,720	-
15,957,567	-	15,957,567	-
23,943,199	-	23,943,199	-
4,810,159	1,123,765	5,933,924	1,050,655
-	-	-	456,000
4,051,870	443,209	4,495,079	32,720
1,024,070	3,582	1,027,652	-
(5,311,456)	5,311,456	-	-
<u>272,677,542</u>	<u>6,882,012</u>	<u>279,559,554</u>	<u>1,539,375</u>
8,253,654	14,316,799	22,570,453	9,181,575
<u>841,450,382</u>	<u>535,636,618</u>	<u>1,377,087,000</u>	<u>68,474,752</u>
<u>\$ 849,704,036</u>	<u>\$ 549,953,417</u>	<u>\$ 1,399,657,453</u>	<u>\$ 77,656,327</u>

See accompanying notes to financial statements.

**CITY OF MADISON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	General	Library	Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 68,398,674	\$ 958,833	\$ 7,354,114
Receivables			
Taxes	202,863,467	16,915,564	-
Accounts	5,581,578	51,831	-
Accrued revenue	331,898	-	-
Special assessments	-	-	-
Accrued interest	454,426	-	-
Long-term loans	1,848,042	-	-
Other receivables	16,546,000	-	-
Due from other funds	760,958	-	-
Due from component unit	654,610	-	-
Due from other governmental units	366,821	-	-
Advances to other funds	2,295,000	-	4,583,472
Advances to component unit	238,000	-	7,701,194
Leases receivable	-	-	-
Inventories	-	-	-
Prepaid items	1,800,987	121,719	-
Restricted cash and investments	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 302,140,461</b>	<b>\$ 18,047,947</b>	<b>\$ 19,638,780</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 5,811,378	\$ 28,492	\$ -
Accrued liabilities	10,675,737	377,709	-
Deposits	5,269,071	-	-
Due to other governmental units	1,420,650	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Other liabilities	54,746	-	-
Total Liabilities	<u>23,231,582</u>	<u>406,201</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	21,880,289	51,831	-
Unearned revenues	202,813,066	16,915,564	-
Total Deferred Inflows of Resources	<u>224,693,355</u>	<u>16,967,395</u>	<u>-</u>
Fund Balances			
Nonspendable			
Noncurrent advances to other funds	1,530,000	-	-
Advances to component units	238,000	-	-
Noncurrent receivables	1,131,305	-	-
Inventories	-	-	-
Prepaid items	1,800,987	121,718	-
Trust activities	-	-	-
Restricted	-	552,633	19,638,780
Committed	-	-	-
Assigned	10,209,047	-	-
Unassigned	39,306,185	-	-
Total Fund Balances	<u>54,215,524</u>	<u>674,351</u>	<u>19,638,780</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 302,140,461</b>	<b>\$ 18,047,947</b>	<b>\$ 19,638,780</b>

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 91,024,022	\$ 16,852,034	\$ 184,587,677
23,765,701	3,500,567	247,045,299
248,346	241,424	6,123,179
-	642,832	974,730
14,821,927	-	14,821,927
925,508	330,030	1,709,964
1,009,530	24,269,148	27,126,720
-	-	16,546,000
-	407,497	1,168,455
-	-	654,610
1,099,405	4,412,167	5,878,393
1,068,827	-	7,947,299
-	-	7,939,194
4,881,585	-	4,881,585
1,576,719	-	1,576,719
99,496	23,700	2,045,902
-	13,157,083	13,157,083
<u>\$ 140,521,066</u>	<u>\$ 63,836,482</u>	<u>\$ 544,184,736</u>
\$ 9,088,746	\$ 317,462	\$ 15,246,078
119,974	72,278	11,245,698
-	28,059	5,297,130
47,698	-	1,468,348
3,249,390	-	3,249,390
-	626,249	626,249
-	-	54,746
<u>12,505,808</u>	<u>1,044,048</u>	<u>37,187,639</u>
23,998,042	29,264,347	75,194,509
20,364,835	2,219,382	242,312,847
<u>44,362,877</u>	<u>31,483,729</u>	<u>317,507,356</u>
-	-	1,530,000
-	-	238,000
-	-	1,131,305
1,576,719	-	1,576,719
99,496	23,700	2,045,901
-	719,711	719,711
61,442,348	28,973,649	110,607,410
-	1,591,645	1,591,645
20,533,818	-	30,742,865
-	-	39,306,185
<u>83,652,381</u>	<u>31,308,705</u>	<u>189,489,741</u>
<u>\$ 140,521,066</u>	<u>\$ 63,836,482</u>	<u>\$ 544,184,736</u>

See accompanying notes to financial statements.

## CITY OF MADISON

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

---

Total Fund Balances - Governmental Funds	\$ 189,489,741
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.	962,504,188
Internal service funds are reported in the statement of net position as governmental funds.	11,439,353
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	75,194,509
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	110,931,577
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(41,964,245)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	<u>(457,891,087)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 849,704,036</u></b>

See accompanying notes to financial statements.

## CITY OF MADISON

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	General	Library	Debt Service
<b>REVENUES</b>			
Taxes	\$ 195,421,631	\$ 16,288,835	\$ -
Special assessments	-	-	-
Intergovernmental	35,717,178	112,122	398,744
Licenses and permits	9,327,847	-	-
Fines and forfeitures	7,694,509	-	-
Public charges for services	9,159,414	1,190,835	-
Investment income	2,759,893	-	444,824
Contributions	-	370,254	-
Miscellaneous	1,174,743	36,428	10,758
Total Revenues	261,255,215	17,998,474	854,326
<b>EXPENDITURES</b>			
Current			
General government	25,817,932	-	-
Public safety	125,262,941	-	-
Public works	36,837,928	-	-
Planning and development	19,951,759	-	-
Culture and recreation	16,989,347	14,358,332	-
Capital Outlay	-	317,801	-
Debt Service			
Principal retirement	-	-	59,089,249
Interest and fiscal charges	-	-	11,129,236
Total Expenditures	224,859,907	14,676,133	70,218,485
Excess (deficiency) of revenues over expenditures	36,395,308	3,322,341	(69,364,159)
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation debt issued	-	-	-
General obligation refunding debt issued	-	-	10,610,598
Premium on debt issued	-	-	4,946,242
Sale of capital assets	43,435	-	-
Transfers in	17,216,799	20,000	54,424,264
Transfers out	(54,077,616)	(3,449,388)	-
Total Other Financing Sources (Uses)	(36,817,382)	(3,429,388)	69,981,104
<b>Net Change in Fund Balances</b>	(422,074)	(107,047)	616,945
FUND BALANCES - Beginning of Year	54,637,598	781,398	19,021,835
<b>FUND BALANCES - END OF YEAR</b>	\$ 54,215,524	\$ 674,351	\$ 19,638,780

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 17,893,720	\$ 14,555,515	\$ 244,159,701
3,380,545	-	3,380,545
2,227,789	6,257,324	44,713,157
-	310,388	9,638,235
-	-	7,694,509
330,706	13,415,160	24,096,115
747,996	768,459	4,721,172
724,183	-	1,094,437
561,391	328,824	2,112,144
<u>25,866,330</u>	<u>35,635,670</u>	<u>341,610,015</u>
4,189,787	5,049,995	35,057,714
518,015	1,999,710	127,780,666
6,295,818	1,073,467	44,207,213
2,038,318	9,605,563	31,595,640
2,990,000	218,622	34,556,301
41,486,005	-	41,803,806
625,000	-	59,714,249
416,013	-	11,545,249
<u>58,558,956</u>	<u>17,947,357</u>	<u>386,260,838</u>
<u>(32,692,626)</u>	<u>17,688,313</u>	<u>(44,650,823)</u>
70,890,397	186,265	71,076,662
-	-	10,610,598
123,455	-	5,069,697
561,210	23,985	628,630
6,717,681	519,825	78,898,569
<u>(10,615,242)</u>	<u>(16,439,190)</u>	<u>(84,581,436)</u>
<u>67,677,501</u>	<u>(15,709,115)</u>	<u>81,702,720</u>
34,984,875	1,979,198	37,051,897
<u>48,667,506</u>	<u>29,329,507</u>	<u>152,437,844</u>
<u>\$ 83,652,381</u>	<u>\$ 31,308,705</u>	<u>\$ 189,489,741</u>

See accompanying notes to financial statements.

## CITY OF MADISON

### 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, 2016

Net change in fund balances - total governmental funds	\$ 37,051,897
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	41,803,806
Less: Some items reported as capital outlay but not capitalized	(8,000,248)
Add: Contributed assets	9,037,971
Depreciation is reported in the government-wide statements	(33,434,188)
Net book value of disposals	(2,914,250)
Net capital asset contributions by governmental activities to business-type activities	(1,143,336)
Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(2,560,700)
Debt and leases issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position	
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Debt issued	(81,687,260)
Principal repaid	59,714,249
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	(1,474,737)
Disability benefits	29,994
Post-employment benefits	(2,653,247)
Police and fire pension	95,139
Accrued interest on debt	35,648
Net pension asset/liability	(49,936,539)
Deferred outflows of resources related to pensions	80,094,952
Deferred inflows of resources related to pensions	(41,957,804)
Governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Current year premium	(5,069,697)
Amortization of discount and premium	3,846,834
Internal service funds are used by management to charge the costs of workers compensation, liability insurance, employee benefits, and fleet center costs to individual funds.	
The net expense of the internal service funds is reported with governmental activities.	7,375,170
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 8,253,654</u></b>

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 1,898,987	\$ 26,342,106	\$ 7,746,964
Customer accounts receivable (net)	5,947,548	125,820	9,793
Accrued revenue	-	2,811	7,956
Due from other funds	980,254	3,971,640	1,582,383
Due from other governmental units	-	2,400	-
Inventories	718,568	-	-
Special assessments receivable	85,883	-	-
Other assets	438,687	-	-
Prepaid items	-	44,384	82,473
Restricted cash and investments	9,542,889	-	-
<b>Total Current Assets</b>	<b>19,612,816</b>	<b>30,489,161</b>	<b>9,429,569</b>
<b>Noncurrent Assets</b>			
Property held for future use	4,009,072	-	-
<b>Restricted Assets</b>			
Cash and investments	36,683,104	5,932,937	1,107,445
Investment in mutual insurance company	-	-	-
<b>Capital Assets</b>			
Land	2,601,317	2,462,272	48,190,932
Construction work in progress	9,645,941	4,209,147	5,507,316
Plant in service (at cost)	330,136,628	147,431,556	213,494,412
<b>Total Capital Assets</b>	<b>342,383,886</b>	<b>154,102,975</b>	<b>267,192,660</b>
Less: Accumulated depreciation	(75,673,321)	(29,059,603)	(42,965,231)
<b>Net Capital Assets</b>	<b>266,710,565</b>	<b>125,043,372</b>	<b>224,227,429</b>
<b>Other Property and Investments</b>			
Special assessments receivable	2,233,195	5,179,949	2,884,240
Preliminary survey and investigation	394,466	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	254,832	-	-
<b>Total Other Property and Investments</b>	<b>2,882,493</b>	<b>5,179,949</b>	<b>2,884,240</b>
<b>Total Noncurrent Assets</b>	<b>310,285,234</b>	<b>136,156,258</b>	<b>228,219,114</b>
<b>Total Assets</b>	<b>329,898,050</b>	<b>166,645,419</b>	<b>237,648,683</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on advanced refunding	1,973,323	-	-
Deferred outflows related to pension	4,915,123	1,773,078	2,294,066
<b>Total Deferred Outflows of Resources</b>	<b>6,888,446</b>	<b>1,773,078</b>	<b>2,294,066</b>

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 6,027,355	\$ 39,293,971	\$ 81,309,383	\$ 20,875,948
953,341	589,628	7,626,130	1,440,354
-	-	10,767	-
-	-	6,534,277	-
5,731,464	-	5,733,864	-
375,855	146,630	1,241,053	1,150,522
-	-	85,883	-
-	-	438,687	-
589,379	141,421	857,657	43,479
480,350	-	10,023,239	-
<u>14,157,744</u>	<u>40,171,650</u>	<u>113,860,940</u>	<u>23,510,303</u>
-	-	4,009,072	-
1,081,495	-	44,804,981	805,987
-	-	-	3,815,820
2,604,992	5,680,637	61,540,150	2,490,358
300,633	1,616,934	21,279,971	1,327,144
<u>108,070,847</u>	<u>104,094,255</u>	<u>903,227,698</u>	<u>75,505,827</u>
110,976,472	111,391,826	986,047,819	79,323,329
<u>(69,759,622)</u>	<u>(65,600,279)</u>	<u>(283,058,056)</u>	<u>(52,007,545)</u>
<u>41,216,850</u>	<u>45,791,547</u>	<u>702,989,763</u>	<u>27,315,784</u>
-	-	10,297,384	-
-	-	394,466	-
45,976	-	45,976	-
-	-	254,832	-
<u>45,976</u>	<u>-</u>	<u>10,992,658</u>	<u>-</u>
<u>42,344,321</u>	<u>45,791,547</u>	<u>762,796,474</u>	<u>31,937,591</u>
<u>56,502,065</u>	<u>85,963,197</u>	<u>876,657,414</u>	<u>55,447,894</u>
-	-	1,973,323	-
<u>17,033,374</u>	<u>4,858,636</u>	<u>30,874,277</u>	<u>1,641,017</u>
<u>17,033,374</u>	<u>4,858,636</u>	<u>32,847,600</u>	<u>1,641,017</u>

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 1,034,472	\$ 5,710,971	\$ 367,409
Accrued liabilities	545,897	170,686	245,562
Due to other funds	4,195,163	-	-
Deposits	-	153,323	17,100
Claims payable	-	-	-
Current portion of general obligation long-term debt	-	-	5,028,158
Current portion of capital lease	-	-	-
Current portion of advances from other funds	854,040	-	-
Current portion of accrued compensated absences	356,693	266,256	472,904
Liabilities Payable from Restricted Assets			
Accrued liabilities	2,976,857	137,975	-
Current maturities of revenue bonds	6,660,000	3,455,000	-
Other	-	-	-
Total Current Liabilities	<u>16,623,122</u>	<u>9,894,211</u>	<u>6,131,133</u>
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	23,866,105
Revenue bonds, including unamortized premium	191,026,093	43,117,358	-
Capital lease	-	-	-
Advances from other funds	2,888,504	-	-
Net pension liability	880,490	320,560	447,968
Accrued compensated absences	1,757,251	575,952	758,686
Other post-employment benefits	636,434	154,647	43,094
Total Long-Term Debt	<u>197,188,772</u>	<u>44,168,517</u>	<u>25,115,853</u>
Other Noncurrent Liabilities			
Noncurrent liabilities payable from restricted assets	-	-	-
Other	211,807	-	-
Total Other Noncurrent Liabilities	<u>211,807</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>214,023,701</u>	<u>54,062,728</u>	<u>31,246,986</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	1,864,058	678,642	948,309
Unearned revenues	-	-	-
Total Deferred Inflows of Resources	<u>1,864,058</u>	<u>678,642</u>	<u>948,309</u>
<b>NET POSITION</b>			
Net investment in capital assets	106,282,192	80,128,878	196,440,611
Restricted for debt service	7,064,739	4,137,098	-
Restricted for equipment replacement	900,000	-	-
Unrestricted	<u>6,651,806</u>	<u>29,411,151</u>	<u>11,306,843</u>
<b>TOTAL NET POSITION</b>	<u>\$ 120,898,737</u>	<u>\$ 113,677,127</u>	<u>\$ 207,747,454</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

**NET POSITION OF BUSINESS-TYPE ACTIVITIES**

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 1,697,819	\$ 1,110,516	\$ 9,921,187	\$ 386,386
2,040,795	611,050	3,613,990	441,055
-	170,443	4,365,606	87,736
-	1,133,524	1,303,947	-
-	-	-	15,522,010
1,318,375	19,998	6,366,531	5,358,492
-	745,000	745,000	-
274,829	42,228	1,171,097	-
952,868	432,836	2,481,557	214,743
-	-	3,114,832	-
-	-	10,115,000	-
480,350	-	480,350	-
<u>6,765,036</u>	<u>4,265,595</u>	<u>43,679,097</u>	<u>22,010,422</u>
7,690,841	139,986	31,696,932	28,225,234
-	-	234,143,451	-
-	1,765,500	1,765,500	-
2,827,073	434,376	6,149,953	-
3,065,279	873,449	5,587,746	298,512
3,528,739	1,731,348	8,351,976	858,972
4,839,318	772,568	6,446,061	695,579
<u>21,951,250</u>	<u>5,717,227</u>	<u>294,141,619</u>	<u>30,078,297</u>
1,081,495	-	1,081,495	-
512,153	-	723,960	-
1,593,648	-	1,805,455	-
<u>30,309,934</u>	<u>9,982,822</u>	<u>339,626,171</u>	<u>52,088,719</u>
6,489,389	1,849,141	11,829,539	631,873
951,371	73,482	1,024,853	-
<u>7,440,760</u>	<u>1,922,623</u>	<u>12,854,392</u>	<u>631,873</u>
33,158,040	43,121,063	459,130,784	(1,089,055)
-	-	11,201,837	-
-	-	900,000	-
<u>2,626,705</u>	<u>35,795,325</u>	<u>85,791,830</u>	<u>5,457,374</u>
<u>\$ 35,784,745</u>	<u>\$ 78,916,388</u>	<u>557,024,451</u>	<u>\$ 4,368,319</u>
		(7,071,034)	
		<u>\$ 549,953,417</u>	

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
<b>OPERATING REVENUES-USAGE CHARGES</b>	\$ 35,552,491	\$ 34,293,941	\$ 15,188,100
<b>OPERATING EXPENSES</b>			
Operation and maintenance	15,356,637	30,178,299	7,717,906
Depreciation	6,328,463	2,183,234	3,456,474
Total Operating Expenses	<u>21,685,100</u>	<u>32,361,533</u>	<u>11,174,380</u>
Operating Income (Loss)	<u>13,867,391</u>	<u>1,932,408</u>	<u>4,013,720</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	357,059	385,737	179,454
Interest and amortization	(6,255,982)	(1,163,943)	(1,059,799)
Interest charged to construction	385,952	-	-
Issuance costs	(222,252)	-	-
Reimbursement of operating loss from government agencies	-	-	-
Gain (Loss) on sale of assets	-	(88,614)	(309,977)
Special assessments	-	463,632	-
Noncapitalized infrastructure improvements	-	(1,017,120)	(377,244)
Intergovernmental Revenue	-	-	-
Miscellaneous revenues	128,204	150,784	52,667
Miscellaneous expenses	(15,941)	-	-
Total Nonoperating Revenue (Expenses)	<u>(5,622,960)</u>	<u>(1,269,524)</u>	<u>(1,514,899)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>8,244,431</u>	<u>662,884</u>	<u>2,498,821</u>
<b>TRANSFERS</b>			
Transfers in	185,967	519,796	451,574
Transfers out	(6,431,680)	(202,487)	(17,960)
Net Transfers	<u>(6,245,713)</u>	<u>317,309</u>	<u>433,614</u>
Income (Loss) Before Contributions	1,998,718	980,193	2,932,435
<b>CAPITAL CONTRIBUTIONS</b>	5,789,485	419,038	2,122,606
<b>CAPITAL CONTRIBUTIONS- MUNICIPAL</b>	-	-	1,143,336
<b>CAPITALIZED TAX EQUIVALENT</b>	<u>491,158</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	8,279,361	1,399,231	6,198,377
NET POSITION – Beginning of Year	<u>112,619,376</u>	<u>112,277,896</u>	<u>201,549,077</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 120,898,737</u>	<u>\$ 113,677,127</u>	<u>\$ 207,747,454</u>

Change in Net Position

Adjustments to reflect the consolidation of internal service funds activities related to business-type activities

**CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES**

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Transit Utility	Nonmajor Enterprise Funds	Totals	
\$ 18,328,051	\$ 23,553,810	\$ 126,916,393	\$ 24,861,930
57,682,842	20,112,618	131,048,302	13,492,334
6,367,349	2,621,975	20,957,495	6,107,585
64,050,191	22,734,593	152,005,797	19,599,919
(45,722,140)	819,217	(25,089,404)	5,262,011
-	201,515	1,123,765	11,547
(385,874)	(118,904)	(8,984,502)	(1,011,039)
-	-	385,952	-
-	-	(222,252)	-
27,269,559	-	27,269,559	-
-	3,582	(395,009)	624,073
-	-	463,632	-
-	-	(1,394,364)	-
-	-	-	33,086
10,467	101,087	443,209	1,726,597
-	-	(15,941)	-
26,894,152	187,280	18,674,049	1,384,264
(18,827,988)	1,006,497	(6,415,355)	6,646,275
7,383,542	4,336,562	12,877,441	1,748,251
-	(2,057,194)	(8,709,321)	(233,504)
7,383,542	2,279,368	4,168,120	1,514,747
(11,444,446)	3,285,865	(2,247,235)	8,161,022
4,777,990	910,099	14,019,218	-
-	-	1,143,336	124,470
-	-	491,158	-
(6,666,456)	4,195,964	13,406,477	8,285,492
42,451,201	74,720,424	543,617,974	(3,917,173)
\$ 35,784,745	\$ 78,916,388	\$ 557,024,451	\$ 4,368,319
		\$ 13,406,477	
		910,322	
		\$ 14,316,799	

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 36,530,782	\$ 34,576,352	\$ 14,851,540
Customer deposits received	-	-	-
Paid to suppliers for goods and services	(8,572,513)	(25,383,000)	(2,226,527)
Paid to employees for services	(5,978,193)	(3,793,095)	(5,292,646)
Net Cash Flows From Operating Activities	<u>21,980,076</u>	<u>5,400,257</u>	<u>7,332,367</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Repayment of advances from other funds	(81,499)	-	-
Interest paid on advances from other funds	(59,479)	-	-
Transfers from other funds	185,967	519,796	451,574
Transfers to other funds - tax equivalent	(6,415,680)	-	-
Transfers to other funds	(16,000)	(202,487)	(17,960)
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(1,017,120)	-
Loan from municipality receipts (payments)	(765,000)	-	-
Repayment of negative cash implicitly financed	-	-	-
Operating grants received	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(7,151,691)</u>	<u>(699,811)</u>	<u>433,614</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(6,120,000)	(2,605,000)	(5,456,834)
Interest paid	(6,065,327)	(1,118,598)	(1,082,024)
Long-term debt issued	38,420,000	14,600,000	4,529,424
Payments to escrow during refunding	(18,361,196)	-	-
Acquisition and construction of capital assets	(24,166,390)	(8,584,713)	(5,746,485)
Proceeds from sale of property	-	-	-
Debt premium received	4,026,144	618,733	-
Issuance costs	(222,252)	(172,100)	-
Contribution in aid of construction	(390,128)	102,266	48,342
Transfers in - city	-	-	-
Capital contributions-federal and state	-	-	-
BAB interest rebate received	111,149	134,484	-
Advances from other funds	3,586	-	-
Special assessments received	229,458	1,066,831	273,910
Net Cash Flows From Capital and Related Financing Activities	<u>(12,534,956)</u>	<u>4,041,903</u>	<u>(7,433,667)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Marketable securities purchased	(6,019,850)	-	-
Marketable securities sold	4,111,640	-	-
Investment income	357,059	385,737	179,454
Net Cash Flows From Investing Activities	<u>(1,551,151)</u>	<u>385,737</u>	<u>179,454</u>
<b>Net Change in Cash and Cash Equivalents</b>	742,278	9,128,086	511,768
CASH AND CASH EQUIVALENTS - Beginning of Year	35,451,652	23,146,957	8,342,641
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 36,193,930</u>	<u>\$ 32,275,043</u>	<u>\$ 8,854,409</u>

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 18,754,495	\$ 23,547,912	\$ 128,261,081	\$ 25,678,983
-	100,137	100,137	-
(26,563,693)	(5,597,634)	(68,343,367)	(11,867,166)
<u>(27,468,352)</u>	<u>(12,914,832)</u>	<u>(55,447,118)</u>	<u>(3,979,567)</u>
<u>(35,277,550)</u>	<u>5,135,583</u>	<u>4,570,733</u>	<u>9,832,250</u>
(251,554)	(38,652)	(371,705)	-
(114,632)	-	(174,111)	-
6,252,167	4,336,562	11,746,066	1,748,251
-	-	(6,415,680)	-
-	(2,057,194)	(2,293,641)	(233,504)
21,438	-	21,438	-
-	-	(1,017,120)	-
-	-	(765,000)	-
-	-	-	(4,042,381)
<u>31,676,614</u>	<u>-</u>	<u>31,676,614</u>	<u>-</u>
<u>37,584,033</u>	<u>2,240,716</u>	<u>32,406,861</u>	<u>(2,527,634)</u>
(1,108,798)	(784,998)	(16,075,630)	(4,787,271)
(257,659)	(126,555)	(8,650,163)	(998,176)
2,758,604	-	60,308,028	9,511,280
-	-	(18,361,196)	-
(6,884,939)	(1,447,647)	(46,830,174)	(8,969,199)
-	-	-	896,450
-	-	4,644,877	-
-	-	(394,352)	-
-	-	(239,520)	-
1,131,375	-	1,131,375	-
4,777,990	-	4,777,990	-
-	-	245,633	-
-	-	3,586	-
-	-	1,570,199	-
<u>416,573</u>	<u>(2,359,200)</u>	<u>(17,869,347)</u>	<u>(4,346,916)</u>
-	-	(6,019,850)	-
-	-	4,111,640	562,956
-	201,515	1,123,765	11,547
-	201,515	(784,445)	574,503
2,723,056	5,218,614	18,323,802	3,532,203
<u>4,866,144</u>	<u>34,075,357</u>	<u>105,882,751</u>	<u>17,343,745</u>
<u>\$ 7,589,200</u>	<u>\$ 39,293,971</u>	<u>\$ 124,206,553</u>	<u>\$ 20,875,948</u>

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Income (loss) from operations	\$ 13,867,391	\$ 1,932,408	\$ 4,013,720
Adjustments to reconcile income (loss) to net cash flows from operating activities			
Nonoperating income (loss)	1,114	(438,674)	(591,439)
Depreciation	6,328,463	2,183,234	3,456,474
Depreciation charged to other accounts	1,005,696	-	-
Change in assets and liabilities			
Accounts receivable	551,338	(50,159)	20,174
Other current assets	(25,779)	-	-
Accrued revenue	-	(2,207)	-
Due from other governmental units	-	743,401	-
Due from other funds	(49,117)	-	222,605
Inventories	(77,834)	-	-
Prepaid items and other assets	-	(4,075)	(16,918)
Accounts payable	761,800	737,165	150,701
Accrued liabilities	-	154,647	67,190
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	30,050	55,194
Customer Deposits	-	-	-
Accrued compensated absences	(106,907)	(47,150)	-
Due to other funds	(926,916)	-	-
Other post-employment benefits	79,494	-	-
Pension related deferrals and liabilities	571,333	161,617	(45,334)
Unearned revenue	-	-	-
	<b>\$ 21,980,076</b>	<b>\$ 5,400,257</b>	<b>\$ 7,332,367</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	\$ 1,898,987	\$ 26,342,106	\$ 7,746,964
Restricted cash and investments - statement of net position	46,225,993	5,932,937	1,107,445
Less: Noncash equivalents	(11,931,050)	-	-
	<b>\$ 36,193,930</b>	<b>\$ 32,275,043</b>	<b>\$ 8,854,409</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>			
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Municipality, customer and developer financed additions to capital assets	\$ 4,577,803	\$ 319,379	\$ 3,157,027
Capital additions assessed to customers	\$ (170,000)	\$ -	\$ -
Special assessments levied to customers or revised	\$ (54,944)	\$ 463,632	\$ 109,605
Net premium, discount and issuance costs on refunding	\$ -	\$ -	\$ -
Debt refinanced	\$ -	\$ -	\$ -
Refunding debt issued	\$ -	\$ -	\$ -
Net changes in loss on refundings	\$ (569,396)	\$ -	\$ -
Loss on early retirement of assets	\$ -	\$ (88,614)	\$ -

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ (45,722,140)	\$ 819,217	\$ (25,089,404)	\$ 5,262,011
10,467	101,087	(917,445)	1,759,683
6,367,349	2,621,975	20,957,495	6,107,585
-	-	1,005,696	-
571,434	(124,925)	967,862	(942,630)
-	-	(25,779)	-
-	-	(2,207)	-
-	-	743,401	-
-	-	173,488	-
2,509	6,719	(68,606)	(55,309)
57,904	(18,738)	18,173	3,233
264,508	457,208	2,371,382	(20,604)
928,306	-	1,150,143	-
(77,795)	-	(77,795)	-
-	379,399	464,643	(2,547,725)
-	100,137	100,137	-
-	118,721	(35,336)	67,112
-	129,395	(797,521)	-
553,468	68,325	701,287	54,896
1,844,260	477,063	3,008,939	143,998
(77,820)	-	(77,820)	-
<u>\$ (35,277,550)</u>	<u>\$ 5,135,583</u>	<u>\$ 4,570,733</u>	<u>\$ 9,832,250</u>
\$ 6,027,355	\$ 39,293,971	\$ 81,309,383	\$ 20,875,948
1,561,845	-	54,828,220	805,987
-	-	(11,931,050)	(805,987)
<u>\$ 7,589,200</u>	<u>\$ 39,293,971</u>	<u>\$ 124,206,553</u>	<u>\$ 20,875,948</u>
\$ -	\$ 910,099		\$ 124,470
\$ -	\$ -		\$ -
\$ -	\$ -		\$ -
\$ -	\$ -		\$ -
\$ -	\$ -		\$ 8,810
\$ -	\$ -		\$ 487,000
\$ -	\$ -		\$ (495,810)
\$ -	\$ -		\$ -
\$ -	\$ -		\$ -

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
As of December 31, 2016

---

	<u>Agency Funds</u>	<u>Investment Trust</u>
<b>ASSETS</b>		
Cash and investments	\$ 273,694,112	\$ 9,977,467
Taxes receivable	<u>112,164,942</u>	<u>-</u>
Total Assets	<u>385,859,054</u>	<u>9,977,467</u>
<b>LIABILITIES</b>		
Due to other governmental units	<u>385,859,054</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust for pool participants	<u>-</u>	<u>9,977,467</u>
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ 9,977,467</u>

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
INVESTMENT TRUST FUND  
For the Year Ended December 31, 2016

---

	Fiduciary Fund Type
	<u>Investment Trust</u>
<b>ADDITIONS</b>	
Investments from school	\$ 513,191,262
Investment income	<u>423,762</u>
Net increase in net position from additions	513,615,024
<b>DEDUCTIONS</b>	
Distributions to school	<u>(507,152,313)</u>
<b>Total Increase</b>	6,462,711
NET POSITION - Beginning	<u>3,514,756</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 9,977,467</u></u>

**CITY OF MADISON**

COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
As of December 31, 2016

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
<b>ASSETS</b>				
Cash and investments	\$ 5,635,345	\$ 7,728,903	\$ 3,941,704	\$ 17,305,952
Receivables				
Accounts (net)	690,294	17,825	8,621	716,740
Special assessments	-	-	261,492	261,492
Accrued interest	136,333	-	-	136,333
Long-term loans	102,330	-	-	102,330
Pledge receivable	-	1,550,908	183,167	1,734,075
Due from other governmental units	324,412	-	-	324,412
Inventories	-	86,280	-	86,280
Prepaid items	1,527,089	10,082	8,139	1,545,310
Lease receivable from primary government	7,392,085	-	-	7,392,085
Beneficial interest in assets held by MCF	-	66,616	5,170,350	5,236,966
Other assets	440,562	-	-	440,562
Restricted assets				
Cash and investments	3,620,248	691,324	41,922	4,353,494
Other	601,136	1,319,720	-	1,920,856
Capital assets				
Land	11,662,779	-	-	11,662,779
Construction in progress	555,308	-	-	555,308
Capital assets being depreciated	107,753,603	-	-	107,753,603
Less: Accumulated depreciation	<u>(53,266,975)</u>	<u>-</u>	<u>-</u>	<u>(53,266,975)</u>
Total Assets	<u>87,174,549</u>	<u>11,471,658</u>	<u>9,615,395</u>	<u>108,261,602</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>1,457,933</u>	<u>-</u>	<u>-</u>	<u>1,457,933</u>
Total Deferred Outflows of Resources	<u>1,457,933</u>	<u>-</u>	<u>-</u>	<u>1,457,933</u>
<b>LIABILITIES</b>				
Accounts payable	454,834	82,757	30,965	568,556
Accrued liabilities	1,514,619	-	54,446	1,569,065
Due to primary government	654,610	-	-	654,610
Current maturities of long-term debt	3,164,221	-	-	3,164,221
Current maturities of compensated absences	108,659	-	-	108,659
Advance from primary government	7,939,194	-	-	7,939,194
Revenue bonds payable	7,035,000	-	-	7,035,000
Mortgage notes	3,638,109	-	-	3,638,109
Other loans	2,632,847	-	-	2,632,847
Unamortized premium	97,162	-	-	97,162
Compensated absences	434,637	-	-	434,637
Other post-employment benefits	226,790	-	-	226,790
Net pension liability	262,120	-	-	262,120
Other liabilities	<u>890,459</u>	<u>-</u>	<u>-</u>	<u>890,459</u>
Total Liabilities	<u>29,053,261</u>	<u>82,757</u>	<u>85,411</u>	<u>29,221,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	2,022,026	3,424	261,492	2,286,942
Pension related amounts	<u>554,837</u>	<u>-</u>	<u>-</u>	<u>554,837</u>
Total Deferred Inflows of Resources	<u>2,576,863</u>	<u>3,424</u>	<u>261,492</u>	<u>2,841,779</u>
<b>NET POSITION</b>				
Net investment in capital assets	45,638,303	-	-	45,638,303
Restricted for:				
Residual receipts	44,401	-	-	44,401
Asset replacement/maintenance	378,067	-	-	378,067
Real estate taxes	23,259	-	-	23,259
Library	-	-	2,178,042	2,178,042
Parks	-	5,551,837	1,356,070	6,907,907
Unrestricted	<u>10,918,328</u>	<u>5,833,640</u>	<u>5,734,380</u>	<u>22,486,348</u>
<b>TOTAL NET POSITION</b>	<u>\$ 57,002,358</u>	<u>\$ 11,385,477</u>	<u>\$ 9,268,492</u>	<u>\$ 77,656,327</u>

See accompanying notes to financial statements.

