

Comprehensive Annual Financial Report

As of for the Year Ended December 31, 2017



CITY OF MADISON

Paul R. Soglin, Mayor



CITY OF MADISON
Madison, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

As of and for the Year Ended
December 31, 2017

Prepared By:

FINANCE DEPARTMENT STAFF

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2017

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June 20, 2018

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, 2017.

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, 2017 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. Budget to actual comparison schedules are provided within both the required supplementary informational and the supplementary informational tabs 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, 2017 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 250,703, 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 79 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, Streets, Traffic Engineering, and Water, Sewer, Storm, Metro Transit, and Parking 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 7.4% between 2017 and 2018.

The City's unemployment rate of 2.3% continues to be below the state and national rates of 3.3%, and 4.4% 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 satisfactory reserves, including alternate liquidity, and a manageable debt and pension burden.

The City's debt profile is expected to remain manageable with 95.8% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.8% 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. |
| Public safety | The Midtown Police Station is expected to open in September 2018. In addition, Fire Station 14 will be completed in December 2018. |
| Public works
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. Additionally, a detailed engineering and design analysis has been completed with recommendations for upgrades to the 1101 E. Washington bus garage facility.</p> <p>The Streets Division transfer station (121 E. Olin Ave) began installation of a fabric-roofed building to facilitate better management of the collection cart inventory. Construction is expected to be completed by July 2018.</p> <p>City Engineering reconstructed and resurfaced approximately twelve miles of streets during 2017. Minor surface maintenance was completed on approximately 100 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 2017 about 75% of the City's 798 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions. Furthermore, a 21,725 square foot addition to the Engineering Operations Facility on Emil Street was constructed to alleviate overcrowded conditions. The date of substantial completion was April 2017.</p> <p>Utility replacement and reconstruction of the Capital Square began in 2016. Work was completed on the northwest half of the Capital Square in 2016 and the remaining half was completed in 2017.</p> <p>The Stormwater Utility progressed toward its total suspended solids (TSS) and total phosphorus (TP) reduction goals by completing several construction projects to stabilize shorelines and to allow Dane County better access to Monona Bay for</p> |

weed cutters. In 2017, over 34,534 feet of sewer line were refurbished with cured-in-place pipe (CIP) lining. 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.

Planning
and development

The Madison Municipal Building (MMB) is under construction with an estimated move-in date of September of 2018. In addition, construction of the Judge Doyle Square parking ramp will be completed in spring of 2019 and the Capitol East Parking Ramp will be completed in fall of 2018.

Culture and recreation

The Olbrich Botanical Gardens expansion will begin in Fall 2018, which will include a dedicated learning center and a new greenhouse. Additionally, the boat launch at Warner Park will undergo construction to improve access, Elver Park will be the second park in the city to have a universal playground, and two aging bridges at the Vilas Park lagoon will be replaced by concrete deck structures. Additional seating at The Irwin A. and Robert D. Goodman Skatepark, which opened in 2015, is under design and will be constructed by the end of 2019. McPike Park (formally Central Park) acquired three land parcels in 2017, which will be repurposed for park use beginning in 2020. The Parks Division also continues to mitigate the harmful effects of the Emerald Ash Borer.

All nine Madison Public Libraries are now electronically connected via high-speed fiber optic infrastructure.

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, 2016. A facsimile of the certificate is included on the following page. This was the ninth 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.

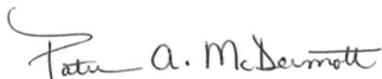
A Certificate of Achievement is valid annually. The City believes that its current CAFR meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2017 CAFR to the GFOA to determine its eligibility for award.

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, 2016

Christopher P. Morill

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	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, Council Vice President	Alder, District #14
David Ahrens	Alder, District #15
Denise DeMarb	Alder, District #16
Samba Baldeh, Council 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
Deputy Mayor

Common Council

Kwasi Obeng

Chief of Staff

Michelle Drea (acting)
Michael May
Maribeth Witzel-Behl
David Schmiedicke
David Gawenda
Norman Davis
Tresa Fuchs-Martinez
Steven Davis
Harper Donahue, IV
Sarah Edgerton (acting)
Gregory Mickells
Gregg McManners
Michael Koval
Janel Heinrich
Rob Phillips
Mahanth Joishy
Eric Knepp
Charles Romines
Yang Tao (acting)

City Assessor
City Attorney
City Clerk
Finance Director
City Treasurer
Civil Rights Director
Employee Assistance Program Administrator
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
Metro Transit General Manager
Water Utility Manager
Planning & Community &
Economic Development Director
Community Development
Division Director
Economic Development
Division Director
CDA Executive Director
Building Inspection Division Director
Planning Division Director
Transportation Director