**CITY OF MADISON**

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
For the Year Ended December 31, 2016

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position			Totals
					CDA	Olbrich Society and Foundation	Nonmajor Component Units	
CDA	\$ 27,547,152	\$ 7,517,116	\$ 17,319,501	\$ 6,115,968	\$ 3,405,433	\$ -	\$ -	\$ 3,405,433
Olbrich Society and Foundation	2,082,056	1,286,879	5,086,707	-	-	4,291,530	-	4,291,530
Nonmajor Component Units	1,972,173	601,041	1,316,369	-	-	-	(54,763)	(54,763)
<b>Total Component Units</b>	<b>\$ 31,601,381</b>	<b>\$ 9,405,036</b>	<b>\$ 23,722,577</b>	<b>\$ 6,115,968</b>	<b>3,405,433</b>	<b>4,291,530</b>	<b>(54,763)</b>	<b>7,642,200</b>
General Revenues								
					209,742	415,848	425,065	1,050,655
					456,000	-	-	456,000
					20,433	12,287	-	32,720
					<u>686,175</u>	<u>428,135</u>	<u>425,065</u>	<u>1,539,375</u>
					4,091,608	4,719,665	370,302	9,181,575
					<u>52,910,750</u>	<u>6,665,812</u>	<u>8,898,190</u>	<u>68,474,752</u>
					<u>\$ 57,002,358</u>	<u>\$ 11,385,477</u>	<u>\$ 9,268,492</u>	<u>\$ 77,656,327</u>

See accompanying notes to financial statements.

# CITY OF MADISON

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	26
A. Reporting Entity	26
B. Government-Wide and Fund Financial Statements	28
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	31
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	33
1. Deposits and Investments	33
2. Receivables	35
3. Inventories and Prepaid Items	36
4. Restricted Assets	37
5. Capital Assets	37
6. Deferred Outflows of Resources	38
7. Compensated Absences	38
8. Long-Term Obligations/Conduit Debt	39
9. Deferred Inflows of Resources	39
10. Equity Classifications	39
11. Pension	40
II. Reconciliation of Government-Wide and Fund Financial Statements	41
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	41
III. Stewardship, Compliance, and Accountability	42
A. Budgetary Information	42
B. Excess Expenditures and Other Financing Uses Over Appropriations	42
C. Limitations on the City's Tax Levy	42
IV. Detailed Notes on All Funds	42
A. Deposits and Investments	42
B. Receivables	49
C. Restricted Assets	51
D. Capital Assets	53
E. Interfund Receivables/Payables, Advances and Transfers	57
F. Long-Term Obligations	61
G. Lease Disclosures	68
H. Net Position/Fund Balances	71
I. Component Units	73
V. Other Information	107
A. Employees' Retirement System	107
B. Risk Management	115
C. Commitments and Contingencies	117
D. Other Postemployment Benefits	118
E. Related Parties	121
F. Joint Operations	122
G. Cooperative Boundary Plans	122
H. Joint Venture	123
I. Tax Abatements	124
J. Subsequent Event	124
K. Effect of New Accounting Standards on Current-Period Financial Statements	125

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The accounting policies of the City of Madison, Wisconsin (“City”) conform to accounting principles generally accepted in the United States of America 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. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### A. REPORTING ENTITY (cont.)

##### ***Discretely Presented Component Units***

###### *Community Development Authority of the City of Madison*

The basic financial statements include the Community Development Authority (“CDA”) of the City of Madison as a major component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor of Madison. 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. See Note IV. I. As a component unit, the CDA’s financial statements have been presented as a discrete column in the financial statements. The CDA presented in the basic financial statements includes four component units. These component units are limited liability companies which are used to promote and finance redevelopment of certain CDA properties. The information presented is for the fiscal year ended December 31, 2016. Separately issued financial statements of the Madison Community Development Authority may be obtained from the CDA’s office at 215 Martin Luther King, Jr. Boulevard, Madison, WI 53710-1785.

###### *Business Improvement District*

The basic financial statements include the Business Improvement District (“BID”) as a nonmajor component unit. The BID is a legally separate organization. The board of the District is appointed by the mayor of the City of Madison and approved by City council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID, and also create a potential financial benefit to or burden on the City. See Note IV. I. As a component unit, the BID’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2016. The BID does not issue separate financial statements.

###### *Olbrich Botanical Society and Olbrich Botanical Society Foundation*

The basic financial statements include the Olbrich Botanical Society and Olbrich Botanical Society Foundation (“OBS”) as a nonmajor component unit. OBS is a legally separate organization. The board of OBS consists of nine members, of which five are elected by the Board of Directors for five-year terms. The President, Past President, Treasurer, and the Director of the Olbrich Botanical Gardens, are ex officio Directors of OBS (with voting powers). OBS was created to manage long-term funds, bequests and designated funds for the perpetuity of the Gardens. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the OBS’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the year ended December 31, 2016. Separately issued financial statements of OBS may be obtained from OBS’s office at the Olbrich Botanical Gardens, 3330 Atwood Avenue, Madison, WI 53704.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **A. REPORTING ENTITY (cont.)**

##### ***Discretely Presented Component Units (cont.)***

###### *Madison Public Library Foundation*

The basic financial statements include the Madison Public Library Foundation (“Foundation”) as a component unit. The Foundation is a legally separate organization. The board of the Foundation is composed of thirteen trustees, all are appointed by the Madison Public Library Foundation Board of Directors. The purpose of the Foundation is to provide support to the City of Madison library system. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the Foundation’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2016. Separately issued financial statements of the Madison Public Library Foundation may be obtained from the Foundation’s office.

###### *Madison Parks Foundation*

The basic financial statements include the Madison Parks Foundation (“MPF”) as a component unit. MPF is a legally separate organization. The board of MPF is composed of twenty-one trustees; nineteen of the trustees are appointed by the MPF Board of Directors; the remaining two are appointed by the Chairman of the Park Commission. The purpose of the MPF is to provide support to the City of Madison parks. See Note IV.I. As a component unit, MPF’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2016. Separately issued financial statements of the Madison Parks Foundation may be obtained from MPF’s office.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This standard was implemented January 1, 2016.

##### ***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 certain legally separate component units for which the primary government is financially accountable.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Government-Wide Financial Statements (cont.)***

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund 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 expenditures/expenses.

Separate financial statements are provided for governmental funds and proprietary 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.

Funds are organized as major funds or nonmajor funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, 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:

##### ***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.

Library – Special Revenue Fund – accounts for tax levy and other resources legally restricted to supporting expenditures for the library program.

Debt Service – accounts for resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs other than TID or enterprise debt.

Capital Projects Funds – used to account for financial resources that are restricted, committed, or assigned to expenditures for capital assets maintenance and capital outlays, including the acquisition or construction of equipment and/or major capital facilities and other capital assets.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

The City reports the following major enterprise funds:

##### *Major Enterprise Funds*

- Water Utility – accounts for operations of the water system
- Sewer Utility – accounts for operations of the sewer system
- Stormwater Utility – accounts for operations of the stormwater system
- Transit Utility – accounts for operations of the transit system

The City reports the following nonmajor governmental and enterprise funds:

##### *Nonmajor Governmental Funds*

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

- Community Development Block Grant
- Revolving Loans
- Other Grants
- Other Restricted Funds

Permanent Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

- Endowments and Donations

##### *Nonmajor Enterprise Funds*

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

- Parking Utility
- Convention Center
- Golf Courses

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

- Fleet Services
- City Insurance
- Worker's Compensation

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

Agency funds are 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 Collection Fund
- Board of Education
- Board of Health
- Metropolitan Unified Fiber Network Consortium

Investment trust funds are arrangements in which legally separate governments commingle or pool their resources in an investment portfolio for the benefit of all participants.

- Madison School District Investment Trust

#### ***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. 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.

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 concerned.

##### ***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. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements (cont.)***

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 unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2016, there were \$1,553,542 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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.

Proprietary and fiduciary fund financial statements (other than agency funds) 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 focus.

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, stormwater utility, parking utility, transit utility, convention center, and golf courses are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue 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 generally accepted accounting principles requires 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 MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits 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:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy contains the following guidelines for allowable investments: obligations of the U.S. Government; obligations of U.S. Government agencies; time deposits (defined as savings accounts or certificates of deposits); and repurchase agreements with a public depository, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the U.S. Government.

#### ***Custodial Credit Risk***

The City's investment policy states that funds in excess of insured or guaranteed limits be secured by some form of collateral. The fair market value of all collateral pledged will not be less than 110% of the amount of public funds to be secured at each institution.

#### ***Concentration of Credit Risk***

The policy also states that the City shall not invest more than 25% of its funds in certificates of deposits with any one financial institution.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

###### ***Credit Risk***

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:

- > Limiting investments to the types of securities listed elsewhere in the Investment Policy.
- > Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City of Madison will do business in accordance with Section V of the Investment Policy.
- > Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

###### ***Interest Rate Risk***

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in merit interest rates by:

- > Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- > Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with the Investment Policy.

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 methods and inputs as outlined in Note IV. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2016, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

The Hartford Life pooled fund is a premium stabilization fund. Hartford Life is not registered with the Securities and Exchange Commission, but operates under the regulatory authority of the insurance industry. Hartford Life reports the fair market value of its underlying assets annually.

The City has an agreement with the Madison Metropolitan School District (MMSD) to combine a portion of available funds of both entities for investment purposes. Interest earnings are distributed monthly based on each entity's relative share of invested funds. This agreement also provides that the City may fund short-term cash deficits of the MMSD. At December 31, 2016, the MMSD had a balance of \$9,977,467 which is reported in the Investment Trust fund.

See Note IV. A. for further information.

##### ***2. Receivables***

###### *Property Tax*

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 on the accompanying agency fund statement of fiduciary net position.

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	March 31, 2017
Third installment due	May 31, 2017
Fourth installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2016 delinquent real estate taxes	October 2019

###### *Allowances*

Accounts receivable have been shown net of an allowance for uncollectible accounts. See Note IV. B. 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, sewer and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

###### *Due To/From Advances*

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 governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

###### *Loans Receivable*

The City received federal and state grant funds for economic development, neighborhood revitalization, and housing rehabilitation loan programs. The City enters into loan agreements to provide various businesses and individuals with the pass through federal and state funding. Upon loan agreement execution, the City records a loan receivable and expenditure in the fund statements when disbursed. The loans receivable balance within the fund statements also includes conditional-type loans which are not expected to be repaid unless conditional use or other provisions occur as part of the loan agreement. For these types of loans an allowance is established.

It is the City’s policy to record unavailable revenue for the net amount of the receivable balance in the fund statements. As loans are repaid, revenue is recognized for the principal and interest payments. New loans are made and any unspent loan repayments at year end are presented as restricted fund balance in the fund statements.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchase method of accounting. 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***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 excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. 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 \$10,000 for general capital assets and \$50,000 for infrastructure assets 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, 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 fund proceeds. There was \$385,952 of interest 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.

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 and improvements	20-55 Years
Land improvements	10-40 Years
Machinery and equipment	4-10 Years
Utility system	15-90 Years
Intangibles	2-10 Years
Infrastructure	20-70 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 MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***6. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

##### ***7. 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. Vested vacation pay and comp time are also recorded as a liability.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund 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, and are payable with expendable available resources.

The City provides postemployment health insurance benefits for all eligible employees. Eligibility is based on employment status and the value of sick leave at retirement. The benefits are based on contractual agreements with employee groups and City ordinances. Employees may convert up to 163 days of accumulated sick leave to pay for qualified health care expenses. The City has established a post-retirement sick leave conversion medical reimbursement plan and a governmental 401(a) special pay plan to allow retiring employees to convert accumulated sick leave into a supplemental retirement benefit on a mandatory basis. The cost of those premiums is recognized as an expenditure in the year of retirement. The entire cost is paid by the employer. Funding for those costs is provided by the relevant agency.

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, 2016 are determined on the basis of current salary rates and include salary related payments.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***8. 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 (plus any premiums) is reported as other financing sources 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 amortized over the life of the issue using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

The City and the CDA have approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year approved by the City is approximately \$56,565,000 made up of four issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$198,913,260 made up of seven issues.

##### ***9. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position fund balance that applies to a future period, and therefore, will not be recognized as an inflow of resources (revenue) until that future time.

##### ***10. 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 either 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 does not meet the definition of “restricted” or “net investment in capital assets.”

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 MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***10. Equity Classifications (cont.)***

###### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements. Net position of Investment Trust funds is classified as held in trust for pool participants.

##### ***11. Pension***

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

---

#### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

Capital assets used in governmental funds (excluding internal service funds) are not financial resources and, therefore, are not reported in the funds.

Land	\$ 195,882,187
Construction in progress	46,840,730
Land improvements	28,508,110
Buildings	175,037,876
Machinery and equipment	65,268,613
Intangible assets	13,540,339
Infrastructure	862,875,446
Less: accumulated depreciation	<u>(425,449,113)</u>
Combined Adjustment for Capital Assets	<u>\$ 962,504,188</u>

Long-term liabilities applicable to the City's governmental activities (excluding internal service funds) are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.

Bonds and notes payable	\$ 338,212,992
Compensated absences	42,069,244
Accrued interest	2,685,566
Unamortized debt premium and discount	23,924,967
Disability benefits	361,337
Other postemployment benefits	25,634,333
Net pension liability	19,821,795
Police and fire pension	299,268
Capital leases	<u>4,881,585</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 457,891,087</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### **NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

---

#### ***A. BUDGETARY INFORMATION***

A budget has been adopted for the general fund, library special revenue fund, and the CDBG special revenue fund. Budgets have not been formally adopted for other governmental funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### ***B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS***

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the required supplementary information.

#### ***C. LIMITATIONS ON THE CITY'S TAX LEVY***

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TID districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

---

### **NOTE IV – DETAILED NOTES ON ALL FUNDS**

---

#### ***A. DEPOSITS AND INVESTMENTS***

The City maintains a cash and investment pool that is available for use by all funds and some component units. Each fund type's portion in this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

## CITY OF MADISON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

##### **A. DEPOSITS AND INVESTMENTS (cont.)**

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

	Carrying Value	Bank and Investment Balance	Associated Risks
Demand deposits and non-negotiable CD's	\$ 135,633,042	\$ 121,271,051	Custodial credit
U.S. agencies implicitly guaranteed	132,855,844	132,855,844	Credit, custodial credit, concentration of credit, interest rate, investments highly sensitive to interest rate changes
U.S. agencies explicitly guaranteed	4,777,177	4,777,177	Custodial credit, interest rate, investments highly sensitive to interest rate changes
U.S. treasuries	6,560,784	6,560,784	Custodial credit, interest rate, investments highly sensitive to interest rate changes
Corporate notes and municipal bonds	19,359,318	19,359,318	Credit, custodial credit, concentration of credit, interest rate, investments highly sensitive to interest rate changes
Mutual funds – U.S. treasuries	378,764	378,764	N/A
Mutual funds – money market	274,285,859	274,285,859	Credit
Mutual funds – stocks	1,167,179	1,167,179	N/A
LGIP	65,312,345	65,312,345	Credit
Collateralized investment contract	1,000,000	1,000,000	Credit, concentration of credit
Deposit with WMMIC	1,676,962	1,676,962	Credit, interest rate
Hartford Life – pooled funds	2,440,388	2,440,388	Credit, interest rate
Petty cash	178,389	-	N/A
<b>Total Cash and Investments</b>	<b>\$ 645,626,051</b>	<b>\$ 631,085,671</b>	
 Reconciliation to financial statements			
Per statement of net position	\$ 286,773,008		
Per statement of net position – restricted	68,791,290		
Per statement of net position – fiduciary funds	283,671,579		
Per statement of net position – applicable component units:			
CDA	9,255,593		
Less: Negative cash implicitly financed	(654,610)		
Less: Component units of CDA	(2,237,419)		
BID	26,610		
<b>Total Cash and Investments</b>	<b>\$ 645,626,051</b>		

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$120,000,000 to secure the City's deposits.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, certificates of deposit (CD) held at Banker's Bank are covered by SIPC up to \$400,000 per CD after application of FDIC coverage of \$250,000. \$6,500,000 of the City's investments are covered by SIPC.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Corporate notes and municipal bonds	\$ -	\$ 19,359,318	\$ -	\$ 19,359,318
Mutual funds – other than bonds	-	378,764	-	378,764
Mutual funds – money market	17,645	274,268,214	-	274,285,859
Mutual funds – stocks	1,167,179	-	-	1,167,179
U.S. agencies – explicitly guaranteed	-	4,777,177	-	4,777,177
U.S. agencies – implicitly guaranteed	-	132,855,844	-	132,855,844
U.S. treasuries	6,560,784	-	-	6,560,784
Totals	<u>\$ 7,745,608</u>	<u>\$ 431,639,317</u>	<u>\$ -</u>	<u>\$ 439,384,925</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

The valuation methods for recurring fair value measurements are as follows:

Investment Type	Valuation Method
Corporate notes and municipal bonds	Institutional bond quotes – evaluations based on various market and industry inputs
Mutual funds – other than bonds	Net asset value
Mutual funds – money market	\$1 per share
Mutual funds – stocks	Evaluations based on various market factors
U.S. agencies – explicitly guaranteed	Mortgage backed securities pricing – evaluations based on various market and industry inputs
U.S. agencies – implicitly guaranteed	Institutional bond quotes – evaluations based on various market and industry inputs
U.S. treasuries	Institutional bond quotes – evaluations based on various market and industry inputs

#### **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, 2016, the City's deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ 169,393
Uninsured and Uncollateralized	<u>\$ 169,393</u>

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 investments or collateral securities that are in the possession of an outside party.

As of December 31, 2016, the City's investments were exposed to custodial credit risk as follows:

U.S. agencies – implicitly guaranteed	\$ 132,855,844
U.S. agencies – explicitly guaranteed	4,777,177
U.S. treasuries	6,560,784
Corporate notes and municipal bonds	<u>19,359,318</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 163,553,123</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2016, the City's investments were rated as follows:

Investment Type	Moody's Investor Services	Standard & Poor's	Fair Value
Corporate notes and municipal bonds	A1	A	\$ 49,946
	A1	A+	5,023
	A1	AA	4,990
	A1	AA-	521,909
	A2	A	254,177
	A2	A-	105,161
	A3	A	5,493
	A3	A-	70,812
	AA1	AA+	1,706,084
	AA1		878,071
	AA2	A	103,759
	AA2	AA	199,808
	AA2	AA-	78,633
	AA2		1,561,767
	AA3	AA-	800,700
	AA3		150,225
	AAA	AA-	700,056
	AAA		9,752,656
	BAA1	A-	5,547
	BAA1	AA-	5,002
	BAA1	BBB	5,166
	BAA1	BBB+	20,136
	BAA2	BBB	20,724
	BAA2	BBB	49,429
	BAA2	BBB+	5,006
	BAA3	BBB	10,033
	AA	100,001	
	AA-	187,313	
	AA+	50,132	
U.S. agencies (implicitly guaranteed)	AA1		3,409,687
	AAA	AA+	124,057,505
	AAA	AAA	396,752
	AAA		4,991,900
Mutual funds – money market	AAA	AAA	39,206

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **A. DEPOSITS AND INVESTMENTS** (cont.)

##### **Credit Risk** (cont.)

The City also had investments in the following investments which are not rated:

Corporate notes and municipal bonds	\$ 1,951,559
Local Government Investment Pool	65,312,345
Collateralized investment contract	1,000,000
Wisconsin Municipal Mutual Insurance Company	1,676,962
Hartford Life	2,440,388
Mutual funds – money market	<u>274,246,653</u>
 Total	 <u><u>\$ 346,627,907</u></u>

##### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2016, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies – implicitly guaranteed	6.84%
Federal Home Loan Mortgage Corporation	U.S. agencies – implicitly guaranteed	9.00%
Federal Farm Credit Bank	U.S. agencies – implicitly guaranteed	6.74%

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2016, the City's investments were as follows:

Investment Type	Fair Value	Maturity- N/A	Less than 3 months thru 3/31/17	3 months- 6 months thru 6/30/17	6 months- 1 year thru 12/31/17	1-5 years thru 12/31/21	6-20 years thru 12/31/36	More than 20 years* after 1/1/37
U.S. agencies – implicitly guaranteed	\$ 132,855,844	\$ -	\$ 1,432,369	\$ 21,237,753	\$ 51,441,299	\$ 39,810,253	\$ 18,910,759	\$ 23,411
U.S. agencies – explicitly guaranteed	4,777,177	-	-	1,793,700	2,768,537	85,392	129,548	-
U.S. treasuries	6,560,784	-	-	10,140	10,005	4,419,083	2,121,556	-
Corporate notes and municipal bonds	19,359,318	-	7,187,099	3,043,837	5,464,434	3,193,854	470,094	-
Deposit in WMMIC	1,676,962	1,676,962	-	-	-	-	-	-
Hartford Life – pooled funds	2,440,388	2,440,388	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 167,670,473</b>	<b>\$ 4,117,350</b>	<b>\$ 8,619,468</b>	<b>\$ 26,085,430</b>	<b>\$ 59,684,275</b>	<b>\$ 47,508,582</b>	<b>\$ 21,631,957</b>	<b>\$ 23,411</b>

\*Investments with maturities greater than 20 years are also considered Investments Highly Sensitive to Interest Rate Charges.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

---

**B. RECEIVABLES**

Receivables as of year end not expected to be collected within one year for the City's individual major funds and nonmajor and internal services funds in the aggregate, are as follows:

General fund	\$ 18,366,176
Capital projects fund	16,747,435
All other nonmajor governmental and internal service funds	21,454,414

Revenues of the Water and Transit Utilities are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water utility	\$ 51,136
Uncollectibles related to transit utility	<u>23,183</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 74,319</u>

Allowance on receivables as of year end for the City's governmental major funds and nonmajor funds, in the aggregate, are as follows:

General Fund	
Allowance for uncollectible ambulance receivable	\$ 4,527,667
Allowance for uncollectible court receivable	16,076,470
Allowance for other uncollectible	800,708
Capital Projects	
Allowance for uncollectible loans	857,341
Nonmajor Funds	
Allowance for uncollectible loans	38,197,703

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 238,806,571	\$ 238,806,571
TID loan equity payment	16,546,000	-	16,546,000
Interest on investments	248,060	-	248,060
Loans	2,831,581	-	2,831,581
Ambulance receivable	3,334,692	-	3,334,692
Prepaid revenue	-	2,519,128	2,519,128
Other	5,348,694	-	5,348,694
Special assessments	16,212,727	-	16,212,727
Leases	4,881,585	-	4,881,585
Impact fees	808,578	-	808,578
Municipal court receivable	173,830	-	173,830
CDBG loans	16,571,428	-	16,571,428
Accrued interest on loans	1,247,949	-	1,247,949
Revolving loans	6,989,385	-	6,989,385
Grant revenue	-	987,148	987,148
 Total Unavailable/Unearned Revenue for Governmental Funds	 \$ 75,194,509	 \$ 242,312,847	 \$ 317,507,356

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### **C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

##### ***Long Term Debt Accounts***

- |                                 |  |
|---------------------------------|--|
| Principal and Interest          | – Used solely for the purpose of paying principal and interest on the bonds or parity bonds.   |
| Bond Reserve                    | – Used solely for the purpose of paying principal and interest on the bonds or parity bonds whenever the balance in the redemption principal and interest account is insufficient for that purpose.  |
| Depreciation                    | – Used for the payment of principal and interest on the bonds and parity bonds whenever the balance in the redemption account is insufficient for that purpose, to remedy any deficiency in the redemption account, or to make extraordinary repairs or improvements to the utility. |
| Operation and Maintenance       | – The water utility, parking utility and City insurance reserve established an operation and maintenance reserve used to remedy any deficiency in the operation account, make extraordinary repairs or replacements, or pay principal and interest on the bonds or parity bonds.     |
| Construction                    | – Used to report bond proceeds restricted for use in construction.   |
| Retiree Health Insurance Escrow | – The transit utility established an escrow account to be used for contributions toward health insurance premiums in accordance with the Teamsters Local 695 union contract.   |

##### ***Impact Fee Account***

The City has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

## CITY OF MADISON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

##### **C. RESTRICTED ASSETS** (cont.)

Following is a list of cash and investments restricted assets at December 31, 2016:

	Restricted Assets
Principal and interest	\$ 9,542,889
Bond reserve account	21,066,991
Bond depreciation account	750,000
Operation and maintenance	150,000
Construction	21,756,495
Retiree health insurance escrow	1,561,845
Impact fees	12,169,935
Grants deposit	987,148
Insurance deposit	805,987
Total Restricted Assets	\$ 68,791,290

In addition, the City has other restricted assets as follows:

Investment in Wisconsin Municipal Mutual Insurance Company	\$ 3,815,820
Total Other Restricted Assets	\$ 3,815,820

Certain resources and deposits of the CDA set aside for various escrow accounts, security deposits, reserves, construction and debt service are classified as restricted assets on the balance sheet. The restricted cash and investments by individual fund within the CDA and in the aggregate for the component units of the CDA are as follows:

	Restricted Assets
General operating fund	\$ 1,553,401
Housing Vouchers	35,714
Monona Shores fund	69,085
Nonmajor funds	220,458
Component units of CDA	1,741,590
Total Cash and Investments	\$ 3,620,248

In addition, the CDA has other restricted assets as follows:

Parkside project escrow accounts at WHEDA	\$ 445,727
CDA 95-1 replacement reserve	155,409
Total Other Restricted Assets	\$ 601,136

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 191,853,752	\$ 4,814,013	\$ (785,578)	\$ 195,882,187
Land – internal service	2,490,358	-	-	2,490,358
Construction in progress	53,660,621	24,276,657	(31,096,548)	46,840,730
Construction in progress – internal service	371,206	955,938	-	1,327,144
Total Capital Assets Not Being Depreciated	248,375,937	30,046,608	(31,882,126)	246,540,419
Capital assets being depreciated				
Land improvements	26,054,283	2,453,827	-	28,508,110
Land improvements – internal service	71,990	-	-	71,990
Buildings and improvements	172,089,252	2,948,624	-	175,037,876
Buildings and improvements – internal service	2,729,155	-	-	2,729,155
Machinery and equipment	59,088,856	7,354,515	(1,174,758)	65,268,613
Machinery and equipment – internal service	77,273,778	8,137,731	(12,826,352)	72,585,157
Intangible assets	13,474,521	65,818	-	13,540,339
Intangible assets – internal service	119,525	-	-	119,525
Roads	715,585,774	22,174,073	(3,330,257)	734,429,590
Bridges	38,535,934	4,382,669	-	42,918,603
Street lighting	30,639,879	552,080	(129,025)	31,062,934
Traffic signals	19,469,556	974,045	(461,827)	19,981,774
Fiber	8,417,401	307,668	-	8,725,069
Bike path	23,330,384	2,490,752	(63,660)	25,757,476
Total Capital Assets Being Depreciated	1,186,880,288	51,841,802	(17,985,879)	1,220,736,211
Total Capital Assets at Historical Cost	1,435,256,225	81,888,410	(49,868,005)	1,467,276,630
Less: Accumulated depreciation for				
Land improvements	(7,383,119)	(2,060,360)	-	(9,443,479)
Land improvements – internal service	(59,992)	(4,799)	-	(64,791)
Buildings and improvements	(61,498,661)	(5,902,398)	-	(67,401,059)
Buildings and improvements – internal service	(1,987,434)	(92,420)	-	(2,079,854)
Machinery and equipment	(41,720,780)	(5,037,328)	938,381	(45,819,727)
Machinery and equipment – internal service	(56,286,985)	(6,010,366)	12,553,976	(49,743,375)
Intangible assets	(6,714,626)	(963,526)	-	(7,678,152)
Intangible assets – internal service	(119,525)	-	-	(119,525)
Roads	(248,760,816)	(16,627,490)	1,811,228	(263,577,078)
Bridges	(5,426,086)	(563,095)	-	(5,989,181)
Street lighting	(12,231,931)	(779,807)	54,325	(12,957,413)
Traffic signals	(6,618,792)	(599,183)	182,198	(7,035,777)
Fiber	(1,256,051)	(378,487)	-	(1,634,538)
Bike path	(3,434,918)	(522,514)	44,723	(3,912,709)
Total Accumulated Depreciation	(453,499,716)	(39,541,773)	15,584,831	(477,456,658)
Net Capital Assets Being Depreciated	733,380,572			743,279,553
Net Capital Assets	\$ 981,756,509			\$ 989,819,972

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Depreciation expenses were charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 1,571,867
Public safety	2,802,807
Public works and transportation	22,381,072
Planning and development	192,417
Culture and recreation	6,486,025
Fleet services – internal service	<u>6,107,585</u>
<b>Total</b>	<b><u>\$ 39,541,773</u></b>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 60,051,848	\$ 1,492,128	\$ (3,826)	\$ 61,540,150
Construction in progress	33,862,126	51,686,621	(64,268,776)	21,279,971
<b>Total Capital Assets Not Being Depreciated</b>	<u>93,913,974</u>	<u>53,178,749</u>	<u>(64,272,602)</u>	<u>82,820,121</u>
Capital assets being depreciated				
Land improvements	12,252,752	61,011	-	12,313,763
Buildings and improvements	100,330,352	2,030,441	-	102,360,793
Machinery and equipment	100,208,663	8,030,982	(4,146,091)	104,093,554
Intangible assets	301,190	-	-	301,190
Infrastructure	199,398,502	7,772,890	(385,667)	206,785,725
Source of supply	10,797,925	-	(99,037)	10,698,888
Pumping	20,594,797	1,637,316	(77,901)	22,154,212
Water treatment	4,039,104	11,833	(3,466)	4,047,471
Transmission and distribution	232,132,572	29,159,049	(1,049,368)	260,242,253
Completed construction not classified	2,300,782	-	(2,300,782)	-
Administration and general	23,408,223	13,666,729	(1,443,840)	35,631,112
Collection system	134,069,597	7,611,256	(495,568)	141,185,285
Collection system pumping	3,413,452	-	-	3,413,452
<b>Total Capital Assets Being Depreciated</b>	<u>843,247,911</u>	<u>69,981,507</u>	<u>(10,001,720)</u>	<u>903,227,698</u>
<b>Total Capital Assets at Historical Cost</b>	<u>937,161,885</u>	<u>123,160,256</u>	<u>(74,274,322)</u>	<u>986,047,819</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities (cont.)</b>				
Less: Accumulated depreciation for				
Land improvements	\$ (10,624,462)	\$ (286,697)	\$ -	\$ (10,911,159)
Buildings and improvements	(62,122,507)	(2,494,386)	-	(64,616,893)
Machinery and equipment	(59,504,930)	(6,910,703)	4,029,170	(62,386,463)
Intangible assets	(275,863)	(25,329)	-	(301,192)
Infrastructure	(37,397,346)	(2,896,887)	130,852	(40,163,381)
Source of supply	(5,291,359)	(237,292)	-	(5,528,651)
Pumping	(6,807,510)	(980,455)	85,692	(7,702,273)
Water treatment	(577,846)	(149,473)	3,813	(723,506)
Transmission and distribution	(46,367,058)	(5,903,992)	1,118,604	(51,152,446)
Completed construction not classified	(1,195,383)	-	1,195,383	-
Administration and general	(11,791,426)	(1,491,244)	1,529,590	(11,753,080)
Collection system	(24,200,078)	(2,036,031)	245,713	(25,990,396)
Collection system pumping	(1,759,880)	(68,736)	-	(1,828,616)
Total Accumulated Depreciation	<u>(267,915,648)</u>	<u>(23,481,225)</u>	<u>8,338,817</u>	<u>(283,058,056)</u>
Net Capital Assets Being Depreciated	<u>575,332,263</u>			<u>620,169,642</u>
Net Capital Assets	<u>\$ 669,246,237</u>			<u>\$ 702,989,763</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water utility	\$ 6,328,463
Sewer utility	2,183,234
Stormwater utility	3,456,474
Parking utility	696,216
Transit utility	6,367,349
Convention center	1,725,483
Golf courses	200,276
Total Business-type Activities Depreciation Expense	<u>\$ 20,957,495</u>
Total Accumulated Depreciation Additions	<u>\$ 23,481,225</u>

5

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage and cost of removal. Accumulated depreciation deletions may exceed capital asset deletions due to cost of removal.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Component Units (CDA only)</b>				
Capital assets not being depreciated				
Land	\$ 12,517,243	\$ -	\$ (854,464)	\$ 11,662,779
Construction in progress	208,539	346,769	-	555,308
Total Capital Assets Not Being Depreciated	12,725,782	346,769	(854,464)	12,218,087
Capital assets being depreciated				
Land improvements	1,594,268	3,685	-	1,597,953
Buildings and improvements	102,453,052	509,083	-	102,962,135
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,079,499	70,079	-	3,149,578
Total Capital Assets Being Depreciated	107,170,756	582,847	-	107,753,603
Total Capital Assets at Historical Cost	119,896,538	929,616	(854,464)	119,971,690
Less: Accumulated depreciation for				
Land improvements	(953,931)	(64,445)	-	(1,018,376)
Buildings and improvements	(46,638,199)	(2,904,406)	-	(49,542,605)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,468,889)	(193,168)	-	(2,662,057)
Total Accumulated Depreciation	(50,104,956)	(3,162,019)	-	(53,266,975)
Net Capital Assets	\$ 69,791,582			\$ 66,704,715

Depreciation expense was charged as follows:

CDA (Housing)	\$ 3,162,019
---------------	--------------

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts in the balance sheet:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	Capital projects	\$ 482,153	\$ -
General	Golf	170,443	-
General	Insurance	87,736	-
General	Water Utility	20,626	-
Water utility	Capital projects	980,254	-
Sewer utility	Capital projects	1,271,955	-
Sewer utility	Water utility	2,699,685	-
Stormwater utility	Water utility	1,198,291	-
Stormwater utility	Capital projects	384,092	-
Total Major Funds		<u>7,295,235</u>	<u>-</u>
Other restricted funds	Capital projects	130,936	-
Other restricted funds	Water utility	276,561	-
Total Nonmajor Funds		<u>407,497</u>	<u>-</u>
Totals		<u>\$ 7,702,732</u>	<u>\$ -</u>
General	CDA – Component unit	<u>\$ 654,610</u>	<u>\$ -</u>

Interfund 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.