Charles Kamp
Tom Heikkinen
Natalie Erdman

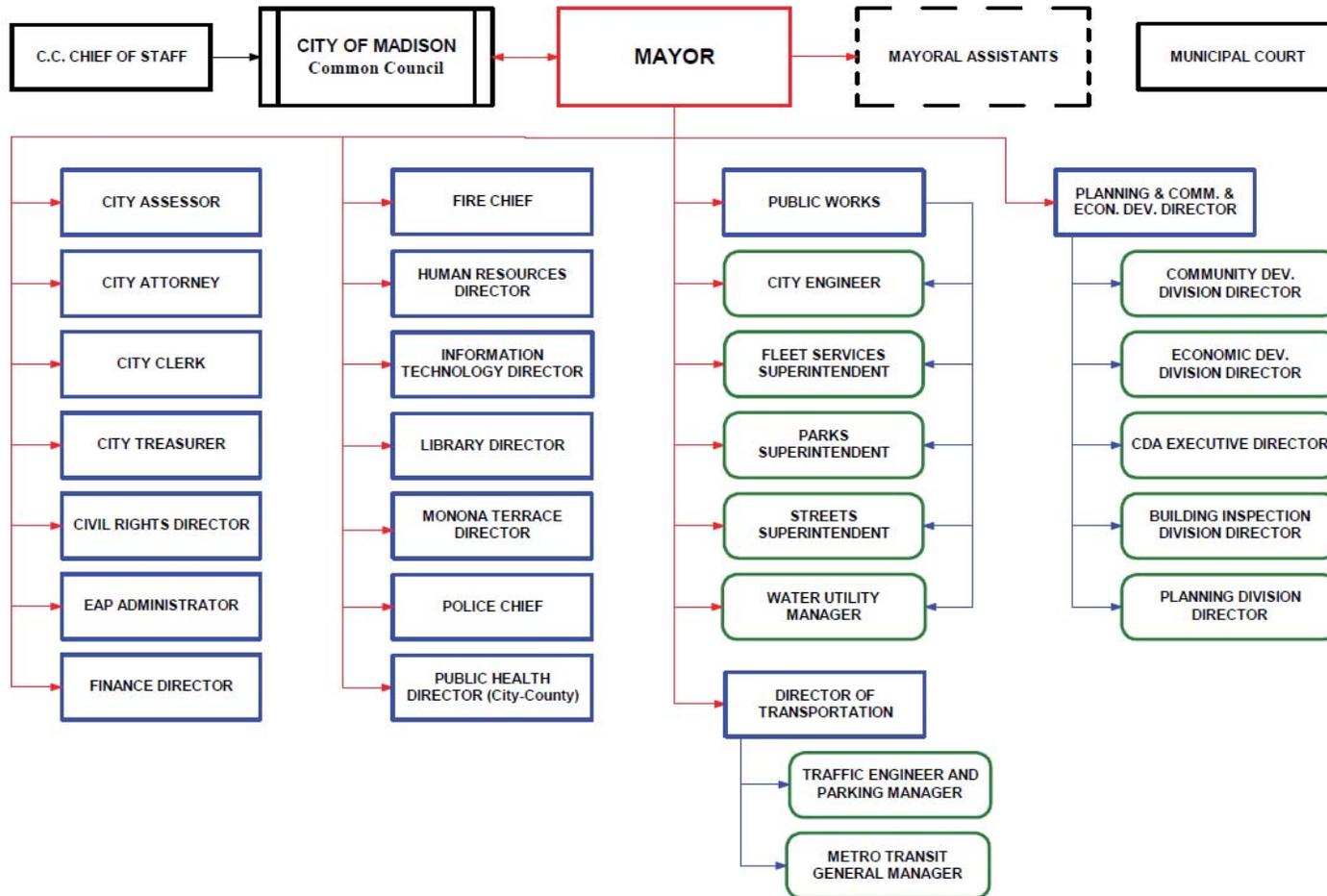
James O'Keefe

Matthew Mikolajewski

Tom Conrad (acting)
George Hank
Heather Stouder
Thomas Lynch

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, 2017, 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 59 percent, 60 percent and 29 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have 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, is based solely on the reports 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*.

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, 2017 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.

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 20, 2018, 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 Virchow Krause, LLP

Madison, Wisconsin
June 20, 2018

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, 2017, with comparative data for the fiscal year ended December 31, 2016. 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 \$2.5 billion, total liabilities just under \$901.4 million, deferred inflows of resources at roughly \$304.3 million, and deferred outflows of resources at approximately \$104.9 million, the total net position of the City of Madison increased by just over 1.4%, or over \$20.0 million from the previous year to over \$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 \$35.6 million for 2017. Just under \$155.6 million was held for restricted purposes and a little under \$56.1 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 a little over \$259.1 million in program revenues to cover approximately \$531.8 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 over \$20.0 million at about \$292.7 million.
- As of December 31, 2017 the governmental funds reported combined ending fund balances of over \$216.2 million. This amount is broken down as follows: just under \$26.5 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 \$25.9 million for specific purposes with just under \$154.7 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 noncurrent advances to other funds, advances to component units, non-current interfunds, noncurrent receivables, inventories, prepaid items, and trust activities which totaled approximately \$9.2 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 over \$42.0 million of unassigned fund balance remained within the general fund or approximately 14.2% of the adopted 2018 general fund expenditures; close to the City's stated target ratio of 15.0%. The City did not apply fund balance to the 2018 Adopted Operating Budget. This decision was implemented in order to more closely reach the City's unassigned fund balance target of 15%; however, a \$3.0 million noncurrent interfund loan was recorded within the general fund, as a result of a cash shortfall within the Water Utility at year-end. This interfund loan was largely due to the timing of a water service rate increase, and one-time operating expenses incurred for reservoir painting made late in 2017. This loan was offset by ambulance fee revenues recognized of over \$3.5 million more than that of the prior year.

FINANCIAL HIGHLIGHTS (CONTINUED)

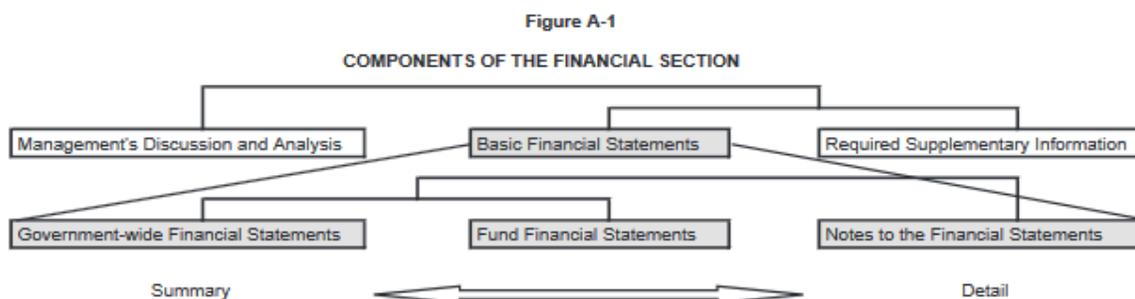
Increased collection efforts for ambulance services were provided in 2017, along with favorable adjustments recorded for uncollectible receivables at year-end.

- Additionally, the Water Utility continued to remit payments totaling \$765,000 for its prior noncurrent advance to the general fund. This long-term advance is expected to be paid in full to the general fund by the close of fiscal year 2020.
- Room tax revenues were up by \$927,593 or 6.4% from 2016; encumbrances were at their lowest since 2012, at around \$333,400 at year-end. Intergovernmental revenues were up by about \$770,000 largely due to increased state payments for municipal services of roughly \$663,000. General Fund licenses and permits exceeded budget by over \$1.4 million during the year. However, fines and forfeitures were below budget by almost \$240,000. Lastly, investment income was very near the final adopted budget at just over \$1.5 million, including the to-market adjustments for the City's investment portfolio and life insurance reserves.
- The unassigned fund balance for governmental funds decreased in total by over \$12.8 million, or down by approximately 32.7%, resulting from a change in financial statement presentation between years, for restricted and unassigned fund balance (deficits) for negative cash balances that are generally within the City's newer Tax Incremental Financing Districts (TIFs). Newer districts in particular, commonly take years to recover increment for the initial capital outlay of expenditures. Approximately six districts had negative cash balances totaling \$13.1 million by year-end, compared to over \$11.8 million the prior year.
- Outstanding General Obligation bonds and notes as of December 31, 2017, totaled over \$447.7 million (excluding the joint venture), with approximately \$406.4 million related to governmental activities. Business-type activities closed the year with over \$261.6 million in revenue bond and general obligation debt.
- At December 31, 2017, the City reported a liability of less than \$13.4 million, for its proportionate share of the Employees' Retirement System net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to December 31, 2016. The City recognized a pension expense of nearly \$34.0 million, or approximately \$3.0 million more than what was recorded the prior year. Net differences between projected and actual earnings on pension plan investments, largely contributed to a roughly \$12.4 million decrease in the net pension liability at year-end.
- Other post-employment benefits (OPEBs) net obligation is approximately \$37.6 million; an increase of just under 14.2% from 2016 of about \$32.9 million. This obligation is based on an actuarial valuation as of January 1, 2017, which indicates the actuarial determined accrued liability for benefits was close to \$62.7 million amortized over 30 years. Of this amount, approximately 60.2%, or just under \$37.8 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 explicit rate subsidy is nearly \$25.0 million or roughly 39.8% for the year.
- 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.
3. 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 2017, but will not be collected until 2018, and for pension related amounts.

Government-Wide Financial Statements (continued)

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.

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 72 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.

Fund Financial Statements (continued)

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 132.

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 140.

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 144, 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, 2017 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 123.

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.

The supplementary information on pages 130-157 includes combining statements for the nonmajor governmental, nonmajor enterprise, internal service, agency and component unit funds, schedules of revenues and expenditures and changes in fund balances-budget and actual for all governmental funds for which a budget has been adopted, the sewer remediation revenue bond covenant analysis, and capital projects schedules.

The statistical section beginning on page 158 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, 2017, and 2016, are summarized in the table below. Net position improved by just over \$20.0 million, or a little more than 1.4% to over \$1.4 billion. This upward change in net position is largely attributable to the City generating approximately \$259.2 million in program revenues, and recognizing a little over \$293.2 million in general revenues, all supporting expenses that increased by more than \$33.0 million from that of the prior year, to about \$531.8 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 roughly 85.1% 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	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 629,337	\$ 575,424	\$ 123,981	\$ 154,910	\$ 753,318	\$ 730,334
Capital Assets (net)	<u>1,020,971</u>	<u>989,820</u>	<u>746,290</u>	<u>702,990</u>	<u>1,767,261</u>	<u>1,692,810</u>
Total Assets	<u>\$ 1,650,308</u>	<u>\$ 1,565,244</u>	<u>\$ 870,271</u>	<u>\$ 857,900</u>	<u>\$ 2,520,579</u>	<u>\$ 2,423,144</u>
Deferred Outflows of Resources	<u>\$ 80,985</u>	<u>\$ 112,572</u>	<u>\$ 23,867</u>	<u>\$ 32,848</u>	<u>\$ 104,852</u>	<u>\$ 145,420</u>
Liabilities:						
Current Liabilities	\$ 62,554	\$ 52,347	\$ 31,073	\$ 30,355	\$ 93,627	\$ 82,702
Noncurrent Liabilities	<u>522,925</u>	<u>490,857</u>	<u>284,835</u>	<u>297,585</u>	<u>807,760</u>	<u>788,442</u>
Total Liabilities	<u>\$ 585,479</u>	<u>\$ 543,204</u>	<u>\$ 315,908</u>	<u>\$ 327,940</u>	<u>\$ 901,387</u>	<u>\$ 871,144</u>
Deferred Inflows of Resources	<u>\$ 294,994</u>	<u>\$ 284,909</u>	<u>\$ 9,353</u>	<u>\$ 12,854</u>	<u>\$ 304,347</u>	<u>\$ 297,763</u>
Net Position:						
Net investment in capital assets	\$ 713,628	\$ 696,131	\$ 494,387	\$ 459,130	\$ 1,208,015	\$ 1,155,261
Restricted	142,807	112,779	12,788	12,102	155,595	124,881
Unrestricted (deficit)	<u>(5,615)</u>	<u>40,794</u>	<u>61,702</u>	<u>78,721</u>	<u>56,087</u>	<u>119,515</u>
Total Net Position	<u>\$ 850,820</u>	<u>\$ 849,704</u>	<u>\$ 568,877</u>	<u>\$ 549,953</u>	<u>\$ 1,419,697</u>	<u>\$ 1,399,657</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	97%	103%	175%	161%	118%	120%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	-1%	5%	19%	23%	5%	10%