The debt service fund has advanced amounts to various enterprise funds and component units to fund the repayment of long-term liabilities. Repayment schedules have been established and interest is being charged based on the repayment schedules. In addition, advances between other funds occur based on internal financing needs.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Advances***

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	Water utility	\$ 2,295,000	\$ 1,530,000
Debt service	Water utility	1,004,966	915,926
Debt service	Convention center	370,519	337,690
Debt service	Golf courses	106,085	96,686
Debt service	Transit utility	3,101,902	2,827,073
Capital projects	Revolving loans	626,249	626,249
Capital projects	Water utility	442,578	442,578
Totals		<u>\$ 7,947,299</u>	<u>\$ 6,776,202</u>
General – primary government	CDA – component unit	\$ 238,000	\$ 238,000
Debt service – primary government	CDA – component unit	7,701,194	7,133,711
Totals		<u>\$ 7,939,194</u>	<u>\$ 7,371,711</u>

A repayment schedule has been established for all the advances.

The following is a reconciliation of interfund receivables and payables and advances on the statement of net position:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund Receivables and Payables		
Governmental activities	Business-type activities	\$ 467,630
Less: Business-type activities	Governmental activities	(2,636,301)
Advances		
Governmental activities	Business-type activities	7,321,050
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	<u>7,071,034</u>
Total Government-wide Financial Statements		<u>\$ 12,223,413</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Transfers***

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	City Insurance	\$ 99,565	Operating Costs
General	Convention Center	338,200	PILOT
General	Golf Courses	239,164	PILOT
General	Other Grants	809,851	Operating Costs
General	Other Restricted	7,646,600	Operating Costs
General	Parking Utility	1,479,830	PILOT
General	Permanent	187,909	Operating Costs
General	Water Utility	6,415,680	PILOT
Library	Other Restricted	20,000	Operating Costs
Debt Service	Capital Projects	1,455,414	Close Projects
Debt Service	CDBG	10,039	Debt
Debt Service	Impact Fees	418,386	Debt
Debt Service	General	40,476,749	Debt
Debt Service	Other Restricted	134,727	Debt
Debt Service	Library	2,720,545	Debt
Debt Service	Revolving Loans	50,000	Debt
Debt Service	Capital Projects	9,156,444	Debt
Debt Service	Stormwater Utility	1,960	Debt
Capital Projects	Other Restricted	1,463,190	Transfer Revenue
Capital Projects	General	4,092,884	Project Costs
Capital Projects	Library	728,843	Project Costs
Capital Projects	Other Grants	384,244	Transfer Revenue
Capital Projects	Sewer Utility	16,520	Project Costs
Capital Projects	Stormwater Utility	16,000	Project Costs
Capital Projects	Water Utility	16,000	Project Costs
Sewer Utility	Other Restricted	518,848	Project Costs
Stormwater Utility	Other Restricted	450,626	Project Costs
Sewer Utility	City Insurance	948	Operating Costs
Stormwater Utility	City Insurance	948	Operating Costs
Transit Utility	General	7,383,542	Operating Costs
Water Utility	Sewer Utility	185,967	Operating Costs
Total Major Funds		<u>86,919,623</u>	

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Transfers (cont.)***

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
City Insurance	General	\$ 1,600,000	Program Costs
Convention Center	City Insurance	6,632	Operating Costs
Convention Center	Other Restricted	4,329,930	Operating Costs
Fleet	City Insurance	125,411	Operating Costs
Fleet	General	8,000	Project Costs
Fleet	Other Restricted	14,840	Project Costs
Other Grants	General	462,774	Operating Costs
Permanent	Capital Projects	3,384	Project Costs
Revolving Loans	General	<u>53,667</u>	Operating Costs
Total Nonmajor Funds		<u>6,604,638</u>	
Total - Fund Financial Statements		93,524,261	
Less: Fund eliminations		(97,692,381)	
Less: Transfer capital assets from governmental activities to utilities		<u>(1,143,336)</u>	
Total		<u>\$ (5,311,456)</u>	
<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>	
Governmental activities	Business-type activities	\$ 8,523,354	
Business-type activities	Governmental activities	<u>(13,834,810)</u>	
Total Government-Wide Statement of Activities		<u>\$ (5,311,456)</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 restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 315,614,981	\$ 81,687,260	\$ 59,089,249	\$ 338,212,992	\$ 53,804,739
General obligation debt – internal service	28,859,717	10,007,090	5,283,081	33,583,726	5,358,492
Add/Subtract Amounts For:					
Premium/Discount on debt	22,702,104	5,069,697	3,846,834	23,924,967	-
Sub-totals	<u>367,176,802</u>	<u>96,764,047</u>	<u>68,219,164</u>	<u>395,721,685</u>	<u>59,163,231</u>
Other Liabilities					
Vested compensated absences	40,594,507	5,178,718	3,703,981	42,069,244	3,673,297
Vested compensated absences – internal service	1,007,490	267,723	201,498	1,073,715	214,743
Worker's comp disability and death benefits	391,331	-	29,994	361,337	58,483
Other post-employment benefits	22,981,086	5,491,587	2,838,340	25,634,333	-
Other post-employment benefits – internal service	640,683	133,671	78,775	695,579	-
Net pension liability	-	19,821,795	-	19,821,795	-
Net pension liability – internal service	-	298,512	-	298,512	-
Police and firemen's pension	394,407	-	95,139	299,268	91,178
Capital leases	5,506,585	-	625,000	4,881,585	700,000
Total Other Liabilities	<u>71,516,089</u>	<u>31,192,006</u>	<u>7,572,727</u>	<u>95,135,368</u>	<u>4,737,701</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 438,692,891</u>	<u>\$ 127,956,053</u>	<u>\$ 75,791,891</u>	<u>\$ 490,857,053</u>	<u>\$ 63,900,932</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 37,361,066	\$ 7,577,250	\$ 6,874,853	\$ 38,063,463	\$ 6,366,531
Revenue bonds	205,655,000	53,020,000	26,135,000	232,540,000	10,115,000
Add Amounts for:					
Premium on debt	8,127,003	4,569,312	977,864	11,718,451	-
Sub-totals	<u>251,143,069</u>	<u>65,166,562</u>	<u>33,987,717</u>	<u>282,321,914</u>	<u>16,481,531</u>
Other Liabilities:					
Vested compensated absences	10,594,481	2,777,550	2,538,498	10,833,533	2,481,557
Other post-employment benefits	5,547,033	1,860,711	961,683	6,446,061	-
Net pension liability	-	5,587,746	-	5,587,746	-
Capital leases	3,275,500	-	765,000	2,510,500	745,000
Total Other Liabilities	<u>19,417,014</u>	<u>10,226,007</u>	<u>4,265,181</u>	<u>25,377,840</u>	<u>3,226,557</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 270,560,083</u>	<u>\$ 75,392,569</u>	<u>\$ 38,252,898</u>	<u>\$ 307,699,754</u>	<u>\$ 19,708,088</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>COMPONENT UNIT – CDA</b>					
Bonds and Notes Payable:					
Revenue bonds	\$ 9,870,000	\$ -	\$ 1,390,000	\$ 8,480,000	\$ 1,445,000
Mortgage note	4,420,370	3,000,000	3,333,659	4,080,711	442,602
Other loans/notes	9,686,912	28,000	5,805,446	3,909,466	1,276,619
Add/Subtract Amounts for					
Premium/discount on debt	146,327	-	49,167	97,162	-
Sub-totals	<u>24,123,609</u>	<u>3,028,000</u>	<u>10,584,272</u>	<u>16,567,339</u>	<u>3,164,221</u>
Other Liabilities:					
Vested compensated absences	560,391	32,977	50,072	543,296	108,659
Net pension liability	-	262,120	-	262,120	-
Other post-employment benefits	210,655	65,407	49,272	226,790	-
Total Other Liabilities	<u>771,046</u>	<u>360,504</u>	<u>99,344</u>	<u>1,032,206</u>	<u>108,659</u>
Total Component Unit – CDA Long-Term Liabilities	<u>\$ 24,894,655</u>	<u>\$ 3,388,504</u>	<u>\$ 683,616</u>	<u>\$ 17,599,545</u>	<u>\$ 3,272,880</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 accumulated by the debt service fund. 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, 2016, was \$1,229,821,113. Total general obligation debt at year end was:

Outstanding	\$ 409,860,181
Joint venture G.O. debt	<u>744,819</u>
Total	<u>\$ 410,605,000</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-16</u>
General obligation notes – Build America Bonds	10-1-09	10-1-19	2.00 – 4.30%	\$ 53,925,000	\$ 16,170,000
General obligation notes	10-1-09	10-1-19	0.90 – 4.35	8,210,000	2,460,000
General obligation notes – RZED Bonds	10-19-10	10-1-20	0.90 – 3.75	8,040,000	3,215,000
General obligation notes – Build America Bonds	10-19-10	10-1-20	2.00 – 3.75	25,080,000	16,720,000
General obligation refunding bonds	10-19-10	10-1-24	0.55 – 4.00	24,205,000	17,325,000
General obligation notes	10-19-10	10-1-20	0.65 – 3.50	6,080,000	2,420,000
General obligation notes	10-1-11	10-1-21	3.00 – 5.00	67,005,000	33,500,000
General obligation notes	10-1-11	10-1-21	0.45-2.70	13,130,000	6,555,000
General obligation notes	3-6-12	7-1-26	0.00	1,500,000	1,400,000
General obligation notes	10-1-12	10-1-22	2.00 – 4.00	39,655,000	23,790,000
General obligation notes	10-1-12	10-1-22	0.40 – 2.125	12,240,000	7,340,000
General obligation bonds	10-1-12	10-1-32	1.50 – 4.00	15,210,000	12,160,000
General obligation notes	10-1-13	10-1-23	1.50 – 4.00	57,265,000	40,075,000
General obligation notes	10-1-13	10-1-23	2.00 – 3.40	4,245,000	2,960,000
General obligation notes	10-1-14	10-1-24	2.00 – 5.00	51,655,000	41,320,000
General obligation notes	10-1-14	10-1-24	2.00 – 3.05	5,395,000	4,315,000
General obligation notes	10-22-15	10-1-25	3.00	65,565,000	55,475,000
General obligation notes	10-22-15	10-1-25	1.75 – 2.75	13,345,000	12,010,000
General obligation bonds	10-22-15	10-1-35	2.375 – 3.75	12,395,000	11,775,000
General obligation bonds	10-19-16	10-1-26	0.05 – 4.00	85,750,000	85,750,000
General obligation bonds	10-19-16	10-1-26	2.00	7,135,000	7,135,000
General obligation bonds	10-19-16	10-1-36	2.375 – 4.00	6,735,000	<u>6,735,000</u>
Sub-Totals – General Obligation					410,605,000
Less: Business-type Activities General Obligation Debt					(38,063,463)
Less: Joint Venture General Obligation Debt					<u>(744,819)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 371,796,718</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 59,163,231	\$ 11,502,552	\$ 6,366,531	\$ 1,279,530
2018	55,239,940	9,897,414	5,939,878	1,083,761
2019	49,997,418	8,386,649	5,546,233	895,831
2020	44,608,234	6,742,306	4,907,682	696,788
2021	39,649,572	5,205,037	4,495,814	516,314
2022-2026	109,653,323	9,982,829	10,807,325	772,285
2027-2031	8,575,000	1,463,100	-	-
2032-2035	4,910,000	350,688	-	-
Totals	<u>\$ 371,796,718</u>	<u>\$ 53,530,575</u>	<u>\$ 38,063,463</u>	<u>\$ 5,244,509</u>

**Revenue Debt**

Revenue bonds are payable only from revenues derived from the operation of the responsible fund.

	Sewer	Water
Original indebtedness		
Sewer	\$ 51,300,000	
Water		\$ 205,145,000
Years issued	2008-2016	2009-2016
Proceeds used for	Sewer plant	Water plant
Source of revenue	Landfill remediation and sewer charges	Water charges
Payable through	2031	2037
Percent of net revenues required to pay remaining debt service	87%	60%
Total principal and interest remaining	56,302,944	256,993,376
Principal and interest paid for the current year	3,895,698	12,567,693
Total customer net revenues for current year	4,251,490	20,552,913

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2016 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-16</u>
<u>Water Utility</u>					
Revenue bonds	12-9-09	1-1-30	3.00 – 5.00%	\$ 47,065,000	\$ 39,515,000
Revenue bonds – Build America Bonds	11-10-10	1-1-31	0.90 – 5.25	13,250,000	10,480,000
Revenue bonds	12-22-11	1-1-32	2.00 – 4.00	19,370,000	16,360,000
Revenue bonds	12-19-12	1-1-33	2.00 – 4.00	21,095,000	18,535,000
Revenue bonds	12-18-13	1-1-34	3.00 – 5.00	24,335,000	22,580,000
Revenue bonds	12-17-15	1-1-36	3.00 – 5.00	41,610,000	41,610,000
Revenue bonds	12-28-16	1-1-37	4.00 – 5.00	23,775,000	23,775,000
Revenue bonds	12-28-16	1-1-37	4.00 – 5.00	14,645,000	14,645,000
				Total Water Utility	<u>187,500,000</u>
<u>Sewer Utility</u>					
Revenue bonds	12-1-08	12-1-23	3.00 – 4.85	11,195,000	6,150,000
Revenue bonds – Build America Bonds	12-29-10	12-1-25	0.80 – 4.90	13,135,000	8,295,000
Revenue bonds	11-15-12	12-1-27	2.00 – 3.00	9,500,000	7,280,000
Revenue bonds	12-1-14	12-1-29	2.50 – 5.00	9,645,000	8,715,000
Revenue bonds	10-28-16	12-1-31	2.50 – 5.00	14,600,000	14,600,000
				Total Sewer Utility	<u>45,040,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 232,540,000</u>

**Community Development Authority – Component Unit**

The CDA has pledged future lease revenues to repay lease revenue bonds issued in 1999 through 2013. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 74% of net revenues. Total principal and interest remaining to be paid on the bonds is \$10,128,483. Principal and interest paid for the current year and total revenues were \$1,923,170 and \$1,997,384, respectively.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-16</u>
Lease revenue bonds	4-1-99	10-1-22	5.50 – 7.10%	\$ 10,870,000	\$ 5,445,000
Lease revenue bonds	1-1-13	3-1-20	3.00	5,245,000	3,035,000
Total Revenue Debt – Component Unit – Enterprise					<u>\$ 8,480,000</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

**Community Development Authority – Component Unit (cont.)**

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Component Unit Revenue Debt	
	Principal	Interest	Principal	Interest
2017	\$ 10,115,000	\$ 9,232,067	\$ 1,445,000	\$ 466,770
2018	12,600,000	8,767,886	1,485,000	395,495
2019	12,925,000	8,247,972	1,635,000	320,025
2020	13,285,000	7,684,877	1,755,000	234,787
2021	13,745,000	7,080,215	1,075,000	153,900
2022-2026	72,515,000	25,774,171	1,085,000	77,506
2027-2031	65,925,000	11,498,140	-	-
2032-2036	29,705,000	2,470,995	-	-
2037	1,725,000	-	-	-
Totals	<u>\$ 232,540,000</u>	<u>\$ 80,756,323</u>	<u>\$ 8,480,000</u>	<u>\$ 1,648,483</u>

**Mortgage Note – Component Unit – Community Development Authority**

The housing mortgage notes will be paid by revenues derived by the Community Development Authority. Mortgage notes at December 31, 2016, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-16
<b>Community Development Authority</b>					
Housing mortgage note	8-12-77	12-1-18	6.75%	\$ 3,085,241	\$ 400,557
Housing mortgage note	6-1-92	6-1-22	4.00	2,283,492	505,568
Housing mortgage note	5-17-01	5-1-31	N/A	213,067	213,067
Housing mortgage note	8-26-16	9-1-21	3.48	3,000,000	2,961,519
Total Mortgage Notes					<u>\$ 4,080,711</u>

Years	Component Unit Mortgage Notes	
	Principal	Interest
2017	\$ 442,602	\$ 141,591
2018	447,114	118,470
2019	258,449	102,365
2020	267,919	92,896
2021	2,402,133	63,614
2022-2026	144,862	567
2027-2031	117,632	-
Totals	<u>\$ 4,080,711</u>	<u>\$ 519,503</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Loans/Notes**

**Community Development Authority – Component Unit**

The following loans are payable to the City of Madison (related to Madison Mutual Housing Association property acquired by the CDA in 1996, Romnes Apartments, Truax Park Redevelopment, and Burr Oaks Apartments), Wisconsin Housing and Economic Development Authority (WHEDA), Impact C.I.L., LLC, U.S. Bank National Association and Johnson Bank.

City of Madison		
Section 17 loans	\$	85,000
Capital revolving fund		371,000
CDBG home loan		385,000
Affordable housing trust loan		683,335
Promissory note		60,000
HOME loan		280,000
WHEDA WRAP note		117,110
Impact C.I.L, LLC		1,108,590
Johnson Bank		819,431
Total	\$	3,909,466

<u>Years</u>	Other Loans/Notes	
	Principal	Interest
2017	\$ 1,258,764	\$ 28,133
2018	68,333	-
2019	68,333	-
2020	68,333	-
2021	68,333	-
2022-2026	458,780	-
Total	\$ 1,990,876	\$ 28,133

The City of Madison loans (other than the affordable housing trust loan and capital revolving loan), WHEDA note, and Impact C.I.L., LLC are not included in the debt service requirement schedules. These debts are subject to various redemption provisions.

**Capital Leases**

Refer to Note IV. G.

**CITY OF MADISON**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

---

***F. LONG-TERM OBLIGATIONS (cont.)***

***Other Debt Information***

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences and other postemployment benefit liability attributable to governmental activities will be liquidated primarily by the general fund.

***Current Refunding***

On October 19, 2016, the City issued \$11,805,000 in general obligation notes with an average coupon rate of 3.00% to refund \$11,600,000 of outstanding notes with an average coupon rate of 4-5%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$12,345,300 from 2017 through 2018. The cash flow requirements on the refunding notes are \$11,895,960 from 2017 through 2018. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$443,837.

***Advance Refunding***

On December 28, 2016, bonds in the amount of \$14,645,000 were issued by the water utility with an average interest rate of 2.57% to advance refund \$17,410,000 of outstanding bonds with an average interest rate of 4.28%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the advance refunding was \$22,363,569 from 2017 through 2028. The cash flow requirements on the new bonds are \$19,161,155 from 2017 through 2037. The advance refunding resulted in an economic gain of \$2,984,959.

***G. LEASE DISCLOSURES***

***The City as Lessee***

The City leases various office space under lease agreements with expiration dates extending to December 2026. The following is a schedule by years of the future minimum rental payments required under these leases as of December 31, 2016:

Year Ending December 31,

2017	\$ 1,384,948
2018	1,272,618
2019	583,539
2020	458,464
2021	268,766
2022-2026	<u>574,997</u>
Total Minimum Payments Required	<u>\$ 4,543,332</u>

Total rental expenses/expenditures under the above leases were \$1,073,211 in 2016.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### G. LEASE DISCLOSURES (cont.)

##### *The City as Lessor*

The City leases all or portions of certain properties under several lease agreements with expiration dates extending to September 2116. The cost and net book value of the properties leased is \$13,781,373 and \$12,905,239, respectively.

The following is a schedule by years of future minimum rentals under these leases as of December 31, 2016:

<u>Year Ending December 31,</u>	
2017	\$ 830,898
2018	711,719
2019	598,614
2020	519,599
2021	447,919
2022-2026	1,997,177
2027-2031	1,887,915
2032-2036	926,911
2037-2041	557,622
2042-2046	537,571
2047-2051	533,838
2052-2056	492,790
2057-2061	436,674
2062-2066	381,354
2067-2071	342,404
2072-2076	342,260
2077-2081	323,983
2082-2086	205,442
2087-2091	112,293
2092-2096	108,021
2097-2101	88,588
2102-2106	88,588
2107-2111	80,009
2112-2116	2,094
Total Future Minimum Rentals	<u>\$ 12,554,283</u>

Total rental revenues under the aforementioned leases were \$1,203,971 in 2016.

In 1999, the Community Development Authority (CDA) borrowed \$10,870,000 in taxable redevelopment lease revenue bonds, series 1999C. The CDA is leasing a parking structure purchased with these revenue bonds to the City. The annual lease payments to be paid are the same as the CDA's annual debt service payments on the bonds. The transaction is being recorded as a capital lease.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### G. LEASE DISCLOSURES (cont.)

##### *The City as Lessor* (cont.)

In 2013, the Community Development Authority (CDA) borrowed \$5,245,000 in taxable redevelopment lease revenue bonds, Series 2013. The CDA is leasing its one-third ownership of the Monona Terrace Convention Center purchased with these revenue bonds to the City. The annual lease payments to be paid are the same as the CDA's annual debt service payments on the bonds. The transaction is being recorded as a capital lease.

A number of these leases are also shown as leases receivable. Those amounts correspond to the detailed schedules as follows:

Governmental Activities	
1999 issue	<u>\$ 4,881,585</u>
Business-type Activities	
2013 issue	<u>\$ 2,510,500</u>

The annual lease payments by the City to the CDA on the leases are as follows:

		Governmental Activities	
		1999 Issue	
		Principal	Interest
	2017	\$ 700,000	\$ 386,895
	2018	745,000	337,895
	2019	870,000	285,000
	2020	970,000	223,013
	2021	1,075,000	153,900
	2022	521,585	37,163
	Totals	<u>\$ 4,881,585</u>	<u>\$ 1,423,866</u>
		Business-type Activities	
		2013 Issue	
		Principal	Interest
	2017	\$ 745,000	\$ 79,875
	2018	740,000	57,600
	2019	765,000	35,025
	2020	260,500	11,775
	Totals	<u>\$ 2,510,500</u>	<u>\$ 184,275</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### **H. NET POSITION/FUND BALANCES**

Governmental activities net position reported on the government wide statement of net position at December 31, 2016 includes the following:

#### **Governmental Activities**

Net investment in capital assets	
Land	\$ 198,372,545
Construction in progress	48,167,874
Other capital assets, net of accumulated depreciation	743,279,553
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(269,764,089)
Less: Unamortized premium and discount	(23,924,967)
Total Investment in Capital Assets	<u>696,130,916</u>
Restricted	
Debt service	15,658,006
Loan programs	31,942,076
Library	1,405,146
Park purposes	409,542
Impact fees	12,984,570
Other grants	862,278
Other restricted special revenue funds	2,293,341
TID activities	43,318,716
Trust purposes – expendable	3,185,450
Trust purposes – nonexpendable	719,711
Total Restricted	<u>112,778,836</u>
Unrestricted	<u>40,794,284</u>
Total Governmental Activities Net Position	<u>\$ 849,704,036</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**H. NET POSITION/FUND BALANCES (cont.)**

**Governmental Activities (cont.)**

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

	General Fund	Library	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
<b>Fund Balances</b>						
Nonspendable:						
Advances to other funds	\$ 1,530,000	\$ -	\$ -	\$ -	\$ -	\$ 1,530,000
Advances to component units	238,000	-	-	-	-	238,000
Noncurrent receivables	1,131,305	-	-	-	-	1,131,305
Inventories	-	-	-	1,576,719	-	1,576,719
Prepaid items	1,800,987	121,718	-	99,496	23,700	2,045,901
Trust activities	-	-	-	-	719,711	719,711
Restricted for:						
Library	-	552,633	-	-	678,964	1,231,597
Grants activities	-	-	-	-	431,912	431,912
Loans	-	-	-	-	4,682,464	4,682,464
Debt service	-	-	19,638,780	-	5,900,698	25,539,478
Parks	-	-	-	-	447,542	447,542
Impact fees	-	-	-	-	12,175,992	12,175,992
TID activities	-	-	-	38,482,407	-	38,482,407
Landfill	-	-	-	-	166,612	166,612
Trust activities	-	-	-	-	3,983,694	3,983,694
Capital projects	-	-	-	22,959,941	-	22,959,941
Other	-	-	-	-	505,771	505,771
Committed for:						
Room tax	-	-	-	-	923,757	923,757
Loans	-	-	-	-	667,888	667,888
Assigned to:						
Capital projects	-	-	-	20,533,818	-	20,533,818
Encumbrances	906,985	-	-	-	-	906,985
Compensated absences	5,870,074	-	-	-	-	5,870,074
2017 budget	950,000	-	-	-	-	950,000
Premium stabilization	2,440,388	-	-	-	-	2,440,388
Parks pool	41,600	-	-	-	-	41,600
Unassigned (deficit)	39,306,185	-	-	-	-	39,306,185
<b>Totals</b>	<b>\$ 54,215,524</b>	<b>\$ 674,351</b>	<b>\$ 19,638,780</b>	<b>\$ 83,652,381</b>	<b>\$ 31,308,705</b>	<b>\$ 189,489,741</b>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### **H. NET POSITION/FUND BALANCES** (cont.)

##### **Business-type Activities**

Net investment in capital assets	
Land	\$ 61,540,150
Construction in progress	21,279,971
Other capital assets, net of accumulated depreciation	620,169,642
Less: Related long-term debt outstanding	(273,113,964)
Plus: Unspent capital related debt proceeds	39,000,113
Less: Unamortized premium and loss	(9,745,128)
Total Invested in Capital Assets, Net of Related Debt	<u>459,130,784</u>
Restricted	
Debt service	11,201,837
Equipment replacement	900,000
Total Restricted	<u>12,101,837</u>
Unrestricted	<u>78,720,796</u>
Total Business-type Activities Net Position	<u>\$ 549,953,417</u>

#### **I. COMPONENT UNITS**

This report contains the Community Development Authority (CDA) of the City of Madison, which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID) of the City of Madison; the Olbrich Botanical Society and Olbrich Botanical Society Foundation; the Madison Public Library Foundation; and the Madison Parks Foundation which are included as component units. Financial information is discretely presented in the government-wide financial statements. Financial information of the major and combined nonmajor component units is also presented.

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.

#### **Nonmajor Component Units of the City of Madison**

##### **Business Improvement District (BID)**

###### **a. Basis of Accounting/Measurement Focus**

The BID follows the modified accrual basis of accounting and the flow of current financial resources measurement focus.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

##### **Business Improvement District (BID)** (cont.)

##### b. Cash and Investments

The BID, as a fund of the City, maintains common cash accounts at the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Madison as an individual municipality and, accordingly, the amount of insured funds is not determinable for the BID. The carrying amount was \$26,610.

##### **Olbrich Botanical Society and Olbrich Botanical Society Foundation**

Olbrich Botanical Society is incorporated as a not-for-profit organization. Located in Madison, Wisconsin, it was organized to aid and support Olbrich Gardens, to help advance the science of horticulture, to help promote the art of gardening, and to promote educational activities related to horticulture and gardening. Olbrich Botanical Society Foundation is a not-for-profit organization that manages assets for the purpose of supporting Olbrich Botanical Society. The organizations are primarily supported by contributions from the general public and by annual events. The following summary of significant accounting policies is presented to enhance the usefulness of the consolidated financial statements to the reader.

##### a. Summary of Significant Accounting Policies

###### **Principles of Consolidation**

The consolidated financial statements include the accounts of Olbrich Botanical Society and Olbrich Botanical Society Foundation (collectively, the Society). All significant transactions and balances between the organizations have been eliminated. Olbrich Botanical Society has a beneficial interest in the net position of Olbrich Botanical Society Foundation and generally accepted accounting principles recommend that consolidated financial statements be prepared as the two organizations are financially related and have common board members.

###### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-320. Under ASC 958-320, the Society is required to report information regarding its financial position and activities according to the three classes of net position:

**Unrestricted Net Position** – Net position that is not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net position for specific purposes, projects, or investments.

**Temporarily Restricted Net Position** – Net position whose use has been limited by donor-imposed time restrictions or purpose restrictions.

**Permanently Restricted Net Position** – Net position that has been restricted by donors to be maintained by the Society in perpetuity.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Olbrich Botanical Society and Olbrich Botanical Society Foundation*** (cont.)

#### a. Summary of Significant Accounting Policies (cont.)

##### **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Society considers all highly liquid investments purchased with original maturities of three months or less, except for funds held at brokerage firms, to be cash equivalents. Cash restricted for long-term purposes is separately identified in the Statements of Financial Position as assets restricted for long-term purposes.

##### **Investments**

Investments in marketable securities with readily determinable fair values are stated at their fair value based on quoted market prices in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the change in unrestricted net position in the accompanying consolidated statements of activities. Realized gains and losses or sales of investments are determined on the basis of specific identification of the security sold.

##### **Estimates**

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Income Taxes**

The Olbrich Botanical Society and the Olbrich Botanical Society Foundation are exempt public charities under Section 501(c)(3) of the Internal Revenue Code and, therefore, are not subject to federal or state income and franchise taxes.

The Society is subject to income tax regulations in the United States federal jurisdiction, and the State of Wisconsin. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Olbrich Botanical Society and Olbrich Botanical Society Foundation*** (cont.)

#### a. Summary of Significant Accounting Policies (cont.)

##### **Inventories**

Inventories consist of merchandise held for resale and are valued at the lower of cost or market determined by the first-in, first-out (FIFO) method.

##### **Contributions**

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are considered available for unrestricted dues unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net position is reclassified as unrestricted net position and reported in the statement of activities as net position released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using appropriate risk-adjusted interest rates applicable to the years in which the promises are to be received. All amounts are considered to be fully collectible.

##### **Membership Dues**

Membership dues are considered to be contributions and are recognized as support in the period received. Dues are non-refundable.

##### **Functional Allocation of Expenses**

The costs of the Society's programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

##### **Sales Tax**

The Society records sales tax on the net method. All applicable taxes are recorded as a liability when incurred.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

##### *Olbrich Botanical Society and Olbrich Botanical Society Foundation* (cont.)

#### a. Summary of Significant Accounting Policies (cont.)

##### **Advertising Costs**

Advertising costs are charged to operations when incurred. Advertising expense, including gifts-in-kind was \$191,480 for the year ended December 31, 2016.

#### b. Relationship Between the Society and the City of Madison

The Society and the City of Madison Parks Division work together for the benefit of Olbrich Gardens, which is owned by the City of Madison (the City). The Society donates all capital assets it purchases to the City. There were no development costs incurred or donated in 2016. The City provides free use of space in the Olbrich building for the offices and gift shop of the Society in exchange for certain administrative functions. The Society had a receivable from the City in the amount of \$17,825 at December 31, 2016, for funds the City collected on its behalf.