Approximately 11% or about \$155.6 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 under \$56.1 million of the primary government's total net position, or nearly 4%, may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note, that a little under \$61.7 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.

Additionally, total net position exceeded total liabilities and deferred inflows at the end of 2017, for both governmental and business-type activities by 118%. However, unrestricted net position was at a deficit at approximately -1.0% of total liabilities and deferred inflows for governmental activities. The change in unrestricted net position between 2016 and 2017, is due to a classification or financial statement presentation change, from restricted to unrestricted for deficits in individual tax increment districts that had been combined with surpluses in all tax increment districts prior to 2017. The same measure was 19% for business-type activities and totaled 5.0% 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:

City of Madison						
Summary Statement of Activities						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenue:						
Program revenues:						
Charges for services	\$ 47,320	\$ 43,081	\$ 129,019	\$ 126,916	\$ 176,339	\$ 169,997
Operating grants and contributions	15,801	16,115	29,384	27,269	45,185	43,384
Capital grants and contributions	21,290	13,861	16,336	14,483	37,626	28,344
General revenues:						
Property Taxes	238,966	228,202	-	-	238,966	228,202
Intergovernmental revenues not restricted to specific programs	25,915	23,943	-	-	25,915	23,943
Investment income	4,473	4,810	1,870	1,124	6,343	5,934
Other	20,295	21,034	1,145	447	21,440	21,481
Total revenues	<u>\$ 374,060</u>	<u>\$ 351,046</u>	<u>\$ 177,754</u>	<u>\$ 170,239</u>	<u>\$ 551,814</u>	<u>\$ 521,285</u>
Expenses:						
General government	\$ 37,777	\$ 38,026	\$ -	\$ -	\$ 37,777	\$ 38,026
Public safety	145,486	138,833	-	-	145,486	138,833
Public works and transportation	78,568	73,050	-	-	78,568	73,050
Planning and development	44,592	37,986	-	-	44,592	37,986
Culture and recreation	45,818	40,912	-	-	45,818	40,912
Interest and fiscal charges	9,022	8,674	-	-	9,022	8,674
Water	-	-	31,574	27,087	31,574	27,087
Sewer	-	-	36,428	34,597	36,428	34,597
Stormwater	-	-	13,334	12,800	13,334	12,800
Parking	-	-	10,102	9,071	10,102	9,071
Transit	-	-	64,999	64,010	64,999	64,010
Convention Center	-	-	10,947	10,349	10,947	10,349
Golf courses	-	-	3,127	3,320	3,127	3,320
Total expenses	<u>\$ 361,263</u>	<u>\$ 337,481</u>	<u>\$ 170,511</u>	<u>\$ 161,234</u>	<u>\$ 531,774</u>	<u>\$ 498,715</u>
Excess before transfers	12,797	13,565	7,243	9,005	20,040	22,570
Transfers	<u>(11,681)</u>	<u>(5,311)</u>	<u>11,681</u>	<u>5,311</u>	<u>-</u>	<u>-</u>
Change in net position	1,116	8,254	18,924	14,316	20,040	22,570
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 850,820</u>	<u>\$ 849,704</u>	<u>\$ 568,877</u>	<u>\$ 549,953</u>	<u>\$ 1,419,697</u>	<u>\$ 1,399,657</u>

Statement of Activities (continued)

Property tax general revenues and charges for services program revenues financed a little more than 79% 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 20% 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 2017, increased net position by a little more than \$1.1 million. Total revenues exceeded total expenses by just under \$12.8 million; however approximately \$11.7 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 \$2.6 million from the prior year as follows:
 1. Cable Franchise Fees were reclassified from public works and transportation charges for services during the year, totaling just over \$2.5 million,
 2. Clerk's licenses and inspection fees up by \$125,000,
 3. Dane County provided no city channel reimbursements for building relocation expenses in 2017. These totaled \$150,000 last year,
- Public safety decreased by just under \$800,000 from 2016:
 1. Ambulance conveyance fees were up by nearly \$3.5 million when compared to the prior year, given increased collection efforts by the City's third party provider; and favorable adjustments recorded to the allowance for uncollectible receivables by year-end,
 2. Moving and parking violations were down collectively by about \$45,000,
 3. Uniform citations decreased by over \$1.0 million,
 4. Fire EMS Protection services for Shorewood Hills, Blooming Grove, and the Town of Burke jurisdictions, increased by about \$26,000,
 5. The remaining difference of about \$3.3 million was due to changes between year-end, unavailable revenue accruals (\$2.6 million current year, compared to nearly \$680,000 from the prior year) mostly related to timing for ambulance fees revenue recognition,
- Public works and transportation increased by over \$1.5 million for the following:
 1. Building permit revenues up by \$805,000,
 2. Approximately \$2.5 million of broadband, and cable franchise fees were reclassified from this category to general government,
 3. Billings for engineering services were up totaling about \$310,000 for the year; however traffic engineering services for private work was down by approximately \$200,000,
 4. Street opening and occupancy permits were up by nearly \$245,000,
 5. Plus the difference of about \$2.8 million more for conversion entries required for unavailable revenue accruals largely related to special assessment collections.