#### c. Investments

Investments at December 31, 2016 consisted of the following:

Mutual funds	\$	3,365,700
Common stocks		2,233,825
Money markets		24,234
Certificates of deposit		75,715
Investments	\$	<u>5,699,474</u>

Investment income for 2016 consisted of the following:

Interest and dividends	\$	119,499
Unrealized and realized gain		315,378
Madison Community Foundation (MCF) Activity		3,400
Investment advisory fees		<u>(22,429)</u>
Investment Income	\$	<u>415,848</u>

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect investment balances and amounts reported in the consolidated statements of activities.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

c. Investments (cont.)

**Fair Value Measurements**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between participants on the measurement date. When determining fair value, the Society considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The framework for measuring fair value provides a fair value hierarchy that requires the Society to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization in the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy establishes three levels of inputs that may be used to measure fair value:

- > Level One – Quoted prices in active markets for identical assets or liabilities.
- > Level Two – Inputs other than Level One that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- > Level Three – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The following table summarizes those assets measured at fair value as of December 31, 2016:

	2016			
	Fair Value	Level One	Level Two	Level Three
Equity mutual funds	\$ 1,674,326	\$ 1,674,326	\$ -	\$ -
Fixed income mutual funds	1,691,374	1,691,374	-	-
Common stocks	2,233,825	2,233,825	-	-
Money market funds	24,234	-	24,234	-
Certificates of deposit	75,715	-	75,715	-
Beneficial interest in assets held by MCF	66,616	-	-	66,616
<b>Total</b>	<b>\$ 5,766,090</b>	<b>\$ 5,599,525</b>	<b>\$ 99,949</b>	<b>\$ 66,616</b>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

#### *Olbrich Botanical Society and Olbrich Botanical Society Foundation* (cont.)

##### c. Investments (cont.)

#### Fair Value Measurements (cont.)

Following is a description of the valuation methodologies used for assets measured at fair value:

**Equity and fixed income mutual funds:** Valued at quoted prices in an active market.

**Common stocks:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Money market funds:** Valued daily at the net asset value of the shares held at the end of the year.

**Certificates of Deposit:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Beneficial interest in assets held by Madison Community Foundation (MCF):** Based on unobservable inputs used by the Madison Community Foundation to value the underlying assets. The inputs are unobservable at the Society's level as they own shares in a pool of assets. The underlying assets and their values are observable, but the Society's share is unobservable. Other models or different assumptions may yield different results. The sensitivity of the measurement to changes in unobservable inputs may produce a significantly higher or lower fair value measurement.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Society's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level Three) as of December 31, 2016:

Beginning Balance	\$	50,370
Contributions		15,000
Investment income		1,188
Realized gain		234
Unrealized gain		2,639
Distributions		(2,154)
Expenses and fees		(661)
		<hr/>
Ending Balance	\$	<u>66,616</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

d. Retirement Plan

All employees are eligible to participate in the Olbrich Botanical Society 401(k) Retirement Plan after six months of employment and upon attaining the age of 21. The Society may make matching contributions at its discretion. Participants are fully vested in their contributions to the Plan. Participants become vested in the Society’s matching contributions over a five-year graduated scale. The Society’s contributions to the Plan were \$19,160 in 2016.

e. Unconditional Promises to Give

Unconditional promises to give are expected to be collected as follows at December 31, 2016:

Receivable in less than one year	\$	1,750,886
Receivable in one to five years		<u>1,166,182</u>
Total Unconditional Promises to Give		2,917,068
Less 2.5% discount to net present value		<u>(46,440)</u>
 Total Unconditional Promises to Give, Net	 \$	 <u><u>2,870,628</u></u>

f. Donated Services

The value of donated services included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2016 are as follows:

	<u>Special Events</u>	<u>Public Relations</u>	<u>Membership Development</u>	<u>Garden Conservatory Development</u>	<u>Education</u>	<u>Management and General</u>
Advertising and promotion	\$ 15,350	\$ 132,391	\$ -	\$ -	\$ -	\$ -
Event supplies	9,713	-	-	-	-	-
Art design	7,950	-	3,750	-	-	-
Garden maintenance	-	-	-	2,592	-	-
Event entertainment	500	-	-	-	-	-
Supporting services	<u>4,872</u>	<u>5,954</u>	<u>-</u>	<u>19,847</u>	<u>14,435</u>	<u>5,804</u>
Totals	<u>\$ 38,385</u>	<u>\$ 138,345</u>	<u>\$ 3,750</u>	<u>\$ 22,439</u>	<u>\$ 14,435</u>	<u>\$ 5,804</u>

The Society recognizes contribution support for certain services received at the fair value of those services. The total amount of those services was \$223,158 in 2016. The Society also recognized contribution support for donated materials received at the fair value of these materials. The total amount of those materials was \$53,595 in 2016.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

---

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

f. Donated Services (cont.)

Additionally, the Society received approximately 27,097 hours of volunteer time provided by approximately 1,268 individuals during 2016 who gave their time to the Society's programs and fundraising campaigns. No amounts have been recorded in the consolidated financial statements because the recognition criteria under generally accepted accounting principles were not met.

g. Net Position

The Society's board of directors has chosen to place the following designations on unrestricted net position at December 31, 2016:

**Olbrich Botanical Society Foundation**

Designated for education	\$ 33,115
Designated for orchid fund	34,300
Designated for general stewardship fund	818,793
Board designated endowment	<u>3,263,286</u>
Total Foundation	<u>4,149,494</u>

Designated for agency endowment at MCF	66,616
Undesignated	<u>1,617,530</u>
Total Society	<u>1,684,146</u>

Total Unrestricted Net Position \$ 5,833,640

Permanently restricted net position at December 31, 2016 consists of the following:

Ursula Schmitt Speakers Fund	\$ 29,852
Dusso Conservatory Fund	221,453
Shirley Homburg Gift Shop Fund	<u>11,500</u>
Totals	<u>\$ 262,805</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

g. Net Position (cont.)

Temporarily restricted net position at December 31, 2016 is available for the following purposes:

<b>Olbrich Botanical Society Foundation</b>	
Stewardship Fund Garden for the Future	\$ 359,055
Stewardship Fund Land Bank	201,173
Total Foundation	<u>560,228</u>
<b>Olbrich Botanical Society</b>	
Horticulture	2,618,369
Education	6,276
Conservatory	11,613
Unconditional promises to give	1,750
Capital Campaign	2,041,044
Other	49,752
Total Society	<u>4,728,804</u>
Temporarily Restricted Net Position	<u>\$ 5,289,032</u>

Temporarily restricted net position was released from donor restrictions and expended for the following programs during 2016:

Education	\$ 4,494
Time restrictions	5,850
Other	<u>9,849</u>
Net Position Released from Restrictions	<u>\$ 20,193</u>

h. Concentration of Credit Risk

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Society places its cash and temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

i. Endowment Fund for Olbrich Gardens

In 2006, the Society received notification of a \$300,000 contribution from the Bolz Family Foundation that established the Bolz Family Endowment Fund for Olbrich Botanical Gardens (Fund) at the Madison Community Foundation (MCF). The Fund is donor advised and is an asset of MCF. The fair value of the Fund at MCF was \$238,432 at December 31, 2016. The Society has the option to take an annual distribution that represents 4.75% of the average value of the assets over a rolling twelve-quarter period. The Society received a distribution from the fund of \$12,127 during 2016.

j. Agency Endowment

The Society established an agency endowment at Madison Community Foundation (MCF). The Society recognizes the fair value of donations as contributions when received. When the Society transfers the funds to MCF it recognizes the transfer as a decrease in cash and an increase in an asset called “beneficial interest in assets held by Madison Community Foundation.” The Society acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by MCF. The Society has the option to take an annual distribution that represents 4.75% of the average value of the assets in the Fund over the previous twelve quarters.

Balance – beginning of year	\$	50,370
Agency Investment		
Contributions		15,000
Investment income		1,188
Realized gain		234
Unrealized gain		2,639
Distributions		(2,154)
Expenses and fees		(661)
		(661)
Balance – End of Year	\$	66,616

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

k. Endowment and Other Restrictions on Net Position

The Society’s endowments consist of several funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently-restricted net position is classified as temporarily-restricted net position until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence described by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- > The duration and preservation of the fund
- > The purpose of the Society and the donor-restricted endowment fund
- > General economic conditions
- > The possible effect of inflation and deflation
- > The expected total return from income and the appreciation of investments
- > Other resources of the Society
- > The investment policies of the Society

The following table shows the composition of endowment net position by restriction as of December 31, 2016 for those endowments under the control of the Society:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 262,805	\$ 262,805
Board-designated endowment funds	<u>3,263,286</u>	<u>-</u>	<u>-</u>	<u>3,263,286</u>
Totals	<u>\$ 3,263,286</u>	<u>\$ -</u>	<u>\$ 262,805</u>	<u>\$ 3,526,091</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Olbrich Botanical Society and Olbrich Botanical Society Foundation (cont.)***

k. Endowment and Other Restrictions on Net Position (cont.)

The endowment related activities for the year ending December 31, 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	\$ 3,182,998	\$ -	\$ 262,805	\$ 3,445,803
Investment income (loss)	296,328	-	-	296,328
Amounts appropriated for expenditure	(216,040)	-	-	(216,040)
Ending Balance	\$ 3,263,286	\$ -	\$ 262,805	\$ 3,526,091

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported as unrestricted net position. There were no such deficiencies as of December 31, 2016.

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a diversified equity-related benchmark while assuming a moderate level of investment risk. The Society expects its endowment funds, over time, to provide an average rate of return that outpaces spending, inflation, and expenses annually. Actual returns in any given year will vary.

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Society has a policy of appropriating for distribution all investment income that the permanently restricted funds earned for use as the endowment originally intended.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Olbrich Botanical Society and Olbrich Botanical Society Foundation*** (cont.)

#### k. Endowment and Other Restrictions on Net Position (cont.)

Each fiscal year, the Foundation may distribute a portion of the Foundation's net position. The distribution amount for any given year shall be determined by the board. In 2016, the board approved an appropriation of \$223,354 for 2017 which consists of 4.5% of the average of the investment balance for the preceding twelve quarters with the last quarter being September 2016.

#### l. Commitments

The Society has begun a capital campaign with an initial goal of raising \$5 million and has committed \$1 million from its operating reserves toward this fundraising goal.

#### m. Subsequent Events

Management has evaluated subsequent events through April 6, 2017, the date which the consolidated financial statements were available for issue. No events have occurred that would influence the reader's opinion of the consolidated financial statements for the year ended December 31, 2016.

#### n. Related Party Transactions

For the year ended December 31, 2016, the Society received contributions from related parties of \$52,550. Unconditional promises to give include \$215,067 due from related parties for the capital campaign at December 31, 2016.

##### ***Madison Public Library Foundation, Inc. (MPLF)***

Madison Public Library Foundation, Inc. (the Foundation) is a nonprofit corporation and was organized in 1993 to develop programming to focus attention on public library services, facilities, and needs in the Madison, Wisconsin area and to receive, manage, and distribute funds exclusively for the benefit of the Madison Public Library.

#### a. Summary of Significant Accounting Policies

##### **Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Madison Public Library Foundation, Inc. (MPLF)*** (cont.)

#### a. Summary of Significant Accounting Policies (cont.)

##### **Basis of Presentation**

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the Foundation is required to report information regarding its financial position and activities according to three classes of net position: Unrestricted net position, temporarily restricted net position, and permanently restricted net position. Temporarily restricted net position is when use has been restricted or limited by donors to a specific time period or purpose. Permanently restricted net position is where use has been restricted by donors to be maintained in perpetuity.

Board-designated net position includes net position set aside for the purpose of future expenditures specifically identified by the Board of Directors. Board-designated net position is not considered to be restricted.

##### **Unconditional Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determined the promises will not be collected.

##### **Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily restricted net position, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

Interest, dividends, gains and losses on investments are reported as an increase or decrease in unrestricted net position unless explicitly restricted by donors.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

##### *Madison Public Library Foundation, Inc. (MPLF)* (cont.)

##### a. Summary of Significant Accounting Policies (cont.)

###### **Furniture and Equipment**

Furniture and equipment is stated at cost. Depreciation of equipment is computed on the straight-line method based on an estimated useful life of five years.

Maintenance and repairs of furniture and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of equipment, the cost, and accumulated depreciation are eliminated from the accounts, and any resulted gain or loss is included in operations.

###### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Foundation considers all investments purchased with a maturity of three months or less to be cash equivalents, except for cash not available to the Foundation due to restrictions placed on it.

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

###### **Restricted Cash, Libraries**

Restricted cash consists of funds held by the Foundation for the benefit of the following:

	<u>2016</u>
Monroe Street Library League	\$ 10,853
Friends of Lakeview Library	<u>31,069</u>
Totals	<u>\$ 41,922</u>

###### **Certificates of Deposit**

Certificates of deposit that mature in 12 months or less are classified as current assets on the statements of financial position. The certificates bear interest rates of 0.9% to 1.5% for the year ended December 31, 2016, and will mature in 2017 and 2018, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Madison Public Library Foundation, Inc. (MPLF)*** (cont.)

#### a. Summary of Significant Accounting Policies (cont.)

##### **Website Development Costs**

Included in furniture and equipment are capitalized website development costs of \$14,793 as of December 31, 2016, that are stated at cost. Amortization of website development costs is computed on the straight-line method based upon the estimated useful lives of the assets, generally three years.

Amortization expense included with depreciation expense totaled \$2,465 for the year ended December 31, 2016. Accumulated amortization was \$14,793 as of December 31, 2016.

##### **Capitalization Policy**

The Foundation's policy is to capitalize equipment with a unit cost of \$1,500 or greater and a useful life of more than one year.

##### **Impairment of Long-lived Assets**

The Foundation reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. To date, there have been no such losses.

##### **Investments**

Purchased investments are recorded at fair value, and donated investments are recorded as contributions at fair value on the date of receipt. Realized gains and losses on sales of investments are determined on the basis of specific identification of the cost of the security sold.

##### **Donated Services and Materials**

Donated services that create or enhance non-financial assets or that require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair value in the period received. Donated materials are recorded at their estimated fair value in the period received.

##### **Expense Allocation**

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

##### *Madison Public Library Foundation, Inc. (MPLF)* (cont.)

#### a. Summary of Significant Accounting Policies (cont.)

##### **Exempt Status**

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a public charity and not a private foundation. The Foundation is also exempt from Wisconsin income tax.

##### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Subsequent Events**

These financial statements have not been updated for subsequent events occurring after April 11, 2017, which is the date these financial statements were available to be issued. The Foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

#### b. Unconditional Promises to Give

Unconditional promises to give at December 31, 2016 consisted of the following:

Central Branch Capital Campaign	\$	27,200
Pinney Branch Capital Campaign		150,742
Book Festival		7,250
Ex Libris		1,500
Lunch for Libraries		3,750
Other		<u>725</u>
Total Unconditional Promises to Give		191,167
Less: Allowance for uncollectible promises to give		(7,000)
Less: Discounts to net present value		<u>(1,000)</u>
Unconditional Promises to Give – Net	\$	<u>183,167</u>

At December 31, 2016, \$160,667 of unconditional promises to give are receivable in less than one year and \$30,500 of unconditional promises to give are receivable in one to five years. Promises to give receivable in one year or more are discounted to net present value using a discount rate of 3.25%. Unconditional promises to give receivable in less than one year are measured at net realizable value which approximates fair value.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

##### *Madison Public Library Foundation, Inc. (MPLF)* (cont.)

#### c. Beneficial Interest in Assets Held by Madison Community Foundation (MCF)

The Foundation has established various agency endowments at MCF. The Foundation recognizes the fair value of contributions to the agency endowments as support when received. When the Foundation transfers the agency endowment funds (the Fund) to MCF, it recognizes the transfers as a decrease in cash and the balances are presented on the Statement of Financial Position as increases to beneficial interest in assets held by MCF.

Under the provisions of MCF's governing instruments and applicable regulations, the Board of Governors of MCF (the Board) have the power to modify any restriction or condition on, or direction as to, the timing, manner, or character of distributions for any specified charitable purposes or foundations if, in the judgment of the Board, such direction restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with any distribution policy adopted by MCF or with the charitable needs of the greater Madison community.

MCF will normally distribute part of the Fund to the Foundation at least annually so long as the Foundation maintains its Federal tax-exempt status. This distribution policy is subject to change by the Board. The purpose of these grants will be to enable the Foundation to carry out its charitable and exempt purposes. The percentage distribution is reviewed periodically by the Board and is applied to the average value of the assets in the Fund over the prior twelve quarters.

The change in the agency endowments is summarized as follows:

Balance – beginning of year	\$ 4,347,293
Transfers in	677,701
Withdrawals	(182,186)
Net investment income	<u>260,202</u>
Balance – End of Year	<u>\$ 5,103,010</u>

Included in net investment income are investment fees totaling \$47,624 as of December 31, 2016.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

**Madison Public Library Foundation, Inc. (MPLF) (cont.)**

c. Beneficial Interest in Assets Held by Madison Community Foundation (MCF) (cont.)

The balances of the individual agency endowments at December 31, 2016 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$ 53,424
Madison Library Foundation Endowment Fund	4,122,370
Print Books Purchase Fund	94,077
Judy P. Olson Book Kit Fund	12,694
Lakeview Branch Endowment Fund	73,618
Monroe Endowment Fund	20,342
Pinney Branch Endowment Fund	19,689
Hawthorne Branch Endowment Fund	18,863
South Madison Branch Endowment Fund	175,927
Sequoia Branch Endowment Fund	283,436
Central Endowment	118,780
Ashman Endowment	17,365
Meadowridge Endowment	<u>92,425</u>
Total Agency Endowments	<u>\$ 5,103,010</u>

d. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
MCF Pass thru fund <sup>1</sup>	\$ -	\$ -	\$ -	\$ -
Beneficial interest in assets held at MCF <sup>2</sup>	5,103,010	-	-	5,103,010
Unconditional promises to give, long-term, net <sup>3</sup>	<u>22,500</u>	<u>-</u>	<u>22,500</u>	<u>-</u>
Totals	<u>\$ 5,125,510</u>	<u>\$ -</u>	<u>\$ 22,500</u>	<u>\$ 5,103,010</u>

<sup>1</sup> The Foundation has funds held in an MCF pass thru fund. These assets represent donations or pledge payments via a stock transfer. MCF has agreed to accept these donations on behalf of the Foundation. MCF sells the stock on the date it is received and remits the cash proceeds to the Foundation. The MCF pass thru fund is not actively traded and significant other observable inputs are not available. Thus, the fair value of the pass thru fund is measured at the proportional share of the underlying assets as reported to the Foundation by MCF.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Madison Public Library Foundation, Inc. (MPLF) (cont.)***

d. Fair Value Measurements (cont.)

<sup>2</sup> The Foundation’s beneficial interest in assets held by MCF represents an agreement between the Foundation and MCF in which the Foundation transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Foundation by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. The change in value of the beneficial interest included in the change in net position is reported as unrestricted investment return on the statement of activities.

<sup>3</sup> The amount reported for unconditional promises to give, long-term, net approximates fair value based on the net present value of pledges receivable using the discount rate as described above in Note b.

The following table presents additional information about the MCF pass thru fund measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Beginning balance	\$	5,148
Stock donations		34,917
Distributions		(39,512)
Administrative Fees		<u>(553)</u>
Ending Balance	\$	<u>          -</u>

The following table presents additional information about the beneficial interest in assets held at MCF measured at fair value on a recurring basis using significant unobservable inputs:

Beginning balance	\$	4,347,293
Net investment income		260,202
Transfers in		677,701
Withdrawals		<u>(182,186)</u>
Ending Balance	\$	<u>5,103,010</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

---

***I. COMPONENT UNITS*** (cont.)

**Nonmajor Component Units of the City of Madison** (cont.)

***Madison Public Library Foundation, Inc. (MPLF)*** (cont.)

e. Furniture and Equipment

Furniture and equipment at December 31, 2016 consisted of the following:

Computer equipment	\$	21,924
Office equipment		4,195
Accumulated depreciation		<u>(26,119)</u>
Furniture and Equipment – Net	\$	<u><u>-</u></u>

Depreciation expense for 2016 was \$2,465.

f. Grants Payable

Grants payable at December 31, 2016 were \$22,080 and represent grants owed to the Madison Public Library for various programs.

g. Net Position

The Foundation's board of directors has chosen to place the following limitations on unrestricted net position:

Madison Public Library Foundation Endowment Fund	\$	4,122,370
Judy P. Olson Book Discussion Kit Endowment Fund		12,694
Program Venture Fund		170,000
Other, Board Designated		97,000
Undesignated		<u>393,085</u>
Unrestricted Net Position	\$	<u><u>4,795,149</u></u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

#### *Madison Public Library Foundation, Inc. (MPLF)* (cont.)

#### g. Net Position (cont.)

Temporarily restricted net position include assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net position is available for the following purposes as of December 31:

Ashman Branch	\$	13,223
Book Festival		17,819
Central Branch		(436)
Central Capital Campaign		28,256
Friends of Lakeview Library		31,069
General Library		42,748
Hawthorne Branch		2,122
Hawthorne Endowment		18,816
Lakeview Branch		18,870
Lakeview Endowment		73,618
Meadowridge Branch		8,640
Meadowridge Capital Campaign		14,231
Monroe Branch		3,481
Monroe Endowment		2,417
Monroe Library League		10,853
Other- Ex Libris 2016		3,702
Pinney Branch		1,033
Pinney Capital Campaign		956,235
Pinney Endowment		19,689
Proctor Endowment		1,538
Sequoia Branch		24,184
Sequoia Endowment		21,507
South Madison Branch		934
South Madison Endowment		16,874
		<hr/>
Temporarily Restricted Net Position	\$	<u>1,331,423</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### I. COMPONENT UNITS (cont.)

#### Nonmajor Component Units of the City of Madison (cont.)

##### *Madison Public Library Foundation, Inc. (MPLF)* (cont.)

#### g. Net Position (cont.)

The Foundation's solicitations for capital projects indicate that contributions received in excess of the amount needed for the particular project will be used to establish an endowment fund, the income from which can be used to support the particular location.

Permanently restricted net position at December 31, 2016 consisted of the following:

Ashman Branch Endowment Fund	\$ 18,025
Central Branch Endowment Fund	120,125
Elizabeth Moon Proctor Scholarship and Professional Development Fund	48,896
Meadowridge Branch Endowment Fund	93,280
Monroe Branch Endowment Fund	17,950
Print Books Endowment Fund	110,766
Sequoia Endowment	269,318
South Madison Branch Endowment Fund	<u>168,259</u>
Permanently Restricted Net Position	<u>\$ 846,619</u>

#### h. Endowment

The Foundation's endowment consists of 13 individual funds held by Madison Community Foundation and established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted Wisconsin's enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, the Foundation has notified its donors that they reserve the right to make a distribution from their funds even if the value of the fund drops below the amount of the initial gift. In accordance with Wisconsin's enacted version of UPMIFA, the Foundation expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Madison Public Library Foundation, Inc. (MPLF) (cont.)***

h. Endowment (cont.)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net position were \$16,689 as of December 31, 2016. These deficiencies resulted from unfavorable market fluctuations that occurred during prior years.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund the scholarship, print books purchases, and income streams for certain branch libraries while assuming a moderate level of investment risk. Endowment assets also include those assets of board-designated funds that the Foundation intends to hold to perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund ongoing Foundation operations as well as book discussion kits while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains/losses and interest and dividends. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net position composition by type of net position as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 155,645	\$ 846,619	\$ 1,002,264
Board-designated endowment funds	<u>4,135,064</u>	<u>-</u>	<u>-</u>	<u>4,135,064</u>
Total Funds	<u>\$ 4,135,064</u>	<u>\$ 155,645</u>	<u>\$ 846,619</u>	<u>\$ 5,137,328</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

**Madison Public Library Foundation, Inc. (MPLF) (cont.)**

h. Endowment (cont.)

Changes in endowment net position for the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net position – beginning of year	\$ 3,531,466	\$ 148,607	\$ 715,198	\$ 4,395,271
Contributions	538,570	7,774	131,421	677,765
Net investment income	214,254	40,528	-	254,782
Amounts appropriated for expenditure	(149,226)	(41,264)	-	(190,490)
Endowment Net Position – End of Year	\$ 4,135,064	\$ 155,645	\$ 846,619	\$ 5,137,328

i. Mohaupt Fund for the Sequoya Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoya Branch Library, which is held and managed by the Madison Community Foundation. The Mohaupt Fund is a component fund of MCF, and since MCF has variance power, it is not included in Madison Public Library Foundation, Inc.'s financial statements. Any distributions from the Mohaupt Fund will help fund Madison Public Library Foundation's charitable and exempt purposes. Distributions from the Mohaupt Fund were \$4,087 during 2016. The Mohaupt Fund had a fair value of \$80,721 as of December 31, 2016.

j. Pension Plan

The Foundation started a 401(k) defined contribution pension plan during 2011. The plan covers all employees who are age 18 or over and agree to make contributions to the plan. The Foundation matches contributions to the plan up to 5% of the individual participant's contribution. Total expense for 2016 was \$9,367.

k. Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2017. The lease requires an annual payment of \$5,000 and is automatically renewable for successive one-year terms unless terminated in accordance with the lease agreement.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Madison Parks Foundation, Inc (MPF)***

Madison Parks Foundation, Inc. (the Foundation) is a nonprofit corporation and works to identify and support park improvement opportunities in the City of Madison, WI by encouraging and mobilizing the financial support of neighborhood groups, foundations, and citizens.

#### a. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Net position and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Position** — Net position that is not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net position for specific purposes, projects, or investments.

**Temporarily Restricted Net Position** — Net position whose use has been limited by donor-imposed time restrictions or purpose restrictions.

**Permanently Restricted Net Position** — Net position that have been restricted by donors to be maintained by the Foundation in perpetuity. Additionally, the investment held at Madison Community Foundation is considered to be permanently restricted. See Note h. for additional information.

##### **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Foundation considers all investment instruments purchased with a maturity of three months or less, to be cash equivalents.

##### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement statements of financial position. Realized and unrealized gains and losses are included in the change in unrestricted net position in the accompanying consolidated statements of activities.

The fair values of the investments, as reported in the statement of financial position, are based on the quoted market prices for those investments as reported on their year-end statements.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Madison Parks Foundation, Inc. (MPF)*** (cont.)

##### a. Summary of Significant Accounting Policies (cont.)

###### **Receivables**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on previous collectability, no allowance for doubtful accounts has been established.

###### **Promises to Give**

Professional standards required that unconditional promises to give be recorded as receivables and revenues and required the Foundation to distinguish between contributions received for each net position category in accordance with donor-imposed restrictions.

###### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net position, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position are reclassified to unrestricted net position and reported in the state of activities as net position released from restrictions.

###### **Expense Allocation**

Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on number of employees per program. The costs of providing the various programs and other activities can be found in the statement of activities.

###### **Income Tax Status**

The Foundation is an exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for tax years before 2013.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Madison Parks Foundation, Inc. (MPF)*** (cont.)

##### a. Summary of Significant Accounting Policies (cont.)

###### **Income Tax Status** (cont.)

The Foundation has adopted the accounting guidance for recognizing and measuring uncertain tax positions. The Foundation follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the accompanying financial statements.

###### **Estimates**

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

###### **Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 31, 2017, the date of the financial statements were available.

##### b. Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash equivalents and investments. The Foundation maintains its cash equivalents with one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the Foundation's cash balances at financial institutions may exceed federal depository insurance coverage and management considers this to be a normal business risk. At December 31, 2016, the Foundation had no uninsured balances with the financial institution.

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the value of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Madison Parks Foundation, Inc. (MPF) (cont.)***

b. Concentration of Credit Risk and Market Risk (cont.)

The Foundation maintains its investments at a fiduciary trust company. These investments are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At December 31, 2016, the Foundation held investments of \$2,215,490 which were not covered by SIPC insurance.

c. Investments

The investments consist of cash and marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The Foundation's investments are comprised of the following as of December 31, 2016:

	Market	Cost	
Cash	\$ 56,868	\$ 56,868	
Equities	1,400,619	1,291,904	
Fixed income	678,476	691,240	
Real estate	71,170	72,315	
Commodities	8,357	9,000	
Totals	\$ 2,215,490	\$ 2,121,327	

Investment income from these investments for the year ended December 31, 2016 is summarized as follows:

	2016
Interest and dividends	\$ 44,317
Net realized and unrealized gains	129,353
Investment expense	(16,742)
Total	\$ 156,928

Included within these investments is the endowment established in 2016. See Note h for additional information.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Madison Parks Foundation, Inc. (MPF) (cont.)***

d. Fair Value Measurement

The Foundation's investments are reported at fair value in the accompanying statement of net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

<u>December 31, 2016</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Cash	\$ 56,868	\$ 56,868
Equities	1,400,619	1,400,619
Fixed income	678,476	678,476
Exchange-Traded Funds		
Real estate	71,170	71,170
Commodities	<u>8,357</u>	<u>8,357</u>
Totals	<u>\$ 2,215,490</u>	<u>\$ 2,215,490</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Foundation.

*Level 1 Fair Value Measurements*

The fair values of common stocks, corporate bonds, and exchange-traded funds are based on the closing price reported on the active market where the individual securities are traded.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Madison Parks Foundation, Inc. (MPF) (cont.)***

e. Beneficial Interests in Agency Endowment

According to professional standards, the Foundation recognizes the fair value of donations as contributions when received and when the Foundation transfers the funds to Madison Community Foundation ("MCF") it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in agency endowment. The Foundation acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Fund and normally makes an annual distribution to the Foundation that represents five percent of the average value of the assets in the Fund over the previous twelve quarters. The purpose of the distributions is to enable the Foundation to carry out its charitable and exempt purposes. The activity in the Fund at MCF was as follows for the year ended December 31, 2016:

	2016
Balance – January 1, 2016	\$ 63,828
Agency endowment return	
Investment income	1,226
Realized gain	239
Unrealized gain	2,771
Expense and fees	(724)
Balance – December 31, 2016	\$ 67,340

f. Restricted Net Position

Temporarily restricted net position is available for the following purposes:

Time and purpose restrictions	\$ 672,459
Donated funds from City of Madison	521,667
Total	\$ 1,194,126

Permanently restricted net position consists of the following:

City Endowment	\$ 94,604
MCF Endowment	67,340
Total	\$ 161,944

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

#### ***Madison Parks Foundation, Inc. (MPF)*** (cont.)

##### g. Cooperative Agreement

In 2013, the Foundation and the City of Madison (the "City") entered into an agreement to formally establish the Foundation as the City's official non-profit fundraising collaborator as it relates to the City's parks and open spaces. As part of the agreement, the City transferred \$660,136 to the Foundation for the benefit of the City's parks and the growth of the Foundation. Once transferred, these funds became the Foundation's assets, however the Foundation must comply with any specific restrictions that were carried over from the City. Along with these restrictions, the funds spent by the Foundation shall be used to support projects that are approved by the City, other costs agreed upon by the City and the Foundation, and as payment for the Madison Parks Foundation Coordinator.

The Madison Parks Foundation Coordinator (the "Coordinator") was a position created by the City under the agreement to assist the Foundation with expanding its fundraising efforts to promote additional philanthropic opportunities benefiting Madison parks. The position is an interim position that will last no longer than four years, or whenever an Executive Director is hired by the Foundation, whichever comes first. The Coordinator reports directly to the City and is subject to all City rules of employment. Under the agreement, the Foundation is responsible for the reimbursement back to the City for the Coordinator's wages and benefits. In 2016, total wages and benefits reimbursed by the Foundation to the City totaled \$94,574. The Foundation owed the City \$25,503 for these expenses.

In recognition of the Foundation's increasing role and commitment to the City's parks, the City and the Foundation agreed that the City will provide the Foundation with in-kind contributions and services, which include office space, the use of equipment, and office technology services. The estimated value of these contributions was \$5,000 in 2016.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. COMPONENT UNITS (cont.)**

**Nonmajor Component Units of the City of Madison (cont.)**

***Madison Parks Foundation, Inc. (MPF) (cont.)***

h. Endowment

The Foundation has one endowment fund. This fund was established in 2015 and is a permanently restricted endowment. The fund’s purpose is to provide ongoing investment income to support the Foundation’s exempt purpose. As required by GAAP, net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

	Permanently Restricted	Total
Endowment net position, Beginning of year	\$ 88,750	\$ 88,750
Investment return:		
Investment Income	5,854	5,854
Endowment Net Position, End of Year	\$ 94,604	\$ 94,604

*Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include permanently restricted funds. Under this policy, as approved by the Executive Board of Directors, the permanently restricted assets are invested to achieve preservation of the principal to allow distribution of income for designated uses consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by Wisconsin. Permanently restricted endowment assets are invested in cash, equity securities, fixed income securities, and real estate.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term objectives of the fund, the Foundation relies on a total return strategy in which investments returns are achieved through current yield (interest). The fund shall be invested in a medium risk fund with 46-66% equities, 25-45% fixed income, 0-10% real estate, and 0-10% commodities with reasonable fees. The fund shall have reasonable liquidity and be diversified by holdings, sector, geography, and market capitalization.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

Income from the fund may be used at the Board of Director’s discretion to further the exempt purpose of the Foundation.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *I. COMPONENT UNITS* (cont.)