Governmental Activities (continued)

- Planning and development program revenues decreased from the prior year by under \$400,000 as no tax incremental district equity payments were recognized during the year which totaled \$409,000 in 2016,
- Culture and recreation increased by over \$1.3 million for urban forestry special charges in 2017.

Operating grants and contributions:

- Public safety increased by just over \$840,000 for additional state aids received for fire and other police grants.
- Public works and transportation was down by approximately \$200,000 for the following:
 1. Less revenues were provided by the State for highway aids, or just over \$143,000,
 2. Slightly more was received for State recycling aids of about \$37,000,
 3. Roughly \$33,000 was not contributed from the State for traffic signals and street lights,
 4. No Federal EPA grant of \$60,000 was received for the fiscal year,
- Planning and development decreased by just over \$1.7 million during 2017, largely due to no grant funding for Transport 2020, or Judge Doyle Square contributions from Federal or State governments during the fiscal year. The City received approximately \$1.5 million for these two projects in 2016. Community development federal revenues were also lower by about \$250,000 for the year.
- Culture and recreation increased by a little more than \$600,000 for library donations and other small contributions received during the year.
- Interest and fiscal charges decreased slightly by more than \$78,000, as the debt service fund earned less interest rebate by approximately \$75,000 when compared to the prior year.

Capital grants and contributions:

- There were no general government or public safety capital grant contributions received during 2017.
- Public works and transportation increased significantly from the prior year, by a little under \$4.4 million. Special assessment revenues were down by about \$155,000, as well as timing for revenue recognition which collectively totaled over \$4.5 million from that of the prior year, for December billings not collected in 2017, for McKee Road and CTH M reconstruction.
- Planning and development capital contributions increased by approximately \$2.6 million, as a result of revenue recognition timing from that of the prior year, for Community Development loans.
- Culture and recreation capital funding increased from the prior year, by approximately \$430,000, as the State and Dane County contributed to both the Central and Skate Parks, totaling nearly \$980,000 in 2017. Further, FEMA did not provide additional funding similar to the prior year which totaled about \$550,000.

Governmental Activities (continued)

Expenses:

- General government expenses decreased by approximately \$250,000 when compared to the prior year, including required conversion entries to full accrual from modified accrual fund statements. Most of the notable changes are for the following:
 1. Pension-related up by nearly \$86,000,
 2. Other post-employment benefits up by about \$58,000,
 3. Depreciation was down by \$381,000,
 4. Capital asset additions, disposals, and/or adjustments were higher by \$121,000,
 5. Compensated absences decreased by \$267,000,
 6. Expense savings for the Clerk's office totaled about \$160,000, as less was spent for elections supplies and purchased services for the year,

- Public safety expenses increased by approximately \$6.6 million when compared to 2016, the following list identifies larger changes between years:
 1. Salaries and other wages were higher by about \$1.2 million in total, (overtime \$800,000, permanent wages \$600,000, and compensated absence escrow payouts were down by \$170,000),
 2. Benefits were up for annual retirement and other post-employment health plan contributions, totaling approximately \$1.5 million,
 3. Further, actuarially determined net pension and other post-employment health expenses totaled over \$1.5 million for year-end, compensated absence accruals increased by over \$1.0 million.