#### **Nonmajor Component Units of the City of Madison** (cont.)

##### ***Madison Parks Foundation, Inc. (MPF)*** (cont.)

i. Effect of New Accounting Standards on Current Period Financial Statements

The Financial Accounting Standards Board (FASB) has approved the following:

- > Accounting Standards Update (ASU) No. 2016-02, (*Topic 842*): *Leases*. For most entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019.
- > ASU 2016-14, Not-for-Profit Entities (*Topic 958*): *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments of this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

When they become effective, application of these standards may restate portions of these financial statements.

---

### NOTE V – OTHER INFORMATION

---

#### ***A. EMPLOYEES' RETIREMENT SYSTEM***

***Plan description.*** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. 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 employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

***Vesting.*** 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, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

***Benefits provided.*** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is 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.

During the reporting period, the WRS recognized \$15,387,387 in contributions from the City and \$153,099 in contributions from the CDA.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

***Pension Liability (Assets), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

***City Information***

At December 31, 2016, the City reported a liability of \$25,708,053, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net pension liability was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City’s proportion was 1.582052991%, which was an increase of 0.011678595% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$30,974,453.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,349,808	\$ 54,102,167
Changes in assumptions	17,986,473	-
Net differences between projected and actual earnings on pension plan investments	105,256,132	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	323,490
Employer contributions subsequent to the measurement date	15,854,458	-
<b>Totals</b>	<b>\$ 143,446,871</b>	<b>\$ 54,425,657</b>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

***Pension Liability (Assets), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)***

***CDA Information***

At December 31, 2016, the CDA reported a liability of \$262,120 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA’s proportion of the net pension liability was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the CDA’s proportion was 0.016130569%, which was an increase of 0.000119075% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the CDA recognized pension expense of \$315,815.

At December 31, 2016, the CDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,608	\$ 551,618
Changes in assumptions	183,390	-
Net differences between projected and actual earnings on pension plan investments	1,073,189	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,219
Employer contributions subsequent to the measurement date	157,746	-
Totals	\$ 1,457,933	\$ 554,837

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *City Information*

\$15,854,458 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 33,127,783	\$ 13,171,427
2018	33,127,783	13,171,427
2019	33,127,783	13,171,427
2020	27,632,894	13,170,272
2021	576,170	1,741,104

##### *CDA Information*

\$157,746 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 337,770	\$ 134,296
2018	337,770	134,296
2019	337,770	134,296
2020	281,744	134,284
2021	5,133	17,665

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City and CDA’s proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the City and CDA’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what its proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City’s proportionate share of the net pension (asset) liability	\$180,316,783	\$25,708,053	(\$95,044,120)
CDA’s proportionate share of the net pension (asset) liability	\$1,838,505	\$262,120	(\$969,067)

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2016, the City and CDA reported a payable to the pension plan of \$3,851,473 and \$39,475, respectively, which represents contractually required contributions outstanding as of the end of the year.

WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

Protective employees of the City hired prior to 1948 are covered under the City’s police and firemen’s pension funds established under Chapter 62 of the Wisconsin Statutes. The City has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. The total City contribution to the fund during 2016 was \$95,139. The present value of estimated future payments based on past service is \$299,268 and is included in the statement of net position.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### ***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; workers compensation; and health care of its employees. The City purchases commercial insurance for health care and most property losses. The City is partially self-funded and participates in a public entity risk pool to provide coverage for losses for liability and transit property losses. However, other risks, such as workers compensation are accounted for and financed by the City in an internal service fund – the workers compensation fund. Settled claims have not exceeded the commercial coverage in any of the past three years.

#### ***Self Insurance***

For workers compensation claims, the uninsured risk of loss is \$650,000 per incident for a policy year. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable to the workers compensation fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

#### ***Claims Liability***

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 15,122,651	\$ 18,155,806
Current year claims and changes in estimates	4,517,334	1,241,955
Claim payments	<u>(1,484,179)</u>	<u>(3,875,751)</u>
Unpaid Claims – End of Year	<u>\$ 18,155,806</u>	<u>\$ 15,522,010</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### **B. RISK MANAGEMENT** (cont.)

##### ***Public Entity Risk Pool***

###### *Transit Mutual Insurance Corporation of Wisconsin (TMI)*

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation, which insures auto liability for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The City insures its transit systems' auto liability with TMI and is an owner of the corporation.

The City's auto liability insurance policy has a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Great American Reinsurance Group. In addition, the City's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

TMI also provided Transit with auto physical damage coverage for its buses with a total limit of \$78,200,000 and a \$5,000 deductible for collision and comprehensive coverage. TMI insures \$750,000 and reinsures the remainder of \$77,450,000 with Great American Insurance Group.

Management of TMI consists of a board of directors comprised of one representative for each member. The City does not exercise any control over the activities of the corporation beyond its representation on the board of directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The City's share of this corporation is 40.79% for auto liability. A list of the other members and their share of participation is available in the TMI report, which can be obtained directly from TMI's office.

###### *Wisconsin Municipal Mutual Insurance Company (WMMIC)*

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2016, WMMIC was owned by eighteen members.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### **B. RISK MANAGEMENT** (cont.)

##### **Public Entity Risk Pool** (cont.)

###### *Wisconsin Municipal Mutual Insurance Company (WMMIC)* (cont.)

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2016. This is a quota share reinsurance agreement with General Reinsurance Corporation (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$15,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

WMMIC has contracted with Safety National to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$500,000 for all but one member that has a retention of \$650,000.

The City's investment in WMMIC is reported on the statement of net position as a deposit. The amount reported is the initial investment of \$3,815,820.

#### **C. COMMITMENTS AND CONTINGENCIES**

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.

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

In January of 2013, the Transit and Parking Commission approved a contract with Gillig Corp. for the purchase of up to 80 buses over a six year period. As of December 31, 2016, 50 buses had been purchased under this contract.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

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

Under terms of stipulation orders issued by the State of Wisconsin Department of Industry, Labor and Human Relations, the City is making monthly payments to former employees of the City. These future amounts of \$361,337 are included in the statement of net position under other liabilities.

State and federal laws and regulations require the City to place a final cover on its solid waste landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. All of the City's landfills are closed. Postclosure care costs will be paid over a period of 40 years after the date that the landfill stopped accepting waste. The City fully realizes the landfill's responsibilities for closure and long-term care and will fund all closure/postclosure activities and costs through landfill remediation fees and interest earnings. The estimated postclosure care liability is estimated to be immaterial.

The City has the following encumbrances outstanding at year end relating to funds on hand:

Capital Projects Fund	\$ 9,246,284
-----------------------	--------------

#### **D. OTHER POSTEMPLOYMENT BENEFITS**

The City sponsors a single-employer defined benefit healthcare plan, (the Retiree Health Plan). The Plan provides healthcare coverage to eligible retired City employees and their spouses, which covers both active and retired members. The Plan is affiliated with the Wisconsin Public Employer's Group Health Insurance – Dane County service area plan, a purchasing plan administered by the State of Wisconsin. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The Plan provides eligible retirees with the opportunity to stay on the City's health insurance plan. Eligible retirees and spouses contribute the full amount of the premiums after age 55, except for teamsters who contribute the difference between the rate paid by the City and current year rate.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

The City contributes to the premiums for eligible police and fire employees who retire before age 55, but not before age 50. The contributions for these employees continues until age 55, as defined by the union contract. Retirees are responsible for the premiums after that time. The City will contribute, on behalf of eligible police and police supervisors, up to 105% (90% effective November 1, 2007) of the appropriate premium rates of the lowest bidder among the health care providers offered, but not exceeding \$850 per month. The City will contribute, on behalf of eligible fire employees and fire supervisors, up to 105% of the appropriate premium rates of the lowest bidder among the health care providers offered. The City will contribute, on behalf of eligible teamsters, up to 105% of the appropriate premium rates of the lowest bidder among the health care providers offered for a maximum of five years or until the retiree is eligible for Medicare, whichever is earlier. The contributions for eligible teamsters will not be adjusted annually, the City's contribution will remain at the rate determined in the year of retirement, and the retiree is responsible for any difference in rates.

For fiscal year 2016, the City contributed \$3,920,347 to the plan. Plan members receiving benefits contributed \$2,563,764, or approximately 65% of the total premiums, through their required contributions.

The City contributes to defined benefit postemployment benefit plans for fire, laborers and teamsters' union employees, Voluntary Employee Beneficiary Association (VEBA). Starting with the 2002 contract the City will contribute \$200,000 annually to the fire union's retiree health insurance, adjusted by the percentage of wage increase negotiated. The City shall make a contribution to the Local 236 retiree health insurance fund in an amount determined annually with the wage increase negotiated. The City will deposit \$303,000 annually into an escrow account for contributions towards health premiums for eligible teamsters' employees. The unions are responsible for administering the respective plans. The firefighters discontinued their VEBA for 2010. The 2016 contributions to laborers and teamsters were \$268,065 and \$422,740, respectively.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with 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 following table shows the components of the City's annual OPEB cost for the year:

Annual required contribution	\$ 7,922,687
Interest on net OPEB obligation	1,323,596
Adjustment to the ARC	<u>(1,805,724)</u>
Annual OPEB Cost	7,440,559
Contributions made	<u>(3,920,347)</u>
Increase in net OPEB obligation	3,520,212
Net OPEB Obligation – Beginning of Year	<u>29,413,249</u>
Net OPEB Obligation – End of Year	<u>\$ 32,933,461*</u>

\* Includes OPEB obligation for Public Health for Madison and Dane County, (PHMDC), which is the City's joint venture.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 7,440,559	52.77%	\$ 32,933,461
2015	6,808,834	43.2%	29,413,249
2014	6,713,573	45.9%	25,548,850

The funded status of the plan as of December 31, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 64,414,957
Actuarial value of plan assets	<u>(1,639,640)</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 62,775,317</u>
 Funded ratio (actuarial value of plan assets/AAL)	 2.5%
Covered payroll (active plan members)	\$ 181,997,047
UAAL as a percentage of covered payroll	34.5%

Actuarial valuations of an ongoing plan involve estimates for 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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016, was 30 years.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

***E. RELATED PARTIES***

***Related Parties – Primary Government***

The City had the following related party transactions during 2016.

<u>Name</u>	<u>Committee</u>	<u>Affiliated Organization</u>	<u>Amount</u>
V Margaret Anderson	Public Safety Review Committee	Urban League of Greater Madison	\$ 105,118
Caitlin Badsing	Equal Opportunities Commission/Madison Food Policy Council/Police and Fire Commission	Full Compass Systems	150,347
Christopher Brockel	Madison Food Policy Council	Madison Northside Planning Council, Inc.	48,242
Danielle Dieringer	Equal Opportunities Commission	YWCA Madison	140,508
Claude Gilmore	Community Development Authority	Kennedy Heights Community Center	123,795
Katherine Kaliszewski	Landmarks Commission	Mead & Hunt, Inc.	308,547
Alyssa Kenney	Madison Public Library Board	DANenet	16,642
Christina Lor	Landlord and Tenant Issues Committee	Urban League of Greater Madison Tenant Resource Center	105,118 125,053
Lucille Marshall	Community Services Committee	Sustain Dane	40,060
Mayra Medrano	Madison Local Food Committee	Madison Gas and Electric	2,895,217
Marianne Morton	Economic Development Committee	Common Wealth Development, Inc.	618,829
Stephanie Munoz	Affirmative Action Commission	YWCA Madison	140,508
Kathleen Poi	Committee on Aging	West Madison Senior Coalition	161,768
David Porterfield	Housing Strategy Committee	Movin' Out, Inc.	335,504
Stacie Reece	Sustainable Madison Committee	Sustain Dane	40,060
Thomas Solheim	Monona Terrace Community and Convention Center Board	Madison Region Economic Partnership	24,200
Michael Vickerman	Sustainable Madison Committee	RENEW Wisconsin	37,500
Roland Wagner	Urban Design Commission	Olbrich Botanical Society	142,746
		Total	<u>\$5,559,582</u>

The City Attorney has reviewed the related party transaction schedule and the parties have stipulated that either no matters related to the affiliated entity appeared before them, or, if they did, they properly recused themselves.

***Related Parties – CDA***

The administration and operation of the CDA is performed by employees of the City. The CDA pays the City for these services, as well as other allocated costs.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### **NOTE V – OTHER INFORMATION (cont.)**

---

#### ***F. JOINT OPERATIONS***

Administrative offices and court facilities of the City are housed in a building which includes similar facilities for Dane County. The building is owned jointly by the City and the county. The county acts as the fiscal agent for operating costs of the building. Such occupancy expenses are paid to Dane County and have been recorded as operating costs in the applicable City department.

#### ***G. COOPERATIVE BOUNDARY PLANS***

On November 8, 2002, the Town of Madison, City of Fitchburg and City of Madison executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the cities, the town, and existing town property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 20 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 30, 2022, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the City of Madison, City of Fitchburg, and Town of Madison Cooperative Plan can be obtained at the Town of Madison.

On February 18, 2005, the Town of Blooming Grove and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the City and the town and the existing town and City property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 22 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 31, 2027, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Madison.

On January 17, 2007, the Town of Burke, the Village of DeForest, the City of Sun Prairie, and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the cities, the village, and the town and the existing town, village, and City property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 29 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 26, 2036, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Madison.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### *H. JOINT VENTURE*

The City of Madison and Dane County jointly operate the Public Health for Madison and Dane County (PHMDC), which provides public health services to its citizens.

The governing body is made up of eight members. One alder member is appointed by the Mayor of the City of Madison, as confirmed by the common council, and a supervisor is appointed by the Dane County Executive, as confirmed by the county board. The mayor and county executive jointly appoint the remaining six board members from citizens involved in the health profession. The governing body has authority to adopt its own budget, subject to approval by the common council and county board. The City of Madison made a payment totaling \$4,793,266 to the PHMDC for 2016. The City believes that the PHMDC will continue to provide services in the future at similar rates.

Financial information of the district as of December 31, 2016 is available directly from the City of Madison, the fiscal agent for PHMDC.

The City of Madison accounts for its share of the operations in the general fund. The City does not have an equity interest in the organization.

The City of Madison is a member of the Metropolitan Unified Fiber Network Consortium, which is an unincorporated nonprofit association organized under Chapter 184 of the Wisconsin Statutes, the Uniform Unincorporated Nonprofit Association Act. This association was created to implement a community area network to improve broadband adoption among businesses and residential groups, help spur economic development, improve network connectivity for public safety, education and library entities as well as expand broadband services to service organizations providing services to disadvantaged, at-risk population within the community.

Fiscal information of the association as of December 31, 2016 is available directly from the City of Madison, the fiscal agent Metropolitan Unified Fiber Network Consortium.

The City of Madison accounts for its share of the operations in the general fund. The City does not have an equity interest in the organization.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### *I. TAX ABATEMENTS*

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City, through its Tax Incremental Financing Districts (TIDs), has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plans. The City disburses loans to developers. The developer guarantees a certain amount of increment each year. The developers pay property taxes as they become due, and if they generate the guaranteed increment, an equal amount of loan balance is forgiven. Total amount of loans forgiven during 2016 were \$3,654,294. Total amount of loans disbursed during 2016 were \$4,935,000.

#### *J. SUBSEQUENT EVENT*

On May 22, 2017, the Water utility and the Waunona Sanitary District No. 2 filed a joint application with the Public Service Commission of Wisconsin for the utility to acquire Water utility facilities and assume operations in the Waunona Sanitary District service area. Final approval of the filing is expected in August 2017.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### ***K. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68,*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*

When they become effective, application of these standards may restate portions of these financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 209,847,208	\$ 209,847,208	\$ 209,041,105	\$ (806,103)
Intergovernmental	35,464,803	35,464,803	35,717,178	252,375
Licenses and permits	6,686,500	6,686,500	9,327,847	2,641,347
Fines and forfeitures	6,971,287	6,971,287	7,679,191	707,904
Charges for services	9,564,000	9,564,000	8,714,862	(849,138)
Investment income	1,485,000	1,485,000	2,759,893	1,274,893
Miscellaneous	3,749,800	4,749,800	1,729,199	(3,020,601)
Total Revenues	<u>273,768,598</u>	<u>274,768,598</u>	<u>274,969,275</u>	<u>200,677</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Common council	554,998	554,998	507,545	47,453
Mayor	1,339,412	1,379,262	1,370,215	9,047
Municipal court	-	91,552	(51,004)	142,556
Attorney	2,766,556	2,766,556	2,736,676	29,880
Assessor	2,489,175	2,419,175	2,312,123	107,052
Clerk	1,895,757	3,245,757	2,394,710	851,047
Treasurer	515,204	515,204	615,914	(100,710)
Finance	3,589,531	3,589,531	3,382,022	207,509
Information technology	6,199,309	6,108,727	6,056,278	52,449
Human resources	1,566,299	1,706,530	1,723,722	(17,192)
EAP	337,144	377,860	330,652	47,208
Department of Civil Rights	1,450,352	1,450,402	1,350,529	99,873
Total General Government	<u>22,703,737</u>	<u>24,205,554</u>	<u>22,729,382</u>	<u>1,476,172</u>
Public Safety				
Fire	48,706,390	50,186,266	50,640,567	(454,301)
Police	67,512,205	69,800,391	70,196,580	(396,189)
Public health	4,793,266	4,793,266	4,793,266	-
Total Public Safety	<u>121,011,861</u>	<u>124,779,923</u>	<u>125,630,413</u>	<u>(850,490)</u>
Public Works and Transportation				
Engineering	3,662,468	4,040,916	4,148,712	(107,796)
Streets	25,008,761	27,403,591	26,890,206	513,385
Transit utility	12,380,384	7,380,384	7,380,384	-
Traffic engineering	5,629,014	6,003,876	5,809,975	193,901
Total Public Works and Transportation	<u>46,680,627</u>	<u>44,828,767</u>	<u>44,229,277</u>	<u>599,490</u>

See accompanying notes to required supplementary information and independent auditors' report.

**CITY OF MADISON**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND (cont.)  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (cont.)</b>				
Planning and Development				
Office of the director of planning	\$ 684,436	\$ 684,436	\$ 633,016	\$ 51,420
Planning	2,730,295	2,973,532	3,045,031	(71,499)
Building inspection	4,441,412	4,442,748	4,358,868	83,880
Community development	10,268,565	10,485,189	9,987,936	497,253
Economic development	1,462,477	1,363,477	1,042,689	320,788
CDA housing operations	174,218	174,218	174,218	-
Total Planning and Development	<u>19,761,403</u>	<u>20,123,600</u>	<u>19,241,758</u>	<u>881,842</u>
Culture and Recreation				
Parks	13,527,119	14,650,244	14,281,009	369,235
Total Culture and Recreation	<u>13,527,119</u>	<u>14,650,244</u>	<u>14,281,009</u>	<u>369,235</u>
Miscellaneous				
Unallocated employee benefits	2,545,418	613,390	1,543,297	(929,907)
Miscellaneous	7,061,684	7,659,703	7,259,464	400,239
Total Miscellaneous	<u>9,607,102</u>	<u>8,273,093</u>	<u>8,802,761</u>	<u>(529,668)</u>
Debt Service	<u>40,476,749</u>	<u>40,476,749</u>	<u>40,476,749</u>	<u>-</u>
Total Expenditures	<u>273,768,598</u>	<u>277,337,930</u>	<u>275,391,349</u>	<u>1,946,581</u>
Net Change in Fund Balances	-	(2,569,332)	(422,074)	2,147,258
FUND BALANCES - Beginning of Year	<u>54,637,598</u>	<u>54,637,598</u>	<u>54,637,598</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 54,637,598</u>	<u>\$ 52,068,266</u>	<u>\$ 54,215,524</u>	<u>\$ 2,147,258</u>

See accompanying notes to required supplementary information and independent auditors' report.

**CITY OF MADISON**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 16,288,836	\$ 16,288,836	\$ 16,288,835	\$ (1)
Intergovernmental	93,262	184,672	112,122	(72,550)
Public charges for services	1,280,530	1,280,530	1,190,835	(89,695)
Contributions	-	475,087	370,254	(104,833)
Miscellaneous	6,500	6,500	36,428	29,928
Total Revenues	<u>17,669,128</u>	<u>18,235,625</u>	<u>17,998,474</u>	<u>(237,151)</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	16,779,634	14,621,378	14,358,332	263,046
Capital Outlay	<u>956,036</u>	<u>1,114,495</u>	<u>317,801</u>	<u>796,694</u>
Total Expenditures	<u>17,735,670</u>	<u>15,735,873</u>	<u>14,676,133</u>	<u>1,059,740</u>
Excess (deficiency) of revenues over expenditures	<u>(66,542)</u>	<u>2,499,752</u>	<u>3,322,341</u>	<u>822,589</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	66,542	66,542	20,000	(46,542)
Transfers out	-	<u>(2,692,572)</u>	<u>(3,449,388)</u>	<u>(756,816)</u>
Total Other Financing Sources (Uses)	<u>66,542</u>	<u>(2,626,030)</u>	<u>(3,429,388)</u>	<u>(803,358)</u>
Net Change in Fund Balances	-	(126,278)	(107,047)	19,231
FUND BALANCES - Beginning of Year	<u>781,398</u>	<u>781,398</u>	<u>781,398</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 781,398</u>	<u>\$ 655,120</u>	<u>\$ 674,351</u>	<u>\$ 19,231</u>

See accompanying notes to required supplementary information and independent auditors' report.

# CITY OF MADISON

## OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2016

---

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/16	\$ 1,639,640	\$ 64,414,957	\$ 62,775,317	2.5%	\$ 181,997,047	34.5%
12/31/15	1,639,640	57,433,140	55,793,500	2.9%	176,696,162	31.6%
12/31/14	1,661,992	58,378,139	56,716,147	2.8%	165,796,254	34.2%

See accompanying notes to required supplementary information and independent auditors' report.

**CITY OF MADISON**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) CITY -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

---

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/16	1.58205299%	\$ 25,708,053	\$ 183,244,827	14.03%	98.20%
12/31/15	1.57042163%	(38,573,852)	178,424,442	21.62%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS CITY - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

---

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/16	\$ 15,854,458	\$ 15,854,458	\$ -	191,009,837	8.30%
12/31/15	15,418,160	15,418,160	-	183,244,827	8.41%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF MADISON**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) CDA -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

---

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/16	0.01613057%	\$ 262,120	\$ 2,237,306	11.72%	98.20%
12/31/15	0.01596426%	(392,124)	2,131,088	18.40%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS CDA - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

---

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/16	\$ 157,746	\$ 157,746	\$ -	2,220,313	7.10%
12/31/15	157,204	157,204	-	2,237,306	7.03%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# CITY OF MADISON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

---

### ***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 I, except for revenues and expenditures, which for budgetary purposes include the following differences:

#### **General Fund**

Total Revenues – GAAP Basis	\$ 261,298,650
Add: Operating Transfers In	17,216,799
Less: Operating Transfers Out	<u>(3,546,174)</u>
Total Revenues – Budgetary Basis	<u>\$ 274,969,275</u>
Total Expenditures – GAAP Basis	\$ 224,859,907
Add: Operating Transfers Out	54,077,616
Less: Operating Transfers In	<u>(3,546,174)</u>
Total Expenditures – Budgetary Basis	<u>\$ 275,391,349</u>

The budgeted amounts presented include all amendments made. Budget amendments or transfers that exceed \$5,000 between departmental budgets must be approved by the City Council. Appropriations of the operating budget lapse at year end unless specifically carried over. Carryovers to the following year were \$906,985. Budgets are adopted at the agency level of expenditure.

#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.



**SUPPLEMENTARY INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenue sources, other than major capital projects, that are legally restricted to expenditure for specific purposes.

Community Development Block Grant – Accounts for intergovernmental and other revenues legally restricted to support expenditures for the CDBG City program.

Revolving Loans – Accounts for housing and development loans.

Other Grants – The remaining grant funds account for receipts and disbursements of grants received from governmental units.

Other Restricted Funds – Accounts for resources, other than grants, that are restricted for particular purposes.

### **PERMANENT FUNDS**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Endowments and Donations – Accounts for the resources restricted for Park uses and Cemetery care.

**CITY OF MADISON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

	Special Revenue			
	Community Development Block Grant	Revolving Loans	Other Grants	Other Restricted Funds
<b>ASSETS</b>				
Cash and investments	\$ 3,651,589	\$ 1,808,472	\$ 751,059	\$ 6,743,343
Room taxes receivable	-	-	-	3,500,567
Accounts receivable	-	-	-	241,424
Accrued revenue	-	-	-	642,832
Accrued interest	-	322,158	-	282
Long-term loans receivable	16,571,428	6,989,385	-	708,335
Due from other funds	-	-	-	407,497
Due from other governmental units	3,368,348	-	1,001,705	42,114
Prepaid items	7,912	580	9,351	5,857
Restricted cash and investments	987,148	-	-	12,169,935
<b>TOTAL ASSETS</b>	<b>\$ 24,586,425</b>	<b>\$ 9,120,595</b>	<b>\$ 1,762,115</b>	<b>\$ 24,462,186</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 128,196	\$ 527	\$ 26,639	\$ 162,100
Accrued Liabilities	21,803	1,021	34,495	14,959
Deposits	-	-	-	28,059
Advance from other funds	-	626,249	-	-
<b>Total Liabilities</b>	<b>149,999</b>	<b>627,797</b>	<b>61,134</b>	<b>205,118</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	19,939,577	7,311,543	419,928	1,593,299
Unearned revenues	987,148	-	1,232,234	-
<b>Total Deferred Inflows of Resources</b>	<b>20,926,725</b>	<b>7,311,543</b>	<b>1,652,162</b>	<b>1,593,299</b>
<b>FUND BALANCES</b>				
Nonspendable	7,912	580	9,351	5,857
Restricted	3,501,789	1,180,675	39,468	21,066,267
Committed	-	-	-	1,591,645
<b>Total Fund Balances</b>	<b>3,509,701</b>	<b>1,181,255</b>	<b>48,819</b>	<b>22,663,769</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 24,586,425</b>	<b>\$ 9,120,595</b>	<b>\$ 1,762,115</b>	<b>\$ 24,462,186</b>

---

Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 12,954,463	\$ 3,897,571	\$ 16,852,034
3,500,567	-	3,500,567
241,424	-	241,424
642,832	-	642,832
322,440	7,590	330,030
24,269,148	-	24,269,148
407,497	-	407,497
4,412,167	-	4,412,167
23,700	-	23,700
<u>13,157,083</u>	<u>-</u>	<u>13,157,083</u>
<u>\$ 59,931,321</u>	<u>\$ 3,905,161</u>	<u>\$ 63,836,482</u>
\$ 317,462	\$ -	\$ 317,462
72,278	-	72,278
28,059	-	28,059
<u>626,249</u>	<u>-</u>	<u>626,249</u>
<u>1,044,048</u>	<u>-</u>	<u>1,044,048</u>
29,264,347	-	29,264,347
<u>2,219,382</u>	<u>-</u>	<u>2,219,382</u>
<u>31,483,729</u>	<u>-</u>	<u>31,483,729</u>
23,700	719,711	743,411
25,788,199	3,185,450	28,973,649
<u>1,591,645</u>	<u>-</u>	<u>1,591,645</u>
<u>27,403,544</u>	<u>3,905,161</u>	<u>31,308,705</u>
<u>\$ 59,931,321</u>	<u>\$ 3,905,161</u>	<u>\$ 63,836,482</u>

**CITY OF MADISON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	Community Development Block Grant	Revolving Loans	Other Grants	Other Restricted Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 14,555,515
Intergovernmental	3,509,786	-	2,468,784	278,754
Public charges for services	3,210,795	748,974	-	9,341,995
Licenses and permits	-	-	-	310,388
Investment income	236,975	105,455	1,898	236,801
Miscellaneous	-	-	219,786	109,038
Total Revenues	<u>6,957,556</u>	<u>854,429</u>	<u>2,690,468</u>	<u>24,832,491</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	5,049,995
Public safety	-	-	1,374,414	625,296
Public works	-	-	292,173	781,294
Planning and development	5,397,856	811,932	445,775	2,950,000
Culture and recreation	-	-	-	184,508
Total Expenditures	<u>5,397,856</u>	<u>811,932</u>	<u>2,112,362</u>	<u>9,591,093</u>
Excess (deficiency) of revenues over expenditures	<u>1,559,700</u>	<u>42,497</u>	<u>578,106</u>	<u>15,241,398</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation debt issued	-	-	186,265	-
Sale of capital assets	-	-	-	23,985
Transfers in	-	53,667	462,774	-
Transfers out	(10,039)	(50,000)	(1,194,095)	(14,997,147)
Total Other Financing Sources (Uses)	<u>(10,039)</u>	<u>3,667</u>	<u>(545,056)</u>	<u>(14,973,162)</u>
Net Change in Fund Balances	1,549,661	46,164	33,050	268,236
FUND BALANCE - Beginning of Year	<u>1,960,040</u>	<u>1,135,091</u>	<u>15,769</u>	<u>22,395,533</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,509,701</u>	<u>\$ 1,181,255</u>	<u>\$ 48,819</u>	<u>\$ 22,663,769</u>

---

Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 14,555,515	\$ -	\$ 14,555,515
6,257,324	-	6,257,324
13,301,764	113,396	13,415,160
310,388	-	310,388
581,129	187,330	768,459
328,824	-	328,824
<u>35,334,944</u>	<u>300,726</u>	<u>35,635,670</u>
5,049,995	-	5,049,995
1,999,710	-	1,999,710
1,073,467	-	1,073,467
9,605,563	-	9,605,563
184,508	34,114	218,622
<u>17,913,243</u>	<u>34,114</u>	<u>17,947,357</u>
<u>17,421,701</u>	<u>266,612</u>	<u>17,688,313</u>
186,265	-	186,265
23,985	-	23,985
516,441	3,384	519,825
(16,251,281)	(187,909)	(16,439,190)
<u>(15,524,590)</u>	<u>(184,525)</u>	<u>(15,709,115)</u>
1,897,111	82,087	1,979,198
<u>25,506,433</u>	<u>3,823,074</u>	<u>29,329,507</u>
<u>\$ 27,403,544</u>	<u>\$ 3,905,161</u>	<u>\$ 31,308,705</u>

## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CDBG For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 7,011,961	\$ 7,011,961	\$ 3,509,786	\$ (3,502,175)
Public charges for services	2,126,936	2,126,936	3,210,795	1,083,859
Investment income	318,595	318,595	236,975	(81,620)
Total Revenues	<u>9,457,492</u>	<u>9,457,492</u>	<u>6,957,556</u>	<u>(2,499,936)</u>
<b>EXPENDITURES</b>				
Current				
Planning and development	<u>9,218,441</u>	<u>9,333,273</u>	<u>5,397,856</u>	<u>3,935,417</u>
Total Expenditures	<u>9,218,441</u>	<u>9,333,273</u>	<u>5,397,856</u>	<u>3,935,417</u>
Excess of revenues over expenditures	<u>239,051</u>	<u>124,219</u>	<u>1,559,700</u>	<u>1,435,481</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(10,075)</u>	<u>(10,075)</u>	<u>(10,039)</u>	<u>36</u>
Total Other Financing Uses	<u>(10,075)</u>	<u>(10,075)</u>	<u>(10,039)</u>	<u>36</u>
Net Change in Fund Balances	228,976	114,144	1,549,661	1,435,517
FUND BALANCE - Beginning of Year	<u>1,960,040</u>	<u>1,960,040</u>	<u>1,960,040</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,189,016</u>	<u>\$ 2,074,184</u>	<u>\$ 3,509,701</u>	<u>\$ 1,435,517</u>

## **ENTERPRISE FUNDS**

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Parking Utility – Accounts for operations of the parking system.

Convention Center – Accounts for operations of the Monona Terrace Convention Center.

Golf Courses – Accounts for operations of the golf courses.