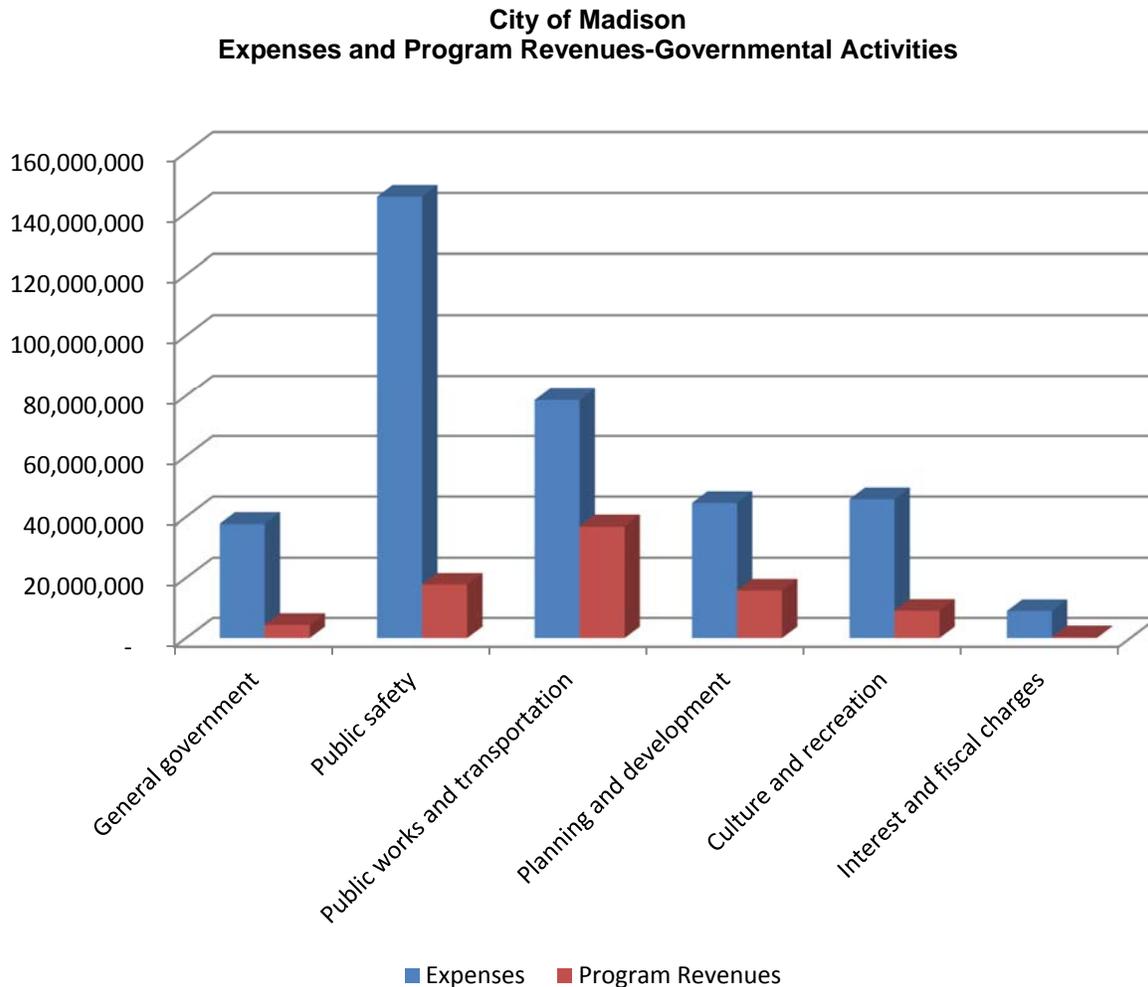
- Public works and transportation expenses between years, netted to an increase of over \$5.5 million, which is largely due to the conversion and elimination entries required for full accrual reporting. The most notable were the following:
 1. Pension-related expenses were less by \$2.0 million,
 2. Capital asset depreciation increased by over \$2.1 million when compared to 2016,
 3. Loss on disposals of capital assets totaling over \$5.3 million more than the prior year, for parcels of land on East Washington and Stoughton Road totaling about \$3.8 million, the remaining were disposals from street construction in progress that will not result in capitalized infrastructure in the future,

- Planning and development expenses increased significantly by over \$6.6 million in 2017, largely due to the following:
 1. Tax Increment District (TID #46), granted roughly \$1.9 million for private commercial lab space in 2017,
 2. Tax Increment District (TID #47), provided a grant of about \$600,000 for private commercial production space,
 3. Approximately \$1.3 million was loaned for affordable housing support,
 4. Over \$1.2 million more was spent in 2017, for Community Agency contracted services,
 5. Land purchased for approximately \$1.2 million was contributed to the Parking Utility for the Capital East ramp,
 6. Capital asset changes to full accrual for additions, contributions, depreciation, and disposal, expenses during the year, netted to nearly \$600,000 more than 2016,

- Culture and recreation expenses were higher by more than \$4.9 million due to the following:
 1. Approximately \$2.5 million was spent for the Library Maintenance Support Center,
 2. Just over \$2.6 million was expensed for the Central Park Development,
 3. A grant for Garver site remediation, was expensed totaling just over \$1.8 million in 2017,

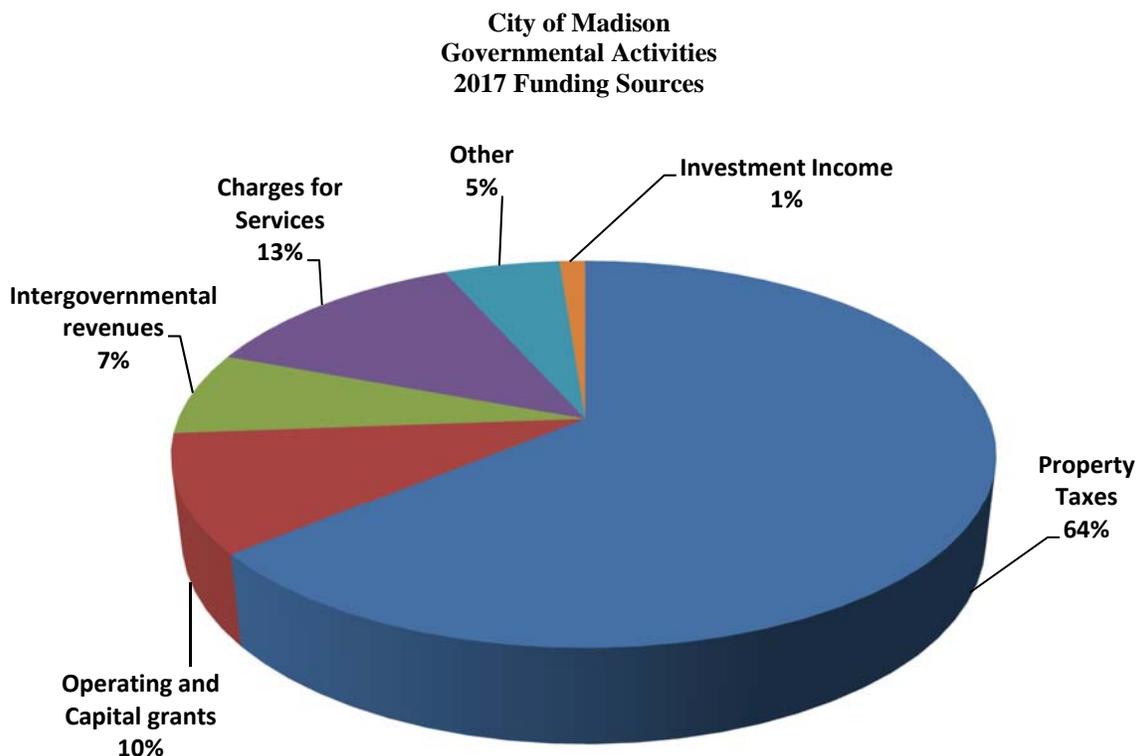
Governmental Activities (continued)