**CITY OF MADISON**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2016

	Parking Utility	Convention Center	Golf Courses	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 35,495,179	\$ 3,798,792	\$ -	\$ 39,293,971
Accounts receivable	194,690	394,938	-	589,628
Inventories	-	146,630	-	146,630
Prepaid items	73,449	60,378	7,594	141,421
Total Current Assets	<u>35,763,318</u>	<u>4,400,738</u>	<u>7,594</u>	<u>40,171,650</u>
Capital Assets				
Land	4,851,550	25,254	803,833	5,680,637
Construction work in progress	1,463,127	153,807	-	1,616,934
Land improvements	691,055	69,033	4,644,155	5,404,243
Buildings	29,797,170	59,123,904	709,689	89,630,763
Machinery and equipment	4,865,278	2,236,567	1,656,214	8,758,059
Intangibles	278,041	23,149	-	301,190
Accumulated depreciation	<u>(29,955,577)</u>	<u>(29,433,427)</u>	<u>(6,211,275)</u>	<u>(65,600,279)</u>
Net Capital Assets	<u>11,990,644</u>	<u>32,198,287</u>	<u>1,602,616</u>	<u>45,791,547</u>
Total Assets	<u>47,753,962</u>	<u>36,599,025</u>	<u>1,610,210</u>	<u>85,963,197</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	2,367,717	2,061,120	429,799	4,858,636
Total Deferred Outflows of Resources	<u>2,367,717</u>	<u>2,061,120</u>	<u>429,799</u>	<u>4,858,636</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	519,083	547,197	44,236	1,110,516
Accrued liabilities	320,076	261,364	29,610	611,050
Due to other funds	-	-	170,443	170,443
Deposits	1,904	1,086,509	45,111	1,133,524
Current portion of general obligation long-term debt	-	19,998	-	19,998
Current portion of capital lease	-	745,000	-	745,000
Current portion of advances from other funds	-	32,828	9,400	42,228
Current portion of accrued compensated absences	233,857	172,198	26,781	432,836
Total Current Liabilities	<u>1,074,920</u>	<u>2,865,094</u>	<u>325,581</u>	<u>4,265,595</u>
Long-Term Debt Net of Current Maturities				
General obligation long-term debt	-	139,986	-	139,986
Capital lease	-	1,765,500	-	1,765,500
Advances from other funds	-	337,691	96,685	434,376
Net pension liability	432,101	364,704	76,644	873,449
Accrued compensated absences	935,430	688,794	107,124	1,731,348
Other post-employment benefits	409,396	325,616	37,556	772,568
Total Long-Term Obligations	<u>1,776,927</u>	<u>3,622,291</u>	<u>318,009</u>	<u>5,717,227</u>
Total Liabilities	<u>2,851,847</u>	<u>6,487,385</u>	<u>643,590</u>	<u>9,982,822</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	-	73,482	-	73,482
Pension related amounts	914,773	772,107	162,261	1,849,141
Total Deferred Inflows of Resources	<u>914,773</u>	<u>845,589</u>	<u>162,261</u>	<u>1,922,623</u>
<b>NET POSITION</b>				
Net investment in capital assets	11,990,644	29,527,803	1,602,616	43,121,063
Unrestricted (deficit)	<u>34,364,415</u>	<u>1,799,368</u>	<u>(368,458)</u>	<u>35,795,325</u>
TOTAL NET POSITION	<u>\$ 46,355,059</u>	<u>\$ 31,327,171</u>	<u>\$ 1,234,158</u>	<u>\$ 78,916,388</u>

**CITY OF MADISON**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2016

	Parking Utility	Convention Center	Golf Courses	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 14,923,974	\$ 5,442,720	\$ 3,187,116	\$ 23,553,810
Total Operating Revenues	<u>14,923,974</u>	<u>5,442,720</u>	<u>3,187,116</u>	<u>23,553,810</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	8,419,513	8,525,843	3,167,262	20,112,618
Depreciation	<u>696,216</u>	<u>1,725,483</u>	<u>200,276</u>	<u>2,621,975</u>
Total Operating Expenses	<u>9,115,729</u>	<u>10,251,326</u>	<u>3,367,538</u>	<u>22,734,593</u>
Operating Income (Loss)	<u>5,808,245</u>	<u>(4,808,606)</u>	<u>(180,422)</u>	<u>819,217</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	199,744	-	1,771	201,515
Interest expense	-	(114,935)	(3,969)	(118,904)
Gain on sale of assets	3,582	-	-	3,582
Miscellaneous revenues	<u>8,809</u>	<u>63,869</u>	<u>28,409</u>	<u>101,087</u>
Total Nonoperating Revenues (Expenses)	<u>212,135</u>	<u>(51,066)</u>	<u>26,211</u>	<u>187,280</u>
Income (Loss) Before Transfers and Capital Contributions	<u>6,020,380</u>	<u>(4,859,672)</u>	<u>(154,211)</u>	<u>1,006,497</u>
<b>TRANSFERS</b>				
Transfers in	-	4,336,562	-	4,336,562
Transfers out	<u>(1,479,830)</u>	<u>(338,200)</u>	<u>(239,164)</u>	<u>(2,057,194)</u>
Net Transfers	<u>(1,479,830)</u>	<u>3,998,362</u>	<u>(239,164)</u>	<u>2,279,368</u>
Income (Loss) Before Contributions	4,540,550	(861,310)	(393,375)	3,285,865
Capital Contributions	<u>910,099</u>	<u>-</u>	<u>-</u>	<u>910,099</u>
Change in Net Position	5,450,649	(861,310)	(393,375)	4,195,964
NET POSITION - Beginning of Year	<u>40,904,410</u>	<u>32,188,481</u>	<u>1,627,533</u>	<u>74,720,424</u>
NET POSITION - END OF YEAR	<u>\$ 46,355,059</u>	<u>\$ 31,327,171</u>	<u>\$ 1,234,158</u>	<u>\$ 78,916,388</u>

**CITY OF MADISON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2016

	Parking Utility	Convention Center	Golf Courses	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 14,752,453	\$ 5,579,933	\$ 3,215,526	\$ 23,547,912
Customer deposits received	-	97,417	2,720	100,137
Paid to suppliers for goods and services	(1,719,194)	(2,730,491)	(1,147,949)	(5,597,634)
Paid to employees for services	(5,874,447)	(5,258,640)	(1,781,745)	(12,914,832)
Net Cash Flows From Operating Activities	<u>7,158,812</u>	<u>(2,311,781)</u>	<u>288,552</u>	<u>5,135,583</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Repayment of advances from other funds	-	(30,049)	(8,603)	(38,652)
Transfers in	-	4,336,562	-	4,336,562
Transfers out	(1,479,830)	(338,200)	(239,164)	(2,057,194)
Net Cash Flows From Noncapital Financing Activities	<u>(1,479,830)</u>	<u>3,968,313</u>	<u>(247,767)</u>	<u>2,240,716</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	-	(784,998)	-	(784,998)
Interest paid	-	(122,586)	(3,969)	(126,555)
Acquisition and construction of capital assets	(755,182)	(653,878)	(38,587)	(1,447,647)
Net Cash Flows From Capital and Related Financing Activities	<u>(755,182)</u>	<u>(1,561,462)</u>	<u>(42,556)</u>	<u>(2,359,200)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	199,744	-	1,771	201,515
Net Cash Flows From Investing Activities	<u>199,744</u>	<u>-</u>	<u>1,771</u>	<u>201,515</u>
Net Change in Cash and Cash Equivalents	5,123,544	95,070	-	5,218,614
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>30,371,635</u>	<u>3,703,722</u>	<u>-</u>	<u>34,075,357</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 35,495,179</u>	<u>\$ 3,798,792</u>	<u>\$ -</u>	<u>\$ 39,293,971</u>

	Parking Utility	Convention Center	Golf Courses	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Income (loss) from operations	\$ 5,808,245	\$ (4,808,606)	\$ (180,422)	\$ 819,217
Adjustments to reconcile income (loss) to net cash flows from operating activities				
Non-operating income	8,809	63,869	28,409	101,087
Depreciation	696,216	1,725,483	200,276	2,621,975
Change in assets and liabilities				
Accounts receivable	(186,463)	61,538	-	(124,925)
Inventories	-	6,719	-	6,719
Prepaid items	(11,123)	(6,599)	(1,016)	(18,738)
Accounts payable	344,577	87,163	25,468	457,208
Accrued compensated absences	75,516	24,852	18,353	118,721
Post employment retirement benefit	44,568	25,924	(2,167)	68,325
Due to other funds	-	-	129,395	129,395
Pension related deferrals and liabilities	196,231	237,673	43,159	477,063
Customer deposits	-	97,417	2,720	100,137
Other current liabilities	182,236	172,786	24,377	379,399
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 7,158,812</u>	 <u>\$ (2,311,781)</u>	 <u>\$ 288,552</u>	 <u>\$ 5,135,583</u>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>				
Cash and investments - statement of net position	<u>\$ 35,495,179</u>	<u>\$ 3,798,792</u>	<u>\$ -</u>	<u>\$ 39,293,971</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 35,495,179</u>	 <u>\$ 3,798,792</u>	 <u>\$ -</u>	 <u>\$ 39,293,971</u>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributed capital assets	<u>\$ 910,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,099</u>

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Fleet Services – Accounts for the purchase and preparation of fleet equipment used by City agencies, the provision of in-house repairs, and the purchase of outside repair and maintenance services.

City Insurance - Accounts for payment of property and liability claims on a self-insured basis or for purchase of insurance coverage from Wisconsin Municipal Mutual Insurance Co. (WMMIC) or from other carriers.

Worker's Compensation - Accounts for workers' compensation claims on a self-insured basis.

**CITY OF MADISON**

COMBINING STATEMENT OF NET POSITION (DEFICIT)  
INTERNAL SERVICE FUNDS  
As of December 31, 2016

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 6,079,596	\$ -	\$ 14,796,352	\$ 20,875,948
Accounts receivable	96,831	1,343,523	-	1,440,354
Inventories	1,150,522	-	-	1,150,522
Prepaid items	40,144	2,873	462	43,479
Total Current Assets	<u>7,367,093</u>	<u>1,346,396</u>	<u>14,796,814</u>	<u>23,510,303</u>
Restricted Assets				
Cash and investments	-	473,530	332,457	805,987
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted Assets	<u>-</u>	<u>4,289,350</u>	<u>332,457</u>	<u>4,621,807</u>
Capital Assets				
Land	2,490,358	-	-	2,490,358
Construction work in progress	1,327,144	-	-	1,327,144
Land improvements	71,990	-	-	71,990
Buildings	2,729,155	-	-	2,729,155
Machinery and equipment	72,585,157	-	-	72,585,157
Intangible assets	119,525	-	-	119,525
Accumulated depreciation	(52,007,545)	-	-	(52,007,545)
Net Capital Assets	<u>27,315,784</u>	<u>-</u>	<u>-</u>	<u>27,315,784</u>
Total Assets	<u>34,682,877</u>	<u>5,635,746</u>	<u>15,129,271</u>	<u>55,447,894</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>1,517,726</u>	<u>81,375</u>	<u>41,916</u>	<u>1,641,017</u>
Total Deferred Outflows of Resources	<u>1,517,726</u>	<u>81,375</u>	<u>41,916</u>	<u>1,641,017</u>
<b>LIABILITIES</b>				
Accounts payable	242,807	2,430	141,149	386,386
Accrued liabilities	422,860	12,273	5,922	441,055
Due to other funds	-	87,736	-	87,736
Claims payable	-	2,637,133	12,884,877	15,522,010
Current portion of general obligation long-term debt	5,358,492	-	-	5,358,492
Current portion of accrued compensated absences	193,399	12,127	9,217	214,743
Total Current Liabilities	<u>6,217,558</u>	<u>2,751,699</u>	<u>13,041,165</u>	<u>22,010,422</u>
Long-Term Obligations Net of Current Liabilities				
General obligation long-term debt	28,225,234	-	-	28,225,234
Accrued compensated absences	773,598	48,507	36,867	858,972
Net pension liability	272,086	17,387	9,039	298,512
Other post-employment benefits	695,579	-	-	695,579
Total Long-Term Obligations	<u>29,966,497</u>	<u>65,894</u>	<u>45,906</u>	<u>30,078,297</u>
Total Liabilities	<u>36,184,055</u>	<u>2,817,593</u>	<u>13,087,071</u>	<u>52,088,719</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	<u>575,936</u>	<u>36,805</u>	<u>19,132</u>	<u>631,873</u>
Total Deferred Outflows of Resources	<u>575,936</u>	<u>36,805</u>	<u>19,132</u>	<u>631,873</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets (deficit)	(1,089,055)	-	-	(1,089,055)
Unrestricted	<u>529,667</u>	<u>2,862,723</u>	<u>2,064,984</u>	<u>5,457,374</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (559,388)</u>	<u>\$ 2,862,723</u>	<u>\$ 2,064,984</u>	<u>\$ 4,368,319</u>

**CITY OF MADISON**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION (DEFICIT)  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2016

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 19,662,859	\$ 1,349,069	\$ 3,850,002	\$ 24,861,930
Total Operating Revenues	<u>19,662,859</u>	<u>1,349,069</u>	<u>3,850,002</u>	<u>24,861,930</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	10,244,689	1,430,374	1,817,271	13,492,334
Depreciation	<u>6,107,585</u>	-	-	<u>6,107,585</u>
Total Operating Expenses	<u>16,352,274</u>	<u>1,430,374</u>	<u>1,817,271</u>	<u>19,599,919</u>
Operating Income (Loss)	<u>3,310,585</u>	<u>(81,305)</u>	<u>2,032,731</u>	<u>5,262,011</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	300	11,245	2	11,547
Interest expense	(1,011,039)	-	-	(1,011,039)
Gain on sale of assets	624,073	-	-	624,073
Intergovernmental	33,086	-	-	33,086
Miscellaneous revenues	<u>77,209</u>	<u>1,606,737</u>	<u>42,651</u>	<u>1,726,597</u>
Total Nonoperating Revenues (Expenses)	<u>(276,371)</u>	<u>1,617,982</u>	<u>42,653</u>	<u>1,384,264</u>
Income Before Transfers and Capital Contributions	<u>3,034,214</u>	<u>1,536,677</u>	<u>2,075,384</u>	<u>6,646,275</u>
<b>TRANSFERS</b>				
Transfers in	148,251	1,600,000	-	1,748,251
Transfers out	-	<u>(233,504)</u>	-	<u>(233,504)</u>
Net Transfers	<u>148,251</u>	<u>1,366,496</u>	-	<u>1,514,747</u>
Net Income Before Contributions	3,182,465	2,903,173	2,075,384	8,161,022
Capital Contributions	<u>124,470</u>	-	-	<u>124,470</u>
Change in Net Position	3,306,935	2,903,173	2,075,384	8,285,492
NET POSITION (DEFICIT) - Beginning of Year	<u>(3,866,323)</u>	<u>(40,450)</u>	<u>(10,400)</u>	<u>(3,917,173)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (559,388)</u>	<u>\$ 2,862,723</u>	<u>\$ 2,064,984</u>	<u>\$ 4,368,319</u>

**CITY OF MADISON**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2016

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 19,767,201	\$ 2,019,129	\$ 3,892,653	\$ 25,678,983
Paid to suppliers for goods and services	(6,172,876)	(2,126,977)	(3,567,313)	(11,867,166)
Paid to employees for services	(3,642,881)	(220,129)	(116,557)	(3,979,567)
Net Cash Flows From Operating Activities	<u>9,951,444</u>	<u>(327,977)</u>	<u>208,783</u>	<u>9,832,250</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Repayment of negative cash implicitly financed	(2,969,186)	(1,073,195)	-	(4,042,381)
Transfers in	148,251	1,600,000	-	1,748,251
Transfers out	-	(233,504)	-	(233,504)
Net Cash Flows From Noncapital Financing Activities	<u>(2,820,935)</u>	<u>293,301</u>	<u>-</u>	<u>(2,527,634)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	(4,787,271)	-	-	(4,787,271)
Interest paid	(998,176)	-	-	(998,176)
Long-term debt issued	9,511,280	-	-	9,511,280
Acquisition and construction of capital assets	(8,969,199)	-	-	(8,969,199)
Proceeds from sale of property	896,450	-	-	896,450
Net Cash Flows From Capital and Related Financing Activities	<u>(4,346,916)</u>	<u>-</u>	<u>-</u>	<u>(4,346,916)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Marketable securities sold	-	23,431	539,525	562,956
Investment income	300	11,245	2	11,547
Net Cash Flows From Investing Activities	<u>300</u>	<u>34,676</u>	<u>539,527</u>	<u>574,503</u>
Net Change in Cash and Cash Equivalents	2,783,893	-	748,310	3,532,203
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,295,703</u>	<u>-</u>	<u>14,048,042</u>	<u>17,343,745</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,079,596</u>	<u>\$ -</u>	<u>\$ 14,796,352</u>	<u>\$ 20,875,948</u>

	Fleet Services	City Insurance	Worker's Compensation	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Income (Loss) from operations	\$ 3,310,585	\$ (81,305)	\$ 2,032,731	\$ 5,262,011
Adjustments to reconcile operating loss to net cash flows from operating activities				
Nonoperating income	110,295	1,606,737	42,651	1,759,683
Depreciation	6,107,585	-	-	6,107,585
Change in assets and liabilities				
Accounts receivable	(5,953)	(936,677)	-	(942,630)
Inventories	(55,309)	-	-	(55,309)
Prepaid items	2,600	(218)	851	3,233
Accounts payable	117,101	1,712	(139,417)	(20,604)
Accrued compensated absences	61,423	2,813	2,876	67,112
Post employment retirement benefit	54,896	-	-	54,896
Pension related deferrals and liabilities	169,077	(16,755)	(8,324)	143,998
Other current liabilities	79,144	(904,284)	(1,722,585)	(2,547,725)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 9,951,444</u>	 <u>\$ (327,977)</u>	 <u>\$ 208,783</u>	 <u>\$ 9,832,250</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>				
Cash and investments - statement of net position	\$ 6,079,596	\$ -	\$ 14,796,352	\$ 20,875,948
Restricted cash and investments - statement of net position	-	473,530	332,457	805,987
Less: Noncash equivalents	-	(473,530)	(332,457)	(805,987)
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 6,079,596</u>	 <u>\$ -</u>	 <u>\$ 14,796,352</u>	 <u>\$ 20,875,948</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Debt refinanced	\$ 487,000	\$ -	\$ -	\$ 487,000
Refunding debt issued	\$ (495,810)	\$ -	\$ -	\$ (495,810)
Net premium, discount and issuance costs on refunding	\$ 8,810	\$ -	\$ -	\$ 8,810
Contributed capital assets	\$ 124,470	\$ -	\$ -	\$ 124,470

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

Agency Funds are 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 Collection Fund – Accounts for the tax roll collected, which includes Dane County, Madison Area Technical College and overlapping School Districts.

Board of Education – Accounts for Bassett Trust Fund monies.

Board of Health – Accounts for Department of Public Health for Madison and Dane County monies.

Metropolitan Unified Fiber Network Consortium – Accounts for Metropolitan Unified Fiber Network Consortium monies

# CITY OF MADISON

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

As of December 31, 2016

---

	<u>Tax Collection Fund</u>	<u>Board of Education</u>	<u>Board of Health</u>	<u>Metropolitan Unified Fiber Network Consortium</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 267,918,658	\$ 407,319	\$ 4,985,351	\$ 382,784	\$ 273,694,112
Taxes receivable	<u>112,164,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,164,942</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 380,083,600</u></b>	<b><u>\$ 407,319</u></b>	<b><u>\$ 4,985,351</u></b>	<b><u>\$ 382,784</u></b>	<b><u>\$ 385,859,054</u></b>
<b>LIABILITIES</b>					
Due to other governmental units	<u>\$ 380,083,600</u>	<u>\$ 407,319</u>	<u>\$ 4,985,351</u>	<u>\$ 382,784</u>	<u>\$ 385,859,054</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 380,083,600</u></b>	<b><u>\$ 407,319</u></b>	<b><u>\$ 4,985,351</u></b>	<b><u>\$ 382,784</u></b>	<b><u>\$ 385,859,054</u></b>

**CITY OF MADISON**

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - AGENCY FUNDS  
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<b>TAX COLLECTION FUND</b>				
<b>Assets</b>				
Cash and investments	\$ 227,534,529	\$ 267,918,658	\$ 227,534,529	\$ 267,918,658
Taxes receivable	142,964,578	112,164,942	142,964,578	112,164,942
<b>TOTAL ASSETS</b>	<b><u>\$ 370,499,107</u></b>	<b><u>\$ 380,083,600</u></b>	<b><u>\$ 370,499,107</u></b>	<b><u>\$ 380,083,600</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 370,499,107	\$ 380,083,600	\$ 370,499,107	\$ 380,083,600
<b>TOTAL LIABILITIES</b>	<b><u>\$ 370,499,107</u></b>	<b><u>\$ 380,083,600</u></b>	<b><u>\$ 370,499,107</u></b>	<b><u>\$ 380,083,600</u></b>
<b>BOARD OF EDUCATION</b>				
<b>Assets</b>				
Cash and investments	\$ 445,358	\$ 2,685	\$ 40,724	\$ 407,319
<b>TOTAL ASSETS</b>	<b><u>\$ 445,358</u></b>	<b><u>\$ 2,685</u></b>	<b><u>\$ 40,724</u></b>	<b><u>\$ 407,319</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 445,358	\$ 2,685	\$ 40,724	\$ 407,319
<b>TOTAL LIABILITIES</b>	<b><u>\$ 445,358</u></b>	<b><u>\$ 2,685</u></b>	<b><u>\$ 40,724</u></b>	<b><u>\$ 407,319</u></b>
<b>BOARD OF HEALTH</b>				
<b>Assets</b>				
Cash and investments	\$ 5,568,103	\$ -	\$ 582,752	\$ 4,985,351
<b>TOTAL ASSETS</b>	<b><u>\$ 5,568,103</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 582,752</u></b>	<b><u>\$ 4,985,351</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 5,568,103	\$ -	\$ 582,752	\$ 4,985,351
<b>TOTAL LIABILITIES</b>	<b><u>\$ 5,568,103</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 582,752</u></b>	<b><u>\$ 4,985,351</u></b>
<b>METROPOLITAN UNIFIED FIBER NETWORK CONSORTIUM</b>				
<b>Assets</b>				
Cash and investments	\$ 376,095	\$ 6,689	\$ -	\$ 382,784
<b>TOTAL ASSETS</b>	<b><u>\$ 376,095</u></b>	<b><u>\$ 6,689</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 382,784</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 376,095	\$ 6,689	\$ -	\$ 382,784
<b>TOTAL LIABILITIES</b>	<b><u>\$ 376,095</u></b>	<b><u>\$ 6,689</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 382,784</u></b>
<b>TOTAL AGENCY</b>				
<b>Assets</b>				
Cash and investments	\$ 233,924,085	\$ 267,928,032	\$ 228,158,005	\$ 273,694,112
Taxes receivable	142,964,578	112,164,942	142,964,578	112,164,942
<b>TOTAL ASSETS</b>	<b><u>\$ 376,888,663</u></b>	<b><u>\$ 380,092,974</u></b>	<b><u>\$ 371,122,583</u></b>	<b><u>\$ 385,859,054</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 376,888,663	\$ 380,092,974	\$ 371,122,583	\$ 385,859,054
<b>TOTAL LIABILITIES</b>	<b><u>\$ 376,888,663</u></b>	<b><u>\$ 380,092,974</u></b>	<b><u>\$ 371,122,583</u></b>	<b><u>\$ 385,859,054</u></b>

**CITY OF MADISON**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS  
As of December 31, 2016

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
<b>ASSETS</b>				
Cash and investments	\$ 26,610	\$ 1,683,935	\$ 2,231,159	\$ 3,941,704
Receivables				
Accounts	8,621	-	-	8,621
Special assessments	261,492	-	-	261,492
Pledge receivable	-	183,167	-	183,167
Prepaid items	21	7,147	971	8,139
Beneficial interest in assets held by MCF	-	5,103,010	67,340	5,170,350
Restricted assets				
Cash and investments	-	41,922	-	41,922
Total Assets	<u>296,744</u>	<u>7,019,181</u>	<u>2,299,470</u>	<u>9,615,395</u>
<b>LIABILITIES</b>				
Accounts payable	9,451	17,047	4,467	30,965
Accrued liabilities	-	28,943	25,503	54,446
Total Liabilities	<u>9,451</u>	<u>45,990</u>	<u>29,970</u>	<u>85,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	<u>261,492</u>	-	-	<u>261,492</u>
Total Deferred Inflows of Resources	<u>261,492</u>	-	-	<u>261,492</u>
<b>NET POSITION</b>				
Restricted for:				
Library	-	2,178,042	-	2,178,042
Parks	-	-	1,356,070	1,356,070
Unrestricted	<u>25,801</u>	<u>4,795,149</u>	<u>913,430</u>	<u>5,734,380</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,801</u>	<u>\$ 6,973,191</u>	<u>\$ 2,269,500</u>	<u>\$ 9,268,492</u>

**CITY OF MADISON**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR COMPONENT UNITS  
For the Year Ended December 31, 2016

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
<b>OPERATING REVENUES</b>				
Special assessments	\$ 270,305	\$ -	\$ -	\$ 270,305
Charges for services	127,637	148,165	43,688	319,490
Grants and donations	2,600	978,824	334,945	1,316,369
Miscellaneous	11,246	-	-	11,246
Total Operating Revenues	<u>411,788</u>	<u>1,126,989</u>	<u>378,633</u>	<u>1,917,410</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	<u>415,090</u>	<u>1,240,902</u>	<u>316,181</u>	<u>1,972,173</u>
Total Operating Expenses	<u>415,090</u>	<u>1,240,902</u>	<u>316,181</u>	<u>1,972,173</u>
Operating income	<u>(3,302)</u>	<u>(113,913)</u>	<u>62,452</u>	<u>(54,763)</u>
<b>NONOPERATING REVENUES</b>				
Investment income	1,005	263,615	160,445	425,065
Miscellaneous revenues	-	-	-	-
Total Nonoperating Revenue	<u>1,005</u>	<u>263,615</u>	<u>160,445</u>	<u>425,065</u>
Change in Net Position	(2,297)	149,702	222,897	370,302
NET POSITION – Beginning of Year	<u>28,098</u>	<u>6,823,489</u>	<u>2,046,603</u>	<u>8,898,190</u>
NET POSITION – END OF YEAR	<u>\$ 25,801</u>	<u>\$ 6,973,191</u>	<u>\$ 2,269,500</u>	<u>\$ 9,268,492</u>

**CITY OF MADISON**

STATEMENT OF NET POSITION AND  
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET  
BUSINESS IMPROVEMENT DISTRICT  
As of December 31, 2016

	Business Improvement District	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and investments	\$ 26,610	\$ -	\$ 26,610
Receivables			
Accounts receivable	8,621	-	8,621
Special assessments	261,492	-	261,492
Prepaid items	21	-	21
TOTAL ASSETS	<u>\$ 296,744</u>	<u>\$ -</u>	<u>\$ 296,744</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 9,451	\$ -	\$ 9,451
Total Liabilities	<u>9,451</u>	<u>-</u>	<u>9,451</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	8,621	(8,621)	-
Unearned revenue	261,492	-	261,492
Total Deferred Outflows of Resources	<u>270,113</u>	<u>(8,621)</u>	<u>261,492</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance			
Unassigned	17,180	(17,180)	-
Total Fund Balance	<u>17,180</u>	<u>(17,180)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 296,744</u>		
Net Position			
Unrestricted		<u>25,801</u>	<u>25,801</u>
TOTAL NET POSITION		<u>\$ 25,801</u>	<u>\$ 25,801</u>

**CITY OF MADISON**

STATEMENT OF ACTIVITIES AND GOVERNMENTAL COMPONENT UNIT  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUSINESS IMPROVEMENT DISTRICT  
 For the Year Ended December 31, 2016

	Business Improvement District	Adjustments	Statement of Activities
<b>REVENUES</b>			
Special assessments	\$ 270,305	\$ -	\$ 270,305
Charges for services	127,637	-	127,637
Investment income	1,005	-	1,005
Contributions	2,600	-	2,600
Miscellaneous	2,625	8,621	11,246
Total Revenues	<u>404,172</u>	<u>8,621</u>	<u>412,793</u>
<b>EXPENDITURES/EXPENSES</b>			
Current			
Planning and development	<u>415,090</u>	-	<u>415,090</u>
Excess (deficiency) of revenues over expenditures	(10,918)	10,918	-
Change in net position	-	(2,297)	(2,297)
<b>FUND BALANCE/NET POSITION</b>			
Beginning of Year	<u>28,098</u>	-	<u>28,098</u>
END OF YEAR	<u>\$ 17,180</u>	<u>\$ 8,621</u>	<u>\$ 25,801</u>

**CITY OF MADISON**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE (DEFICIT) - ACTUAL AND BUDGET  
 BUSINESS IMPROVEMENT DISTRICT  
 For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special assessments	\$ 266,936	\$ 270,305	\$ 3,369
Charges for services	133,645	127,637	(6,008)
Investment income	750	1,005	255
Contributions	13,000	2,600	(10,400)
Miscellaneous	12,250	2,625	(9,625)
Total Revenues	<u>426,581</u>	<u>404,172</u>	<u>(22,409)</u>
<b>EXPENDITURES</b>			
Audit fees	2,020	2,020	-
Management fees	156,631	154,099	2,532
Miscellaneous	7,609	2,098	5,511
Advertising/marketing	71,280	47,052	24,228
Maps	28,775	25,758	3,017
Map distribution	2,250	1,616	634
Trolley	8,000	6,201	1,799
Planters	40,700	43,872	(3,172)
Winter light program	250	2,050	(1,800)
Ambassadors	46,810	52,955	(6,145)
Gift certificates	3,500	-	3,500
BID website	11,000	11,000	-
Parking passes	3,120	3,546	(426)
Postage	4,200	2,900	1,300
TOS programming	69,000	59,923	9,077
Other	3,734	-	3,734
Total Expenditures	<u>458,879</u>	<u>415,090</u>	<u>43,789</u>
Net Change in Fund Balance	(32,298)	(10,918)	21,380
FUND BALANCE - Beginning of Year	<u>28,098</u>	<u>28,098</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (4,200)</u>	<u>\$ 17,180</u>	<u>\$ 21,380</u>

**CITY OF MADISON**

**SEWER REMEDIATION REVENUE BOND COVENANT**  
For the Year Ended December 31, 2016

---

**OPERATING REVENUES**

Charges for sewer services \$ 34,293,941

**OPERATING EXPENSES**

Operation and maintenance for sewer service 30,178,299

Depreciation for sewer 2,183,234

Total Operating Expenses 32,361,533

Sewer Net Operating Income 1,932,408

**NONOPERATING REVENUES**

Investment income 385,737

**OTHER ADJUSTMENTS**

Depreciation for sewer 2,183,234

NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE 4,501,379

Landfill remediation net revenues (249,889)

NET SEWER AND LANDFILL REVENUES AVAILABLE FOR DEBT SERVICE \$ 4,251,490

Sewer revenue bonds are backed by sewer rates and landfill remediation fees.

## **CAPITAL PROJECTS FUND**

Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of equipment and/or major capital facilities and other capital assets.

Special Assessments Improvements – Accounts for long-term receivables associated with the city's Special Assessment Improvement Program.

TIF Districts – Accounts for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing.

Other Capital Projects – Accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure.