- Interest and fiscal charges between years changed slightly, or by about \$348,000 as required interest paid, issuance costs for debt, and amortization for premiums and/or discounts were similar to that of the prior year.



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 64% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 17%, 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 under \$18.9 million including transfers netting to nearly \$11.7 million for 2017. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled just under \$20.5 million, with roughly \$11.9 million of tax levy provided to the Transit Utility, and nearly \$4.4 million of room tax revenues funded Convention Center continuing operations and capital project improvements. Fleet services received over \$1.0 million in capital asset contributions from the general fund for police vehicles.

The business-type activities remitted payments in lieu of taxes (PILOT) to the general fund totaling just under \$8.8 million. Total revenues exceeded expenses by approximately \$7.0 million prior to any transfer of funds activity by the close of 2017. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 57.

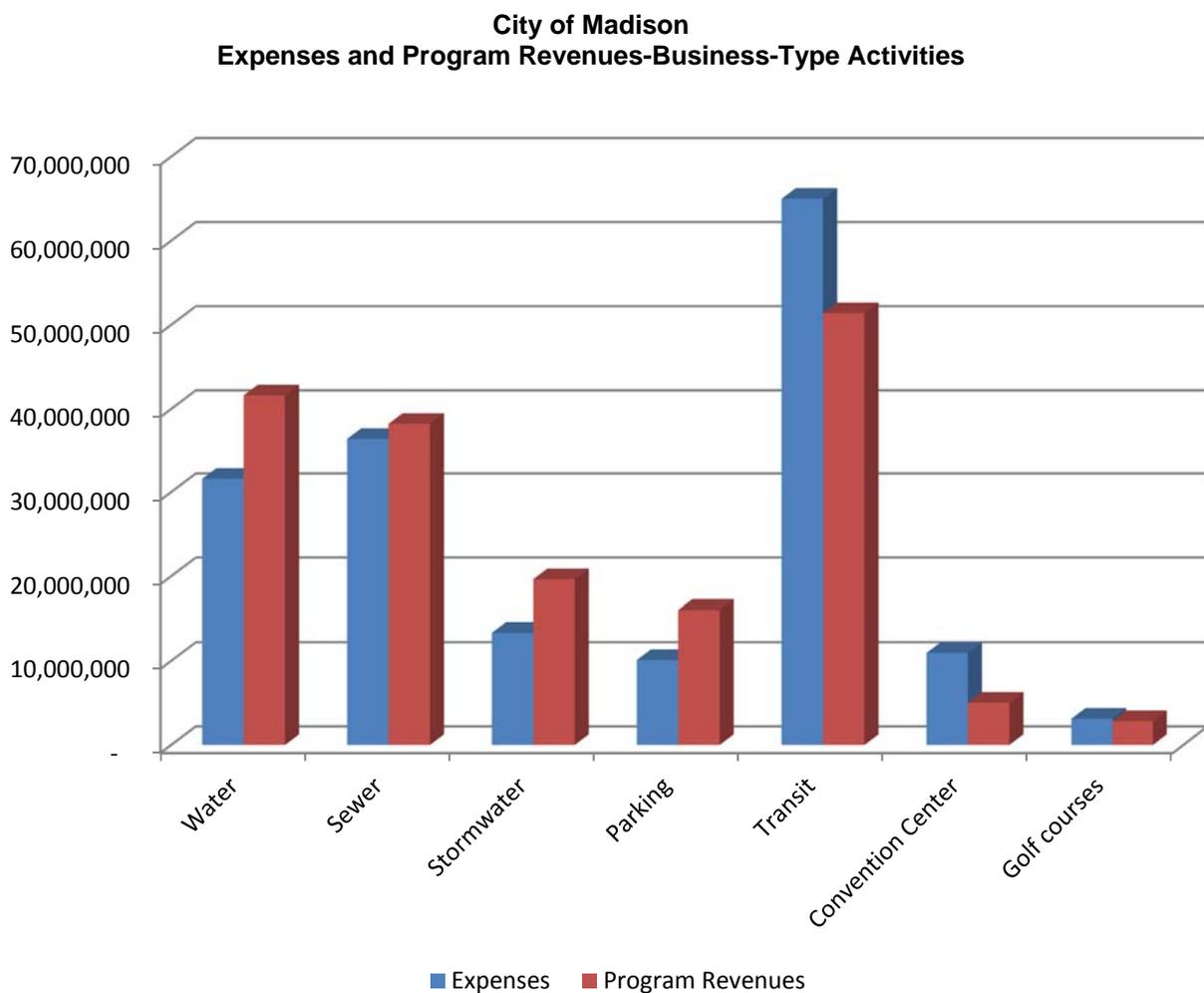
Program revenues for business-type activities increased from the prior year to about \$174.7 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate over \$2.1 million more than the prior year, in charges for services revenues to support operating expenditures.