**CITY OF MADISON**

SCHEDULE OF BALANCE SHEET - CAPITAL PROJECTS  
As of December 31, 2016

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
<b>ASSETS</b>					
Cash and investments	\$ 5,924,103	\$ 50,338,692	\$ 34,761,227	\$ -	\$ 91,024,022
Taxes receivable	4,687,760	19,077,941	-	-	23,765,701
Accounts receivable	-	-	248,346	-	248,346
Special assessments	14,821,927	-	-	-	14,821,927
Accrued interest	-	925,508	-	-	925,508
Long-term loans receivable	9,530	1,000,000	-	-	1,009,530
Due from other governmental units	26,380	-	1,073,025	-	1,099,405
Due from other funds	-	-	11,844,164	(11,844,164)	-
Advances to other funds	1,068,827	-	-	-	1,068,827
Leases receivable	-	4,881,585	-	-	4,881,585
Inventories	-	-	1,576,719	-	1,576,719
Prepaid items	-	1,425	98,071	-	99,496
<b>TOTAL ASSETS</b>	<b>\$ 26,538,527</b>	<b>\$ 76,225,151</b>	<b>\$ 49,601,552</b>	<b>\$ (11,844,164)</b>	<b>\$ 140,521,066</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 15,992	\$ 2,598	\$ 9,070,156	\$ -	\$ 9,088,746
Accrued liabilities	-	9,523	110,451	-	119,974
Due to other governmental units	47,698	-	-	-	47,698
Due to other funds	3,249,390	11,844,164	-	(11,844,164)	3,249,390
<b>Total Liabilities</b>	<b>3,313,080</b>	<b>11,856,285</b>	<b>9,180,607</b>	<b>(11,844,164)</b>	<b>12,505,808</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	16,222,257	6,807,093	968,692	-	23,998,042
Unearned revenues	1,286,894	19,077,941	-	-	20,364,835
<b>Total Deferred Inflows of Resources</b>	<b>17,509,151</b>	<b>25,885,034</b>	<b>968,692</b>	<b>-</b>	<b>44,362,877</b>
<b>FUND BALANCES</b>					
Nonspendable	-	1,425	1,674,790	-	1,676,215
Restricted	-	38,482,407	22,959,941	-	61,442,348
Assigned	5,716,296	-	14,817,522	-	20,533,818
<b>Total Fund Balances</b>	<b>5,716,296</b>	<b>38,483,832</b>	<b>39,452,253</b>	<b>-</b>	<b>83,652,381</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 26,538,527</b>	<b>\$ 76,225,151</b>	<b>\$ 49,601,552</b>	<b>\$ (11,844,164)</b>	<b>\$ 140,521,066</b>

**CITY OF MADISON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS  
For the Year Ended December 31, 2016

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
<b>REVENUES</b>					
Taxes	\$ -	17,893,720	\$ -	\$ -	\$ 17,893,720
Special assessments	3,380,545	-	-	-	3,380,545
Intergovernmental	-	824,948	1,402,841	-	2,227,789
Public charges for services	-	10,290	320,416	-	330,706
Investment income	415,578	326,519	5,899	-	747,996
Contributions	-	-	724,183	-	724,183
Miscellaneous	-	518,465	42,926	-	561,391
Total Revenues	<u>3,796,123</u>	<u>19,573,942</u>	<u>2,496,265</u>	<u>-</u>	<u>25,866,330</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	4,189,787	-	4,189,787
Public safety	-	-	518,015	-	518,015
Public works	-	-	6,295,818	-	6,295,818
Planning and development	64,266	604,156	1,369,896	-	2,038,318
Culture and recreation	-	-	2,990,000	-	2,990,000
Capital Outlay	-	11,647,307	29,838,698	-	41,486,005
Debt Service					
Principal retirement	-	625,000	-	-	625,000
Interest and fiscal charges	-	416,013	-	-	416,013
Total Expenditures	<u>64,266</u>	<u>13,292,476</u>	<u>45,202,214</u>	<u>-</u>	<u>58,558,956</u>
Excess (deficiency) of revenues over expenditures	<u>3,731,857</u>	<u>6,281,466</u>	<u>(42,705,949)</u>	<u>-</u>	<u>(32,692,626)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	10,786,250	60,104,147	-	70,890,397
Premium on debt issued	-	123,455	-	-	123,455
Sale of capital assets	-	548,468	12,742	-	561,210
Transfers in	-	-	9,371,434	(2,653,753)	6,717,681
Transfers out	(2,915,728)	(8,894,470)	(1,458,797)	2,653,753	(10,615,242)
Total Other Financing Sources (Uses)	<u>(2,915,728)</u>	<u>2,563,703</u>	<u>68,029,526</u>	<u>-</u>	<u>67,677,501</u>
Net Change in Fund Balances	816,129	8,845,169	25,323,577	-	34,984,875
FUND BALANCE - Beginning of Year	<u>4,900,167</u>	<u>29,638,663</u>	<u>14,128,676</u>	<u>-</u>	<u>48,667,506</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,716,296</u>	<u>\$ 38,483,832</u>	<u>\$ 39,452,253</u>	<u>\$ -</u>	<u>\$ 83,652,381</u>



# CITY OF MADISON

## INDEX TO THE STATISTICAL SECTION December 31, 2016

---

<b>CONTENTS</b>	<u>Page</u>
I. Financial Trends These schedules contain trend information to aid in the understanding of how the City's financial performance and well-being have changed over time.	157
II. Revenue Capacity These schedules offer information about the City's most significant revenue source, its property tax.	167
III. Debt Capacity These schedules present information about the affordability of the City's current levels of outstanding debt and ability to issue additional debt in the future.	171
IV. Demographic and Economic Information These schedules contain demographic and economic indicators about the environment within which the City's financial activities take place.	179
V. Operating Information These schedules include service and infrastructure data about how the information in the City's financial report relates to the services the City provides and activities it performs.	181

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

Table 1

**CITY OF MADISON**

NET POSITION BY COMPONENT  
Last Ten Fiscal Years

<u>Functions/Programs</u>	Fiscal Year		Fiscal Year	
	2016	2015	2014	2013
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 696,130,916	\$ 686,732,418	\$ 697,100,797	\$ 669,740,170
Restricted	112,778,836	130,519,817	96,845,672	102,065,176
Unrestricted (deficit)	40,794,284	24,198,147	(11,365,460)	(15,122,827)
Total Governmental Activities Net Position	849,704,036	841,450,382	782,581,009	756,682,519
<b>Business-type Activities</b>				
Net investment capital assets	459,130,784	449,895,013	439,940,358	425,067,257
Restricted	12,101,837	17,878,796	9,239,578	7,321,422
Unrestricted	78,720,796	67,862,809	58,556,914	51,792,342
Total Business-type Activities Net Position	549,953,417	535,636,618	507,736,850	484,181,021
<b>Primary Government</b>				
Net investment capital assets	1,155,261,700	1,136,627,431	1,137,041,155	1,094,807,427
Restricted	124,880,673	148,398,613	106,085,250	109,386,598
Unrestricted	119,515,080	92,060,956	47,191,454	36,669,515
Total Primary Government Net Position	\$ 1,399,657,453	\$ 1,377,087,000	\$ 1,290,317,859	\$ 1,240,863,540

Source: City of Madison Finance Department

**CITY OF MADISON**

NET POSITION BY COMPONENT  
Last Ten Fiscal Years

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 648,240,698	\$ 629,377,433	\$ 590,604,246	\$ 566,794,764	\$ 589,911,530	\$ 582,792,111
116,189,017	136,122,589	106,311,824	106,795,490	102,647,126	103,178,315
(15,294,186)	(9,322,438)	26,308,915	28,739,587	14,742,776	16,082,243
<u>749,135,529</u>	<u>756,177,584</u>	<u>723,224,985</u>	<u>702,329,841</u>	<u>707,301,432</u>	<u>702,052,669</u>
424,324,445	420,562,727	409,528,718	396,537,846	370,675,278	362,338,308
6,237,712	5,577,351	4,845,148	10,156,220	24,158,259	24,682,802
43,824,494	31,725,610	29,511,183	18,597,330	16,370,914	15,777,717
<u>474,386,651</u>	<u>457,865,688</u>	<u>443,885,049</u>	<u>425,291,396</u>	<u>411,204,451</u>	<u>402,798,827</u>
1,072,565,143	1,049,940,160	1,000,132,964	963,332,610	960,586,808	945,130,419
122,426,729	141,699,940	111,156,972	116,951,710	126,805,385	127,861,117
28,530,308	22,403,172	55,820,098	47,336,917	31,113,690	31,859,960
<u>\$ 1,223,522,180</u>	<u>\$ 1,214,043,272</u>	<u>\$ 1,167,110,034</u>	<u>\$ 1,127,621,237</u>	<u>\$ 1,118,505,883</u>	<u>\$ 1,104,851,496</u>

Table 2

## CITY OF MADISON

CHANGES IN NET POSITION  
Last Ten Fiscal Years

	Fiscal Year			
	2016	2015	2014 <sup>4</sup>	2013
Primary Government				
Expenses				
Governmental Activities				
General government	\$ 38,026,460	\$ 32,364,752 <sup>1</sup>	\$ 2,121,656	\$ 2,255,651
Administration	-	-	22,848,442	20,687,499
Public safety	138,832,946	127,693,407	115,721,627	113,255,320
Public works and transportation	73,049,893	76,018,961	73,923,377	81,105,591
Public facilities	-	-	-	-
Planning and development	37,986,391	48,069,978	67,065,104	57,401,249
Culture and recreation	40,912,451	40,131,614 <sup>2</sup>	17,345,247	14,714,621
Interest and fiscal charges	8,673,810	8,521,134	8,527,351	11,180,783
Total Governmental Activities Expenses	<u>337,481,951</u>	<u>332,799,846</u>	<u>307,552,804</u>	<u>300,600,714</u>
Business-type Activities				
Water	27,087,143	26,845,428	25,954,120	25,549,223
Sewer	34,597,239	32,799,172	30,879,641	29,045,341
Stormwater	12,800,118	13,176,054	12,341,348	11,978,662
Parking utility	9,070,617	9,070,059	9,326,944	9,023,631
Transit	64,010,188	61,721,601	61,402,871	58,787,093
Convention center	10,348,530	9,311,942	10,252,087	10,093,985
Golf courses	3,320,180	2,835,591	2,861,549	2,909,508
Total Business-type Activities Expenses	<u>161,234,015</u>	<u>155,759,847</u>	<u>153,018,560</u>	<u>147,387,443</u>
Total Primary Government Expenses	<u>\$ 498,715,966</u>	<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>	<u>\$ 447,988,157</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General government/Administration	\$ 1,582,945	\$ 1,327,316 <sup>1</sup>	\$ 3,044,967	\$ 3,099,468
Public safety	15,791,545	15,283,825	13,034,385	13,457,460
Public works and transportation	10,131,496	3,337,537	12,098,555	8,237,731
Planning and development	10,439,621	10,717,502	3,455,614	3,522,503
Culture and recreation	5,135,854	3,189,570 <sup>2</sup>	592,074	561,459
Operating Grants and Contributions	16,115,215	18,037,173	13,328,609	15,023,919
Capital Grants and Contributions	13,861,387	24,293,877	41,419,302	30,504,459
Total Governmental Activities Program Revenues	<u>73,058,063</u>	<u>76,186,800</u>	<u>86,973,506</u>	<u>74,406,999</u>
Business-type Activities				
Charges for Services				
Water	35,552,491	29,513,563	29,866,020	28,922,282
Sewer	34,293,941	32,845,454	33,241,202	30,909,466
Stormwater	15,188,100	14,586,406	14,423,757	13,723,265
Parking utility	14,923,974	13,660,478	13,361,272	12,320,855
Transit	18,328,051	18,045,485	18,010,975	17,468,166
Convention center	5,442,720	4,686,368	4,359,290	4,595,060
Golf courses	3,187,116	3,052,335	2,652,013	2,676,118

(Continued on Page 161)

## CITY OF MADISON

CHANGES IN NET POSITION  
Last Ten Fiscal Years

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 1,958,254	\$ 1,628,722	\$ 3,031,324	\$ 4,684,496	\$ 4,267,988	\$ 4,236,032
21,669,949	18,430,102	15,616,895	17,922,211	17,676,747	15,302,124
112,216,449	112,037,179	110,164,913	99,968,369	99,942,227	95,408,275
74,174,346	65,272,682	69,860,451	67,619,640	55,837,916	50,562,349
-	-	-	542,149	614,871	417,051
49,614,211	59,025,231	60,099,632	60,768,968	73,243,931	59,495,322
11,117,422	10,280,021	8,693,307	12,703,878	12,312,649	12,155,464
<u>9,513,832</u>	<u>9,642,365</u>	<u>10,528,055</u>	<u>9,974,803</u>	<u>9,810,633</u>	<u>8,845,241</u>
<u>280,264,463</u>	<u>276,316,302</u>	<u>277,994,577</u>	<u>274,184,514</u>	<u>273,706,962</u>	<u>246,421,858</u>
22,947,444	23,378,337	22,103,679	21,208,394	20,188,551	18,818,443
26,668,531	27,106,624	25,036,162	27,064,610	23,822,227	21,801,684
10,534,871	10,286,533	9,507,140	10,480,943	8,803,596	7,515,068
8,793,504	8,740,316	8,298,771	8,432,887	8,791,576	8,172,718
57,339,818	58,094,848	56,286,549	55,297,721	53,665,850	51,013,867
9,175,872	9,078,108	9,280,186	8,864,403	9,604,296	9,167,594
<u>2,312,548</u>	<u>2,262,318</u>	<u>2,090,489</u>	<u>2,073,999</u>	<u>2,348,127</u>	<u>2,386,624</u>
<u>137,772,588</u>	<u>138,947,084</u>	<u>132,602,976</u>	<u>133,422,957</u>	<u>127,224,223</u>	<u>118,875,998</u>
\$ 418,037,051	\$ 415,263,386	\$ 410,597,553	\$ 407,607,471	\$ 400,931,185	\$ 365,297,856
\$ 2,820,507	\$ 4,815,287	\$ 2,453,263	\$ 2,305,517	\$ 2,257,139	\$ 2,332,635
12,399,734	12,075,521	12,508,667	11,380,373	10,964,762	10,938,357
6,636,579	6,909,956	5,994,781	8,396,892	5,249,073	8,370,425
2,707,851	2,231,039	2,151,830	2,996,539	4,289,283	6,359,008
517,407	1,363,708	1,949,805	2,076,320	2,172,699	2,208,702
12,846,011	13,288,699	11,740,758	11,287,052	17,001,057	10,616,849
<u>27,111,813</u>	<u>34,014,931</u>	<u>34,462,428</u>	<u>21,594,063</u>	<u>26,311,975</u>	<u>45,071,858</u>
<u>65,039,902</u>	<u>74,699,141</u>	<u>71,261,532</u>	<u>60,036,756</u>	<u>68,245,988</u>	<u>85,897,834</u>
29,945,988	28,100,283	26,682,887	21,949,406	20,306,548	18,583,654
30,558,613	29,977,230	27,652,056	23,640,454	22,218,261	23,163,639
13,287,899	12,826,835	11,536,491	10,413,924	9,318,178	8,405,471
11,494,828	11,173,228	11,043,036	10,103,591	9,721,331	10,048,848
16,515,060	16,178,584	15,364,470	14,311,144	13,225,340	12,362,526
4,263,591	4,145,295	4,163,608	3,894,682	4,606,747	4,363,491
2,136,428	2,007,156	2,077,855	2,216,566	2,145,929	2,197,255

Table 2 (Cont.)

	Fiscal Year			
	2016	2015	2014	2013
Program Revenues (Continued from Page 159)				
Business-type Activities				
Operating Grants and Contributions	\$ 27,269,559	\$ 27,087,906	\$ 26,399,858	\$ 25,915,025
Capital Grants and Contributions	14,482,850	13,694,134	18,075,551	7,746,128
Total Business-type Activities Program Revenues	<u>168,668,802</u>	<u>157,172,129</u>	<u>160,389,938</u>	<u>144,276,365</u>
Total Primary Government Program Revenues	\$ <u>241,726,865</u>	\$ <u>233,358,929</u>	\$ <u>247,363,444</u>	\$ <u>218,683,364</u>
Net (Expense)/Revenue				
Governmental activities	\$ (264,423,888)	\$ (256,613,046)	\$ (220,579,298)	\$ (226,193,715)
Business-type activities	7,434,787	1,412,282	7,371,378	(3,111,078)
Total Primary Government Net (Expense)/Revenue	\$ <u>(256,989,101)</u>	\$ <u>(255,200,764)</u>	\$ <u>(213,207,920)</u>	\$ <u>(229,304,793)</u>
Governmental Activities				
Taxes				
Property taxes, levied for general purposes	\$ 194,019,578	\$ 188,040,216	\$ 182,858,993	\$ 179,480,708
Property taxes, levied for the library	16,288,835	15,453,334	14,513,083	13,839,511
Property taxes, levied for TIF districts	17,893,720	13,759,032	11,939,533	10,134,337
Other taxes	15,957,567	15,261,034	13,606,870	12,240,012
Intergovernmental revenues not restricted, to specific programs	23,943,199	24,058,453	25,723,753	24,711,209
Investment income	4,810,159	2,804,384	4,914,140	(673,893)
Miscellaneous	4,051,870	5,193,375	4,605,664	4,402,902
Gain on sale of assets	1,024,070	1,351,317	3,659,078	1,944,748
Transfers, internal	<u>(5,311,456)</u>	<u>(11,550,524)</u>	<u>(15,343,326)</u>	<u>(12,338,829)</u>
Total Governmental Activities General Revenues	<u>272,677,542</u>	<u>254,370,621</u>	<u>246,477,788</u>	<u>233,740,705</u>
Business-type Activities				
Investment income	1,123,765	838,752	878,504	393,470
Miscellaneous	443,209	498,258	490,977	1,951,480
Gain on forgiveness of debt	-	-	-	-
Gain (loss) on sale of assets	3,582	(1,080,767)	370,450	(1,778,331)
Transfers, internal	<u>5,311,456</u>	<u>11,550,524</u>	<u>15,343,326</u>	<u>12,338,829</u>
Total Business-type Activities General Revenues	<u>6,882,012</u>	<u>11,806,767</u>	<u>17,083,257</u>	<u>12,905,448</u>
Total Primary Government General Revenue	\$ <u>279,559,554</u>	\$ <u>266,177,388</u>	\$ <u>263,561,045</u>	\$ <u>246,646,153</u>
Change in Net Position, Before Special and Extraordinary Items				
Governmental activities	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990
Business-type activities	14,316,799	13,219,049	24,454,635	9,794,370
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	\$ <u>22,570,453</u>	\$ <u>10,976,624</u>	\$ <u>50,353,125</u>	\$ <u>17,341,360</u>
Special and Extraordinary Items				
Governmental activities				
Special item - loan allowances	-	-	-	-
Change in Net Position, After Special and Extraordinary Items				
Governmental activities	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990
Business-type activities	14,316,799	13,219,049	24,454,635	9,794,370
Total Primary Government Change in Net Position, After Special and Extraordinary Items	\$ <u>22,570,453</u>	\$ <u>10,976,624</u>	\$ <u>50,353,125</u>	\$ <u>17,341,360</u>

Source: City of Madison Finance Department

<sup>1</sup> - Beginning in 2015 Administration is included in the General government<sup>2</sup> - Beginning in 2015 Parks is included in Culture and recreation

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 25,697,964	\$ 26,941,035	\$ 27,101,036	\$ 26,134,472	\$ 25,542,393	\$ 23,970,612
8,431,763	11,061,134	14,566,485	19,023,645	13,182,200	18,812,482
<u>142,332,134</u>	<u>142,410,780</u>	<u>140,187,924</u>	<u>131,687,884</u>	<u>120,266,927</u>	<u>121,907,978</u>
\$ 207,372,036	\$ 217,109,921	\$ 211,449,456	\$ 191,724,640	\$ 188,512,915	\$ 207,805,812
\$ (215,224,561)	\$ (201,617,161)	\$ (206,733,045)	\$ (214,147,758)	\$ (205,460,974)	\$ (160,524,024)
4,559,546	3,463,696	7,584,948	(1,735,073)	(6,957,296)	3,031,980
<u>\$ (210,665,015)</u>	<u>\$ (198,153,465)</u>	<u>\$ (199,148,097)</u>	<u>\$ (215,882,831)</u>	<u>\$ (212,418,270)</u>	<u>\$ (157,492,044)</u>
\$ 174,282,292	\$ 167,260,333	\$ 161,524,371	\$ 153,277,841	\$ 141,633,208	\$ 133,037,064
12,136,283	12,383,292	12,165,259	11,798,733	11,113,220	9,966,911
9,272,236	10,664,746	10,578,010	8,988,283	18,673,852	16,485,423
11,376,162	11,011,045	10,097,061	9,211,882	10,201,505	9,873,167
24,911,463	26,922,649	25,954,536	27,426,172	27,270,698	25,593,145
3,520,843	6,790,404	4,145,004	6,244,778	7,926,950	13,753,209
7,323,422	8,515,647	12,604,300	7,009,475	7,298,982	9,516,784
1,476,149	305,290	-	-	-	-
(10,555,966)	(9,283,646)	(9,440,352)	(14,780,997)	(13,408,678)	(10,109,860)
<u>233,742,884</u>	<u>234,569,760</u>	<u>227,628,189</u>	<u>209,176,167</u>	<u>210,709,737</u>	<u>208,115,843</u>
576,275	701,957	632,378	785,961	1,599,920	2,012,291
466,458	309,416	51,455	63,056	342,737	274,096
-	-	-	-	11,585	-
362,718	221,924	884,520	192,004	-	130,582
<u>10,555,966</u>	<u>9,283,646</u>	<u>9,440,352</u>	<u>14,780,997</u>	<u>13,408,678</u>	<u>10,109,860</u>
<u>11,961,417</u>	<u>10,516,943</u>	<u>11,008,705</u>	<u>15,822,018</u>	<u>15,362,920</u>	<u>12,526,829</u>
\$ 245,704,301	\$ 245,086,703	\$ 238,636,894	\$ 224,998,185	\$ 226,072,657	\$ 220,642,672
\$ 18,518,323	\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)	\$ 5,248,763	\$ 47,591,819
<u>16,520,963</u>	<u>13,980,639</u>	<u>18,593,653</u>	<u>14,086,945</u>	<u>8,405,624</u>	<u>15,558,809</u>
\$ 35,039,286	\$ 46,933,238	\$ 39,488,797	\$ 9,115,354	\$ 13,654,387	\$ 63,150,628
(25,560,378)	-	-	-	-	-
\$ (7,042,055)	\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)	\$ 5,248,763	\$ 47,591,819
<u>16,520,963</u>	<u>13,980,639</u>	<u>18,593,653</u>	<u>14,086,945</u>	<u>8,405,624</u>	<u>15,558,809</u>
\$ 9,478,908	\$ 46,933,238	\$ 39,488,797	\$ 9,115,354	\$ 13,654,387	\$ 63,150,628

Table 3

**CITY OF MADISON**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011 <sup>1</sup>	2010	2009	2008	2007
<b>General Fund</b>										
Nonspendable	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781	\$ 9,231,767	\$ -	\$ -	\$ -	\$ -
Assigned	10,209,047	7,479,909	8,877,458	13,064,529	14,065,149	14,803,973	-	-	-	-
Unassigned	39,306,185	38,428,656	39,157,966	38,581,069	42,820,297	39,891,934	-	-	-	-
Reserved	-	-	-	-	-	-	11,016,262	16,464,954	13,565,714	12,408,518
Unreserved	-	-	-	-	-	-	33,728,720	27,778,580	32,574,346	32,964,631
<b>Total General Fund</b>	<b>\$ 54,215,524</b>	<b>\$ 54,637,598</b>	<b>\$ 56,258,254</b>	<b>\$ 59,792,251</b>	<b>\$ 66,031,227</b>	<b>\$ 63,927,674</b>	<b>\$ 44,744,982</b>	<b>\$ 44,243,534</b>	<b>\$ 46,140,060</b>	<b>\$ 45,373,149</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 2,541,344	\$ 636,096	\$ 909,569	\$ 819,224	\$ 780,307	\$ 753,980	\$ -	\$ -	\$ -	\$ -
Restricted	110,607,410	73,582,930	80,105,535	87,534,586	92,993,807	84,978,274	-	-	-	-
Committed	1,591,645	4,552,377	3,103,793	3,620,218	3,554,712	3,529,971	-	-	-	-
Assigned	20,533,818	19,028,843	9,211,062	11,133,474	10,039,158	5,688,602	-	-	-	-
Unassigned (deficit)	-	-	(1,300,500)	(1,785,658)	(1,930,941)	(3,182,091)	-	-	-	-
Reserved	-	-	-	-	-	-	83,242,816	54,296,424	41,740,489	35,930,965
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	28,888,434	27,871,797	31,906,557	37,880,968
Capital projects funds	-	-	-	-	-	-	12,496,924	26,526,763	15,741,521	25,140,468
<b>Total All Other Governmental Funds</b>	<b>\$ 135,274,217</b>	<b>\$ 97,800,246</b>	<b>\$ 92,029,459</b>	<b>\$ 101,321,844</b>	<b>\$ 105,437,043</b>	<b>\$ 91,768,736</b>	<b>\$ 124,628,174</b>	<b>\$ 108,694,984</b>	<b>\$ 89,388,567</b>	<b>\$ 98,952,401</b>
<b>Total Fund Balances</b>	<b>\$ 189,489,741</b>	<b>\$ 152,437,844</b>	<b>\$ 148,287,713</b>	<b>\$ 161,114,095</b>	<b>\$ 171,468,270</b>	<b>\$ 155,696,410</b>	<b>\$ 169,373,156</b>	<b>\$ 152,938,518</b>	<b>\$ 135,528,627</b>	<b>\$ 144,325,550</b>

Source: City of Madison Finance Department

<sup>1</sup> - The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54). No prior year data exists for new fund balance definitions.

Table 4

## CITY OF MADISON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

	Fiscal Year			
	2016	2015	2014	2013
<b>Revenues</b>				
Taxes	\$ 244,159,701	\$ 232,513,616	\$ 222,918,478	\$ 215,694,569
Special assessments	3,380,545	6,510,649 <sup>1</sup>	3,555,076	3,433,496
Intergovernmental	44,713,157	48,120,548	42,048,795	42,699,076
Licenses and permits	9,638,235	6,975,916	5,563,190	5,694,748
Fines and forfeitures	7,694,509	7,012,225	6,583,550	7,003,338
Public charges for services	24,096,115	23,560,642	12,349,216	11,674,054
Investment income (loss)	4,721,172	2,750,270	4,712,405	(928,585)
Grants and donations	1,094,437	326,485	691,517	2,875,771
Miscellaneous	2,112,144	5,017,982	11,606,825	14,295,196
Total Revenues	<u>341,610,015</u>	<u>332,788,333</u>	<u>310,029,052</u>	<u>302,441,663</u>
<b>Expenditures</b>				
Current				
General government	35,057,714	30,180,556	4,790,434	1,645,978
Administration	- <sup>2</sup>	- <sup>2</sup>	21,328,316	19,942,313
Public safety	127,780,666	121,413,860	114,952,846	113,057,244
Public works	44,207,213	45,448,660	56,788,138	55,384,932
Culture, recreation, and education	31,595,640	32,842,736	13,275,660	12,533,252
Planning and development	34,556,301	29,073,026	34,043,194	34,687,925
Capital outlay	41,803,806	74,653,601	57,605,100	58,901,304
Debt service				
Principal retirement	59,714,249	53,233,284	47,826,378	47,589,243
Interest and fiscal charges	<u>11,545,249</u>	<u>11,247,273</u>	<u>10,959,890</u>	<u>11,439,196</u>
Total Expenditures	<u>386,260,838</u>	<u>398,092,996</u>	<u>361,569,956</u>	<u>355,181,387</u>
Deficiency of revenues over expenditures	<u>(44,650,823)</u>	<u>(65,304,663)</u>	<u>(51,540,904)</u>	<u>(52,739,724)</u>
<b>Other Financing Sources (Uses)</b>				
General obligation debt issued	71,076,662	66,802,278	42,529,234	48,926,937
Refunding debt issued	10,610,598	6,698,966	-	-
Premium on debt issued	5,069,697	4,865,460	4,757,647	4,172,560
Discount on debt issued	-	-	-	-
Payment to refunding escrow	-	-	-	-
Capital lease issued	-	-	-	-
Sale of capital assets	628,630	1,351,317	3,659,078	1,944,748
Transfers in	78,898,569	74,112,020	73,033,560	72,023,687
Transfers out	(84,581,436)	(84,375,247)	(85,264,997)	(84,682,383)
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	<u>81,702,720</u>	<u>69,454,794</u>	<u>38,714,522</u>	<u>42,385,549</u>
Net Change in Fund Balances	<u>\$ 37,051,897</u>	<u>\$ 4,150,131</u>	<u>\$ (12,826,382)</u>	<u>\$ (10,354,175)</u>
Debt service as a percentage of noncapital expenditures	20.2% <sup>3</sup>	18.9% <sup>3</sup>	19.1% <sup>3</sup>	19.1% <sup>3</sup>

Source: City of Madison Finance Department

<sup>1</sup> - 2015 double the number of assessment fund districts finalized than in previous years.<sup>2</sup> - Beginning in 2015 Administration was consolidated to General government<sup>3</sup> - Prior to 2013 this calculation did not include the non-capitalized portion of capital outlay.  
The non-capitalized portion of capital outlay can be found on page 10.

**CITY OF MADISON**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 207,066,973	\$ 201,319,416	\$ 194,362,724	\$ 183,243,330	\$ 181,563,946	\$ 169,182,614
3,253,150	3,263,682	2,286,075	3,589,902	2,466,783	2,962,336
45,199,898	46,963,955	45,808,346	44,709,308	45,404,640	43,418,016
5,060,653	4,253,595	3,949,572	4,036,108	4,541,445	6,547,559
7,116,451	7,045,657	6,960,334	6,675,342	6,477,070	6,731,276
10,241,783	11,452,879	11,196,600	9,682,909	10,276,114	10,575,403
4,246,576	6,857,819	4,154,120	6,197,684	8,036,536	13,665,435
4,810,756	1,626,299	187,920	517,260	591,002	730,236
12,524,831	9,635,933	14,110,755	10,024,482	12,845,101	14,928,092
<u>299,521,071</u>	<u>292,419,235</u>	<u>283,016,446</u>	<u>268,676,325</u>	<u>272,202,637</u>	<u>268,740,967</u>
1,367,452	1,578,022	1,602,350	1,532,210	1,236,787	1,429,189
19,827,118	21,637,641	20,050,001	19,779,620	18,080,794	16,293,710
110,238,776	109,742,533	106,680,652	101,011,574	97,536,798	92,237,876
45,844,762	45,573,125	46,410,443	48,028,306	47,331,273	44,807,766
11,539,516	20,859,087	12,203,829	-	-	-
41,005,823	30,589,064	43,939,467	59,776,891	54,614,672	49,615,824
59,618,224	56,772,151	53,358,456	40,515,037	63,123,017	44,949,555
40,480,575	73,992,362	32,874,536	30,803,065	28,806,368	24,676,824
<u>10,721,148</u>	<u>11,183,708</u>	<u>10,449,318</u>	<u>10,272,288</u>	<u>9,394,114</u>	<u>8,491,403</u>
<u>340,643,394</u>	<u>371,927,693</u>	<u>327,569,052</u>	<u>311,718,991</u>	<u>320,123,823</u>	<u>282,502,147</u>
<u>(41,122,323)</u>	<u>(79,508,458)</u>	<u>(44,552,606)</u>	<u>(43,042,666)</u>	<u>(47,921,186)</u>	<u>(13,761,180)</u>
61,134,431	63,251,325	48,465,296	52,399,673	51,405,117	33,803,486
-	-	51,520,000	43,915,000	-	-
5,578,933	10,470,265	4,017,287	1,753,542	875,162	757,427
-	-	-	-	-	-
-	-	(35,098,167)	(24,720,713)	-	-
-	-	-	-	-	-
1,476,149	-	-	-	-	-
57,514,330	55,806,794	52,141,807	45,001,940	48,687,088	43,746,623
(68,809,660)	(63,696,672)	(60,058,979)	(57,896,885)	(61,843,104)	(57,933,419)
-	-	-	-	-	-
-	-	-	-	-	-
<u>56,894,183</u>	<u>65,831,712</u>	<u>60,987,244</u>	<u>60,452,557</u>	<u>39,124,263</u>	<u>20,374,117</u>
<u>\$ 15,771,860</u>	<u>\$ (13,676,746)</u>	<u>\$ 16,434,638</u>	<u>\$ 17,409,891</u>	<u>\$ (8,796,923)</u>	<u>\$ 6,612,937</u>
18.2%	27.0%	15.8%	14.9%	13.8%	14.0%

Table 5

**CITY OF MADISON**  
**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

(in thousands)

Fiscal Year	Levy Year	Real Property					Personal Property	Total Assessed Value <sup>1</sup>	Less: TIF Increment Value <sup>2</sup>	Total Taxable Assessed Value	Total Direct Tax Rate	Equalized Value	Ratio of Assessed to Equalized <sup>3</sup>
		Residential	Commercial	Manufacturing	Agricultural	Other							
2016	2015	\$ 14,772,268	\$ 8,154,921	\$ 257,207	\$ 3,815	\$ 18,752	\$ 732,471	\$ 23,939,434	\$ 746,325	\$ 23,193,109	9.49	\$ 24,596,422	97.3 %
2015 <sup>4</sup>	2014	14,139,751	7,689,111	249,363	5,187	15,683	712,141	22,811,236	701,631	22,109,605	9.48	23,685,668	96.3
2014	2013	13,636,868	7,347,451	247,797	6,661	16,225	703,178	21,958,180	551,556	21,406,624	9.50	22,710,892	96.7
2013	2012	13,223,785	7,118,629	268,622	5,495	14,782	719,138	21,350,451	461,115	20,889,336	9.30	21,853,251	97.7
2012	2011	13,320,053	6,884,721	258,751	5,813	15,306	709,680	21,194,324	401,116	20,793,208	8.81	21,697,081	97.7
2011	2010	13,692,160	6,866,172	273,292	5,848	12,778	718,844	21,569,094	382,688	21,186,406	8.43	21,965,222	98.2
2010	2009	13,829,410	6,872,197	268,163	5,269	11,562	765,031	21,751,632	456,274	21,295,358	7.89	22,212,096	97.9
2009	2008	14,100,296	7,353,268	269,595	1,930	14,060	762,347	22,501,496	476,986	22,024,510	7.50	23,131,429	97.3
2008	2007	14,650,450	6,803,581	273,238	2,084	9,854	733,503	22,472,710	424,974	22,047,736	7.32	23,105,475	97.3
2007	2006	14,330,014	6,463,531	287,307	1,283	9,069	647,478	21,738,682	883,902	20,854,780	7.21	22,309,635	97.4

Source: Statement of Assessment for the City of Madison

<sup>1</sup> - Total Assessed Value does not include exempt properties. The City of Madison Assessor's Office does not assess property classified as exempt.<sup>2</sup> - TIF assessments are taxable only to the districts<sup>3</sup> - Assessment ratio is calculated by the State of Wisconsin Equalization Board<sup>4</sup> - Amended Statement of Assessment submitted to Wisconsin Department of Revenue

Table 6

## CITY OF MADISON

### DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			
	<u>Library</u>	<u>General Fund</u>	<u>Total Direct</u>	<u>Madison School District</u> <sup>1</sup>	<u>Dane County</u>	<u>State of Wisconsin</u>	<u>Madison Area Technical College</u>
2016	\$ 0.74	\$ 8.76	\$ 9.49	\$ 12.54	\$ 3.06	\$ 0.18	\$ 0.96
2015	0.72	8.77	9.48	12.38	3.02	0.18	0.97
2014	0.69	8.81	9.50	12.16	2.97	0.17	1.89
2013	0.67	8.65	9.30	11.80	2.87	0.17	1.86
2012	0.57	8.24	8.81	11.35	2.73	0.17	1.74
2011	0.58	7.85	8.43	11.31	2.59	0.17	1.51
2010	0.55	7.34	7.89	10.47	2.43	0.17	1.35
2009	0.54	6.96	7.50	10.08	2.24	0.17	1.25
2008	0.53	6.79	7.32	10.34	2.24	0.17	1.23
2007	0.50	6.71	7.21	10.30	2.34	0.18	1.25

Source: Annual City of Madison Adopted Operating Budget

<sup>1</sup> - This rate is only for the Madison Metropolitan School District.

Table 7

## CITY OF MADISON

### PRINCIPAL PROPERTY TAX PAYERS Prior Year and Ten Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Madison Joint Venture	\$ 196,288,200	1	0.89 %	\$ 182,536,500	1	0.92 %
Urban Land Interest	170,909,700	2	0.77 %			
American Family Insurance	167,099,800	3	0.76 %	176,634,700	2	0.89 %
Stephen D Brown Properties	155,159,700	4	0.70 %			
McCormick/Soderholm Properties	134,589,800	5	0.61 %			
Wingra Building Group/Dean Medical Center	123,046,900	6	0.56 %	66,697,300	7	0.34 %
Covance Laboratories	112,678,900	7	0.51 %	90,018,300	3	0.45 %
Gialamas Company	105,312,200	8	0.48 %			
Mullins, Jerome & Carol	84,072,900	9	0.38 %	89,008,700	4	0.45 %
Terrance R. Wall	79,383,300	10	0.36 %	63,576,400	8	0.32 %
Munz Investment/Munz Corp.				80,979,900	5	0.41 %
CUNA Mutual Group				72,823,400	6	0.37 %
Hilldale Building Co LLC				42,194,200	9	0.21 %
Oscar Mayer Foods Corp.				31,975,800	10	0.16 %
<b>Total</b>	<b>\$ 1,328,541,400</b>		<b>6.01 %</b>	<b>\$ 896,445,200</b>		<b>4.52 %</b>

Source: City of Madison Assessor's Office

Table 8

## CITY OF MADISON

### PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year	Levy <sup>1</sup> Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of the Levy in Subsequent Years	Total Collections to Date <sup>2</sup>	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2016	2015	\$ 209,856,552	\$ 209,124,596	99.65 %	\$ -	\$ 209,124,596	99.65 %
2015	2014	202,870,333	202,157,694	99.65	653,340	202,811,034	99.97
2014	2013	198,441,725	197,888,080	99.72	479,037	198,367,117	99.96
2013	2012	193,400,074	192,614,826	99.59	661,658	193,276,484	99.94
2012	2011	186,737,361	186,183,242	99.70	433,911	186,617,153	99.94
2011	2010	179,491,250	178,618,404	99.51	714,554	179,332,958	99.91
2010	2009	173,805,401	172,932,555	99.50	723,637	173,656,192	99.91
2009	2008	165,389,781	164,695,956	99.58	634,901	165,330,857	99.96
2008	2007	152,733,336	151,936,781	99.48	720,089	152,656,870	99.95
2007	2006	143,124,913	142,774,616	99.76	284,231	143,058,847	99.95

Source: City of Madison Finance Department

Note - All delinquent real estate taxes are purchased 100% by Dane County.

<sup>1</sup> - Levy year versus Fiscal year distinction was included beginning fiscal year 2010.

<sup>2</sup> - Collections as of January 31, 2017

Table 9

## CITY OF MADISON

### RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Debt <sup>1</sup>	Restricted Debt Service <sup>2</sup>	Net General Obligation Debt	Ratio of Net General Obligation Debt to Equalized Property Value <sup>3</sup>	Net General Obligation Debt Per Capita <sup>4</sup>
2016	\$ 433,785,148 <sup>5</sup>	\$ 15,658,006	\$ 418,127,142	1.70%	\$ 1,691
2015	404,537,868	15,028,581	389,509,287	1.64	1,608
2014	377,337,106	16,527,618	360,809,488	1.59	1,502
2013	372,778,147	16,405,285	356,372,862	1.63	1,504
2012	342,348,836	23,975,146	318,373,690	1.47	1,357
2011	321,528,958	29,265,699	292,263,259	1.33	1,250
2010	319,851,132	44,558,846	275,292,286	1.24	1,206
2009	285,720,249	25,950,282	259,769,967	1.12	1,141
2008	238,605,663	16,335,983	222,269,680	0.96	981
2007	212,188,987	16,254,591	195,934,396	0.88	872

Source: City of Madison Finance Department

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

<sup>1</sup> - Gross General Obligation Debt years 2007 - 2012 do not include premium/discount.

<sup>2</sup> - "Restricted/Reserved Debt Service Funds" prior to 2013.

<sup>3</sup> - Wisconsin uses equalized value for calculating legal debt limit. Equalized property value data can be found in Table 5: Assessed and Actual Value of Taxable Property on page 166.

<sup>4</sup> - Population data can be found in Table 15: Demographic and Economic Statistics, on page 178.

<sup>5</sup> - For 2016 General Obligation Debt of \$409,860,181 and premium/discount of \$23,924,967

Table 10

**CITY OF MADISON**

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Activities		
	General Obligation Debt <sup>1</sup>	Revenue Bonds		General Obligation Debt	Revenue Bonds <sup>2</sup>	
		Landfill Remediation	Capital Leases		Water Utility	Sanitary Sewer Utility
2016	\$ 395,721,685	\$ -	\$ 4,881,585	\$ 38,063,463	\$ 197,686,093	\$ 46,572,358
2015	367,176,802	-	5,506,585	37,361,066	179,666,207	34,115,796
2014	342,207,487	-	6,061,585	35,129,619	141,968,952	36,790,831
2013	339,230,797	-	9,446,585	33,547,350	147,452,311	32,972,504
2012	312,594,109	-	15,163,679	29,754,727	121,510,000	35,130,000
2011	289,798,243	-	17,088,679	31,730,715	103,610,000	27,580,000
2010	294,982,170	1,805,750	18,868,679	24,868,962	86,920,000	31,569,250
2009	260,950,306	2,001,470	20,493,679	24,769,943	74,785,000	19,738,530
2008	216,718,150	2,192,530	24,613,679	21,887,513	68,150,000	21,002,470
2007	190,856,487	5,113,930	26,478,679	21,332,500	74,070,000	10,486,070

Source: City of Madison Finance Department

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

<sup>1</sup> - General Obligation Debt years 2005 - 2012 do not include premium/discount.

<sup>2</sup> - Revenue Bonds years 2005 - 2012 do not include premium.

<sup>3</sup> - See Table 15: Demographic and Economic Statistics on page 178 for personal income and population data.

**CITY OF MADISON**

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years

---

Business Activities

---

Revenue Bonds

	<u>Parking Utility</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u> <sup>3</sup>	<u>Per Capita</u>
\$	-	\$ 2,510,500	\$ 685,435,684	4.99%	\$ 2,773
	-	3,275,500	627,101,956	4.87	2,589
	-	4,020,500	566,178,974	4.58	2,358
	-	4,720,500	567,370,047	4.67	2,395
	-	6,715,000	520,867,515	4.49	2,220
	-	7,425,000	477,232,637	4.39	2,040
	-	8,110,000	467,124,811	4.56	2,047
	-	8,775,000	411,513,928	4.14	1,807
	3,400,000	9,420,000	367,384,342	3.58	1,621
	3,800,000	10,050,000	342,187,666	3.41	1,522

Table 11

**CITY OF MADISON****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
As of December 31, 2016

<u>Governmental Unit</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City<sup>2</sup></u>
Direct			
City of Madison	400,603,270	100.00 %	\$ 400,603,270
Indirect			
Dane County	321,075,000	43.94 %	141,080,355
School Districts: <sup>1</sup>			
DeForest	45,415,000	9.39 %	4,264,469
Madison Metropolitan	90,725,000	88.88 %	80,636,380
McFarland	4,890,000	9.44 %	461,616
Middleton-Cross Plains	80,860,000	20.12 %	16,269,032
Monona Grove	49,050,000	0.13 %	63,765
Sun Prairie Area	136,785,000	15.63 %	21,379,496
Verona	51,495,000	3.80 %	1,956,810
Waunakee Community	87,050,000	2.42 %	2,106,610
Madison Area Technical College	<u>189,485,000</u>	31.65 %	<u>59,972,003</u>
Total Overlapping	<u>1,056,830,000</u>		<u>328,190,536</u>
Total Direct and Overlapping	<u>\$ 1,457,433,270</u>		<u>\$ 728,793,806</u>

Source: City of Madison Finance Department

<sup>1</sup> - Under Wisconsin annexation laws, properties annexed from one municipality to another do not automatically change school districts. Therefore, portions of the City of Madison are in seven school districts in addition to the Madison Metropolitan School District.

<sup>2</sup> - The percent applicable to the City is calculated by dividing the City's equalized value into the total equalized value of the indirect debt entity.

Table 12

**CITY OF MADISON**LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years

<i>(in thousands)</i>	Fiscal Year			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Equalized Value <sup>1</sup>	\$ 24,596,422	\$ 23,685,668	\$ 22,710,892	\$ 21,853,251
Debt Limit <sup>2</sup>	1,229,821	1,184,283	1,135,545	1,092,663
Debt applicable to debt limit				
General Obligation Debt	409,860	381,836	355,769	352,797
General Obligation Debt - Joint Venture	745	559	676	698
Pledged to CDA	-	-	-	-
Total debt applicable to debt limit	<u>\$ 410,605</u>	<u>\$ 382,395</u>	<u>\$ 356,445</u>	<u>\$ 353,495</u>
Less: Debt Service fund available for payment of principal	<u>\$ 15,658</u>	<u>\$ 15,029</u>	<u>\$ 16,528</u>	<u>\$ 16,405</u>
Net debt applicable to debt limit	394,947	367,366	339,917	337,090
Total debt applicable to the limit as a percentage of debt limit	33.4%	32.3%	31.4%	32.4%

<sup>1</sup> - Source: Wisconsin Department of Revenue

<sup>2</sup> - In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's Jurisdiction.

## CITY OF MADISON

### LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

Fiscal Year					
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 21,697,081	\$ 21,965,222	\$ 22,212,096	\$ 23,131,429	\$ 23,105,475	\$ 22,309,635
1,084,854	1,098,261	1,110,605	1,156,571	1,155,274	1,115,482
342,349	321,529	319,851	285,720	238,606	212,189
696	636	642	448	420	-
-	-	7,000	7,000	7,000	7,000
<u>\$ 343,045</u>	<u>\$ 322,165</u>	<u>\$ 327,493</u>	<u>\$ 293,168</u>	<u>\$ 246,026</u>	<u>\$ 219,189</u>
<u>\$ 23,975</u>	<u>\$ 29,266</u>	<u>\$ 44,559</u>	<u>\$ 25,950</u>	<u>\$ 8,963</u>	<u>\$ 8,840</u>
319,070	292,899	282,934	267,218	237,063	210,349
31.6%	29.3%	29.5%	25.3%	21.3%	19.6%

Table 13

**CITY OF MADISON**

PLEGGED REVENUE COVERAGE - SEWER UTILITY AND LANDFILL REMEDIATION  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest <sup>4</sup>	
2016	\$ 34,429,789	\$ 30,178,299	\$ 4,251,490	\$ 2,605,000	\$ 1,290,698	1.09
2015	33,001,939	26,528,035	6,473,904	2,515,000	1,391,516	1.66
2014	33,841,450	25,705,916	8,135,534	2,015,000 <sup>6</sup>	1,215,554	2.52
2013	31,400,922	24,650,879	6,750,043	2,535,000	1,577,317	1.64
2012	31,224,592	22,167,078	9,057,514	1,950,000	1,102,924	2.97
2011	29,893,021	21,263,261	8,629,760	2,350,000 <sup>5</sup>	1,252,700	2.40
2010	28,333,257	20,976,074	7,357,183	1,500,000	871,353	3.10
2009	23,977,276	20,230,708	3,746,568	1,455,000	901,214	1.59
2008	23,119,458	21,706,046	1,413,412	1,280,000 <sup>3</sup>	623,056	0.74
2007	23,488,277	19,988,369	3,499,908	1,235,000	667,252	1.84
2006	24,372,448	19,363,906	5,008,542	1,280,000	626,481	2.63

Source: City of Madison Finance Department

Note: Sewer and Landfill Remediation Revenue Bonds are backed by sewer rates and landfill remediation fees.

<sup>1</sup> - Operating Revenues plus investment income.

<sup>2</sup> - Total Operating Expenses do not include interest, depreciation or amortization expenses.

<sup>3</sup> - Actual principal paid in 2008 was \$3,600,000, in order to fully service Landfill Remediation principal.

<sup>4</sup> - Gross interest. Amount is not net of tax credits, when available.

<sup>5</sup> - The Landfill Remediation Bonds were paid off in 2011.

<sup>6</sup> - Actual principal paid in 2014 was \$6,680,000 in order to retire \$4,665,000 of 2006 Revenue Bonds.

Table 14

**CITY OF MADISON**

PLEGGED REVENUE COVERAGE - WATER UTILITY  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Available Revenue for Debt Service	<u>Debt Service Requirements</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u> <sup>4</sup>	
2016	\$ 35,909,550	\$ 15,356,637	\$ 20,552,913	\$ 6,120,000	\$ 6,447,693	1.64
2015	29,744,626	15,250,082	14,494,544	5,935,000	5,416,433	1.28
2014	30,332,733	15,092,223	15,240,510	4,935,000	5,179,428	1.51
2013	28,964,481	14,122,833	14,841,648	3,975,000	4,367,205	1.78
2012	30,144,767	13,709,476	16,435,291	3,195,000	3,814,001	2.34
2011	28,364,269	14,861,349	13,502,920	2,680,000	3,279,273	2.27
2010	26,808,712	14,194,328	12,614,384	1,115,000	2,242,351	3.76
2009	22,152,814	14,048,677	8,104,137	3,160,000 <sup>3</sup>	2,942,934	1.33
2008	20,963,381	13,145,882	7,817,499	2,610,000 <sup>3</sup>	2,657,969	1.48
2007	19,007,353	13,104,805	5,902,548	2,840,000	2,201,362	1.17
2006	18,156,571	11,267,897	6,888,674	1,985,000	1,575,744	1.93

Source: City of Madison Finance Department

Note: Water Utility Revenue Bond Covenant can be found in the Madison Water Utility Financial Statements.

<sup>1</sup> - Operating Revenues plus investment income.

<sup>2</sup> - Total Operating Expenses do not include interest, depreciation or amortization expenses.

<sup>3</sup> - Actual principal paid was \$5,920,000 in 2008 and \$41,905,000 in 2009; both were paid as a part of refinancing.

<sup>4</sup> - Gross interest. Amount is not net of available tax credits, when available.

Table 15

## CITY OF MADISON

### DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

<u>Year</u>	<u>Population</u> <sup>1</sup>	<u>Personal Income</u> <sup>2</sup> <i>(in thousands)</i>	<u>Per Capita Personal Income</u> <sup>3</sup>		<u>Unemployment Rates</u> <sup>4</sup>		
			<u>Dane County</u>	<u>State of Wisconsin</u>	<u>City of Madison</u>	<u>Dane County</u>	<u>State of Wisconsin</u>
2016	247,207	\$ 13,730,300	\$ 55,542	\$ 47,275	2.0 %	2.1 %	3.0 %
2015	242,216	13,008,210	53,705	45,942	3.1	3.2	4.6
2014	240,153	12,378,686	51,545	44,414	3.7	3.8	5.5
2013	236,900	11,817,283	49,883	42,728	4.6	4.6	6.7
2012	234,625	11,395,267	48,568	42,537	4.7	4.7	6.9
2011	233,890	10,949,560	46,815	40,749	4.9	5.0	7.5
2010	228,200	10,080,507	44,174	38,597	4.4	4.6	7.5
2009	227,700	9,948,668	43,692	38,012	5.1	5.4	8.7
2008	226,650	10,260,446	45,270	38,873	3.2	4.7	5.8
2007	224,810	10,045,410	44,684	37,573	3.5	3.5	4.9

<sup>1</sup> - Provided by Demographic Services Center, Wisconsin State Department of Administration, generally published August of the subsequent reporting period.

<sup>2</sup> - Personal income is based upon City population and County per capita personal income.

<sup>3</sup> - Source - Bureau of Economic Analysis - U.S. Department of Commerce except for 2016 Dane County, which is an estimate based on the prior nine years of growth.

<sup>4</sup> - Source - Department of Workforce Development - State of Wisconsin.

Table 16

**CITY OF MADISON**

PRINCIPAL EMPLOYERS  
Prior Year and Ten Years Ago

Madison & Dane County Area Employer	2015			2006		
	Employees <sup>1</sup>	Rank	Percentage of Total Area Employment <sup>2</sup>	Employees <sup>3</sup>	Rank	Percentage of Total Area Employment <sup>2</sup>
State of Wisconsin	42,514 <sup>4,5</sup>	1	10.90%	47,500	1	5.71%
University of Wisconsin	21,608 <sup>4,5</sup>	2	5.54	20,000	2	13.56
University Hospitals and Clinics	9,001 <sup>6</sup>	3	2.31	6,000	3	1.71
Epic Systems	8,100	4	2.08			
SSM Health Care	6,380 <sup>6</sup>	5	1.64			
United States Government	5,321	6	1.36	4,500	6	1.28
Madison Metropolitan School District	3,903 <sup>6</sup>	7	1.00	5,800	4	1.66
American Family Mutual Insurance Group	3,842 <sup>6</sup>	8	0.99	3,852	8	1.10
Meriter-UnityPoint Health	3,268 <sup>6</sup>	9	0.84	3,400	9	0.97
City of Madison	2,973	10	0.76			
Madison Area Technical College				4,000	7	1.14
UW Medical Foundation				3,100	10	0.89
CUNA Mutual Group				5,500	5	1.57
Total	106,910		27.42 %	103,652		29.60 %

<sup>1</sup> - Sources: Madison InBusiness, 2015 Report; Dane County; UW 2015-2016 Fast Facts

<sup>2</sup> - Source: Wisconsin Department of Workforce Development for Madison MSA.

<sup>3</sup> - Source: Telephone survey of individual employers, June 2007.

<sup>4</sup> - Includes full- and part-time, limited term and student employees.

<sup>5</sup> - Includes all State and University of Wisconsin employees within Dane County.

<sup>6</sup> - Includes full- and part-time employees.

Table 17

## CITY OF MADISON

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees (FTE's)				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Public Safety and Health					
Fire	393	389	390	389	389
Police	593	586	581	580	580
Public Health - Madison and Dane County <sup>1</sup>	138	136	135	134	152
General Government					
Common Council	2	2	2	2	2
Mayor	12	12	12	12	12
Municipal Court	5	5	5	5	5
Administration					
Department of Civil Rights	16	15	15	15	15
Attorney	27	27	27	27	27
Assessor	24	24	24	24	24
Clerk	8	8	7	7	7
Treasurer	6	5	5	5	5
Madison City Channel <sup>2</sup>	-	-	-	-	-
Finance <sup>3</sup>	42	39	38	38	39
Information Technology	53	49	48	47	47
Human Resources	16	18	18	18	19
Employee Assistance Program <sup>4</sup>	3	-	-	-	-
Public Facilities					
Overture Center <sup>5</sup>	-	-	-	-	-
Monona Terrace	55	55	55	55	58
Department of Public Works and Transportation					
Engineering <sup>6</sup>	77	149	143	138	137
Sewer Utility <sup>7</sup>	44	-	-	-	-
Stormwater Utility <sup>7</sup>	39	-	-	-	-
Parks	165	161	148	144	144
Municipal Pool	-	-	-	-	-
Golf Enterprise	8	8	8	8	7
Streets	187	183	177	177	177
Water Utility	130	129	128	128	127
Metro Transit	474	472	472	466	461
Traffic Engineering	63	64	62	62	61
Parking Utility	69	70	74	75	75
Fleet Services	43	43	43	43	44

(Continued on Page 182)

Continued on Next Page

---

Full-time Equivalent Employees (FTE's)

---

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
371	371	371	343	319
577	568	564	555	521
155	157	158	161	93
3	2	2	2	2
12	12	12	12	12
5	5	5	7	7
16	17	16	16	17
26	26	26	26	26
24	24	26	25	25
7	7	7	6	7
5	6	6	6	6
-	7	7	7	7
38	38	37	37	36
47	42	39	39	39
18	18	19	19	20
-	-	-	-	-
-	46	46	63	60
58	59	59	58	58
137	130	129	127	123
-	-	-	-	-
-	-	-	-	-
147	146	145	147	146
-	-	1	1	1
7	7	10	10	11
179	175	179	179	178
126	127	127	130	129
460	445	445	439	439
59	59	59	60	61
76	76	76	76	77
44	44	44	44	46

Table 17 (Cont.)

## CITY OF MADISON

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

Function/Program (Continued From Page 180)	Full-time Equivalent Employees (FTE's)				
	2016	2015	2014	2013	2012
Department of Planning & Community & Economic Development <sup>8</sup>					
Office of the Director of Planning and Community and Economic Development <sup>9</sup>	8	8	7	7	7
Planning Division <sup>10</sup>	32	32	30	29	28
Building Inspection Division <sup>11</sup>	48	47	47	47	46
Economic Development Division <sup>12</sup>	16	16	18	18	19
Community Development Authority Housing Operations	41	39	38	39	38
Community Development Authority Redevelopment <sup>13</sup>	2	2	2	2	2
Community Development Division <sup>14</sup>	39	22	21	21	20
Community Development Block Grant <sup>14</sup>	-	15	15	17	18
Community Services <sup>15</sup>	-	-	-	-	-
Senior Center <sup>15</sup>	-	-	-	-	-
Library	131	128	127	124	119
Total	3,009	2,958	2,919	2,903	2,911

Source - City's Annual Operating Budget

<sup>1</sup> - Full integration of City of Madison and Dane County Health Departments became effective January 1st, 2008. All staff are County employees as of 2012.

<sup>2</sup> - Madison City Channel Operations were transferred to Information Technology in 2011.

<sup>3</sup> - The Finance Department was known as Office of the Comptroller prior to May 2011.

<sup>4</sup> - Employee Assistance Program was created in 2016. Its functions were previously included in Human Resources.

<sup>5</sup> - The City of Madison provided the same services for the Overture Center as it did for the Madison Civic Center.

The Overture Center became a separate authority on January 1, 2011.

<sup>6</sup> - The City Engineer serves as Director of Public Works & Transportation.

<sup>7</sup> - The City Engineer serves as the manager of the Sewer and Stormwater Utilities.

<sup>8</sup> - Department of Planning & Community & Economic Development was known as "Department of Planning and Development" prior to 2008.

<sup>9</sup> - Office of the Director of Planning and Community and Economic Development was known as "Office of the Director" from 2002-2007 and "Planning Administration" pre-2002.

<sup>10</sup> - Planning Division was known as "Planning Unit" prior to 2008.

<sup>11</sup> - Building Inspection Division was known as "Neighborhood Preservation and Inspection Division" in 2008 and as "Inspection Unit" prior to 2008.

<sup>12</sup> - Economic Development Division was known as "Community & Economic Development" prior to 2008.

<sup>13</sup> - Community Development Authority Redevelopment had no dedicated employees prior to 2011.

<sup>14</sup> - The Community Development Division was created in 2008 to oversee programs administered by the Community Development Block Grant Office, the Office of Community Services and the Senior Center. In 2012, 18 FTE's were moved to the Community Development Block Grant Office. Effective with the 2016 budget, Community Development Block Grant personnel have been moved to the Community Development Division

<sup>15</sup> - Effective with the 2010 budget, all Senior Center and Community Services personnel have been moved to the Community Development Division.

Continued From  
Previous Page

---

Full-time Equivalent Employees (FTE's)

---

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
7	7	7	7	10
28	28	28	29	29
45	44	44	46	45
19	19	19	18	14
37	41	41	43	44
1	-	-	-	-
41	32	1	1	-
-	-	12	11	11
-	-	15	15	15
-	-	5	5	5
<u>117</u>	<u>118</u>	<u>118</u>	<u>119</u>	<u>115</u>
2,892	2,903	2,905	2,889	2,754

Table 18

**CITY OF MADISON**

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Prior Ten Fiscal Years

Function/Program	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General government				
Information Technology				
Webpage visits	6,343,573	6,544,987	5,808,882	5,543,502
Online payments transactions	353,462	212,866	139,542	152,951
Public safety				
Fire				
EMS responses	21,291	18,348	19,599	20,541
Fire/service responses	8,762	6,839	6,215	5,879
Fires extinguished	411	459	412	534
Public Health				
Inspections/Pre-inspections	1,363	1,258	1,387	1,271
Police				
Calls for service	212,376	206,648	203,394	203,087
Arrests	14,020	9,726	9,421	11,378
Citations	7,203	7,142	8,376	10,432
Traffic violations	23,316	19,872	22,878	25,195
Public works and transportation				
Metro Transit				
Annual rides	14,358,261	15,492,317	15,001,760	14,592,214
Annual miles	5,070,813	5,040,007	4,922,010	4,822,865
Fleet Services				
Work Orders	2,588	2,084	1,321	1,735
Parking Utility				
Ramp Occupancy	71%	71%	66%	64%
Streets				
Tons of debris swept	7,256	7,539	5,674	4,820
Refuse collected (tons)	44,866	41,680	40,367	40,367
Recyclables collected (tons)	19,379	19,225	19,401	19,401
Sewer Utility				
Average annual residential customer volume (gallons)	52,360	49,368	55,352	55,352
Water Utility				
Main replacement (miles)	6.45	7.80	5.06	6.55
Gallons pumped (millions)	9,977	10,099	10,058	10,659
Water main breaks (per mile)	0.240	0.440	0.350	0.280
Mains added	8.60	4.90	3.50	2.41

(Continued on Page 186)

Continued on Next Page

---

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
5,333,097	4,810,131	4,072,018	2,678,298	2,056,739	1,663,906
147,290	130,392	117,815	106,665	93,639	86,179
19,698	18,409	18,125	19,058	18,969	17,320
5,500	5,257	5,314	5,587	5,543	5,595
479	N/A	471	494	595	537
1,348	1,298	1,387	1,350	1,305	1,260
211,802	202,392	203,031	184,463	156,439	156,059
12,089	12,074	16,545	18,663	19,680	19,213
11,373	12,969	11,352	19,165	18,289	14,879
21,844	25,624	24,845	20,747	18,424	21,082
14,923,969	13,623,461	13,588,426	13,433,149	12,952,943	12,034,468
4,818,879	4,810,956	4,709,101	4,706,193	4,717,515	4,704,784
1,491	1,571	1,198	1,334	1,089	880
64%	64%	63%	63%	64%	65%
6,526	8,269	8,779	11,114	5,012	5,728
38,561	40,086	N/A	39,533	38,716	39,952
18,949	19,229	N/A	20,818	21,051	20,398
53,856	65,824	67,320	65,824	65,824	65,824
10.00	9.77	6.67	4.88	7.28	6.31
10,320	10,255	10,355	10,907	11,392	11,284
0.300	0.290	0.310	0.280	0.350	0.320
4.08	4.05	2.20	2.13	6.70	7.62

Table 18 (Cont.)

## CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Prior Ten Fiscal Years

Function/Program (Continued From Page 184)	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Planning and development				
Planning Unit				
Plans worked on, adopted, amended	NA	NA	NA	NA
Inspection Unit				
Inspections	48,023	52,166	51,220	47,579
Housing Operations				
Households served	2,404	2,432	2,456	2,460
Community Services				
Children receiving child care from an accredited facilities	50.00%	49.00%	50.00%	49.00%
Seniors in city funded activities	<sup>1</sup>	<sup>1</sup>	<sup>1</sup>	5,200
Senior Center				
Number of visits	38,828	42,263	41,460	46,675
Number of events	2,777	2,829	2,864	3,112
New visitors	889	7,422	7,971	10,086
Culture and recreation				
Library				
Circulation	3,950,000	3,841,997	4,085,341	4,122,191
Visits	2,150,000	2,152,731	2,053,449	2,020,557
Registered borrowers	165,855	163,934	162,374	167,717
Internet uses	708,214	813,880	686,444	682,034
Parks				
General park (shelter) reservations	1,590	1,570	1,426	1,524
Athletic Field reservations	8,358	7,325	8,021	7,531
Recreation center attendance	64,495	63,315	57,277	267,757
Special events held	245	130	130	110
Calls for service - Forestry	4,336	4,264	4,233	4,553
Visitors - Olbrich Gardens	289,540	279,090	252,750	252,750
Municipal Pool				
Attendance	52,140	49,503	66,000	68,752
Golf Enterprise				
Rounds (18 holes)	107,212	79,122	77,824	82,055
Monona Terrace				
Conventions and Conferences	63	54	67	65

Source: Madison Measures &amp; Departmental Annual Reports

Note: Departmental Annual Reports available for prior ten years

<sup>1</sup> - Seniors in city funded activities is no longer available.

Continued From Previous Page

---

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
NA	NA	11	11	18	14
46,131	56,261	48,649	52,053	57,848	57,493
2,427	2,291	2,322	2,196	2,195	2,087
58.00%	54.00%	60.00%	53.00%	49.00%	49.40%
5,200	5,200	5,143	4,934	4,628	4,554
42,518	42,696	38,075	44,772	40,093	42,746
3,020	2,363	2,243	2,685	2,449	2,590
7,597	7,568	6,921	7,346	7,606	7,524
4,398,343	4,730,496	4,846,206	4,702,829	4,663,662	4,635,704
2,241,086	2,347,234	2,351,691	2,274,220	2,248,580	2,245,967
156,285	132,428	138,632	137,990	137,566	135,730
721,431	693,432	547,216	443,984	504,478	477,261
1,409	1,527	1,441	1,438	1,438	1,520
7,751	7,675	7,146	7,039	6,177	6,854
305,751	295,000	293,753	292,977	282,321	269,565
116	114	333	330	330	220
3,542	4,644	5,603	4,078	3,112	3,720
245,183	253,048	246,197	252,141	248,443	246,629
65,692	63,320	51,799	67,850	61,951	71,797
74,658	77,295	85,955	77,300	86,043	90,029
62	62	68	82	68	60

Table 19

## CITY OF MADISON

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

Function/Program	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Public safety</b>				
Fire				
Fire stations	13	13	12	12
<b>Public works and transportation</b>				
Metro Transit				
Shelters	208	208	208	211
Buses (incl. Paratransit)	232	231	228	228
Fleet Services				
Vehicles	1,166	1,278	1,152	1,144
Parking Utility				
Ramps	5	5	5	5
Surface lots	7	7	7	7
Parking Spaces	5,589	5,426	5,548	6,300
Traffic Engineering				
Miles of Streets	785	780	777	773
Water Utility				
Water main (miles)	867	859	854	850
Hydrants	8,882	8,751	8,669	8,615
Valves	21,525	21,114	20,804	20,564
<b>Culture and recreation</b>				
Library				
Locations	9	9	9	9
Volumes/Items Held	943,507	936,975	831,296	863,645
Parks				
Parks	274	270	261	260
Acreage of Parks (rounded to nearest 100th)	6,000	6,000	6,002	6,000
Beaches	12	12	12	12
Shelters	21	21	20	20
Recreational Facilities	1	1	1	1
Municipal Pool				
Pool facilities	1	1	1	1
Golf Enterprise				
Golf courses	4	4	4	4

Source: Madison Measures & Departmental Annual Reports

---

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
12	12	12	12	11	11	10
211	210	210	124	124	124	124
229	204	204	224	223	223	218
1,144	1,090	1,146	1,106	1,073	1,144	N/A
5	5	5	5	5	5	5
7	7	7	3	3	3	3
6,300	6,300	6,300	5,220	5,220	5,220	N/A
772	769	766	765	763	753	748
847	843	839	837	834	828	820
8,555	8,482	8,383	8,343	8,309	8,231	8,118
20,332	20,065	19,678	19,466	19,190	18,792	18,370
9	9	9	9	9	9	9
841,929	929,682	1,034,933	1,035,479	1,047,602	1,042,299	1,042,531
260	260	260	260	255	255	255
6,000	6,000	6,000	6,000	6,000	6,000	6,000
12	13	13	13	13	13	13
20	18	18	18	18	18	18
1	1	1	1	1	1	1
1	1	1	1	1	1	-
4	4	4	4	4	4	4