- Water Utility's rates last increased September 29, 2015 by 31.0%. The utility is currently awaiting Public Service Commission approval for more than a 32.0% rate increase, effective for the last quarter of 2018.

Business-type Activities (continued)

- Sewer Utility’s volume and demand charge rates increased by 6.40% on average for 2017, up from 5.22% in 2016,
- Stormwater Utility impervious, pervious, and customer charge rates increased on average by 1.90% for 2017, compared to the increase of 3.35% in 2016.
- Parking Utility’s rates increased on average by 20% on June 1, 2016. Total operating revenues increased by approximately \$1.1 million when compared to the prior year.

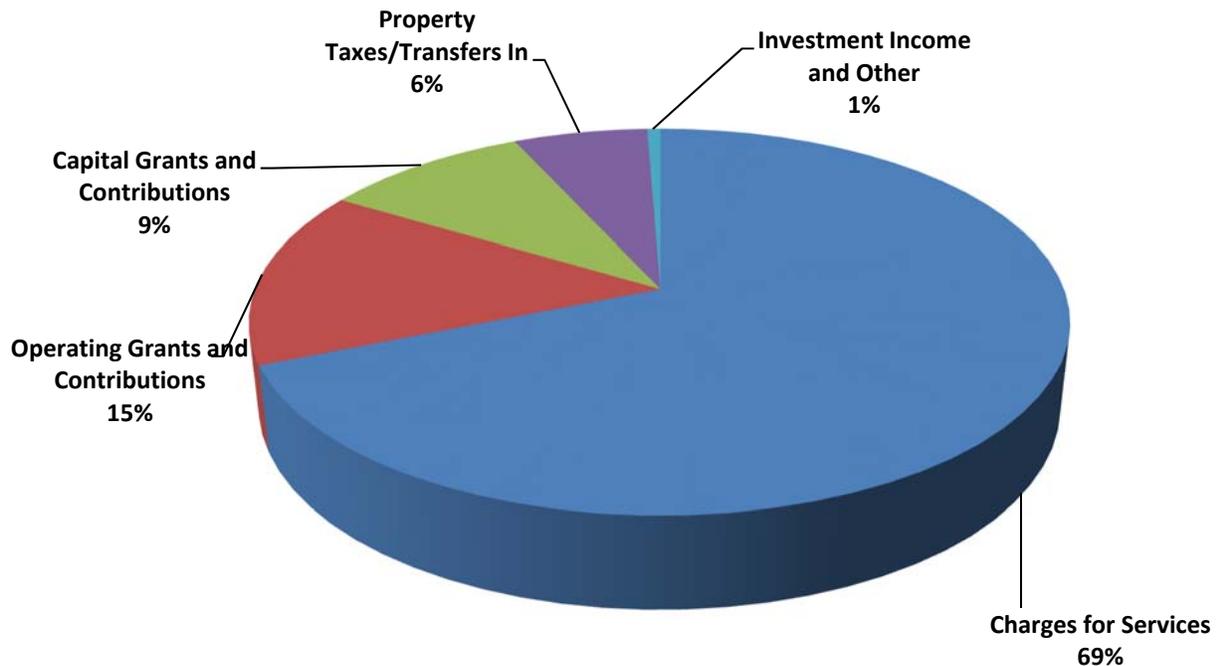
Total operating expenses for the business-type activities increased by just under \$9.3 million at year-end. Much of the increase in spending, is attributable to the Water, Sewer, Parking, and Transit Utilities capital, personnel costs, pension, other post-retirement benefits, and transportation expenses.



As would be expected for business-type activities, charges for services are the primary revenue source, at 69% 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 7% of business-type revenues.

Business-type Activities (continued)

City of Madison Business-Type Activities 2017 Funding Sources



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:

Governmental Funds (continued)

	Fund Balance 2017	Fund Balance 2016	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 58,197,972	\$ 54,215,524	\$ 3,982,448
Library	775,625	674,351	101,274
Debt Service	21,315,788	19,638,780	1,677,008
Capital Projects	103,656,700	83,652,381	20,004,319
Other Nonmajor Governmental	<u>32,285,859</u>	<u>31,308,705</u>	<u>977,154</u>
Total	<u>\$ 216,231,944</u>	<u>\$ 189,489,741</u>	<u>\$ 26,742,203</u>

As of December 31, 2017, the City of Madison's governmental funds reported combined ending fund balances of approximately \$216.2 million, an increase of over \$26.7 million from the prior year.

Of this total, just under \$9.2 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 to the Community Development Authority, noncurrent interfunds, noncurrent receivables for the Overture Center's portion of prior pension service costs, and sales taxes that are being paid back to the general fund in annual installments of about \$21,400, inventories, prepaid health insurance for January 2018 premiums, and trust activities.

About \$154.7 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 \$25.9 million of the year end fund balance was committed or assigned for specific purposes such as encumbrances, open capital project contracts, compensated absences for vacations and other leave time (excluding sick leave), and for life insurance stabilization of premiums; leaving a total unassigned governmental fund balance of nearly \$26.5 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 53.8% 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 \$58.2 million represented just over 25.5% of roughly \$227.8 million in 2017 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while approximately \$42.0 million unassigned balance represented about 18.4% 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 2018 general fund budget authorized expenditures of \$297,030,644.

Governmental Funds (continued)

The general fund 2017 unassigned fund balance was over 14.2% of the subsequent year's budget which increased from last year's percentage of 13.8%, but still slightly lower than the historical target due to the following:

- No repayments were made in 2017 for the \$238,000 prior year long-term advance to the Community Development Authority.
- The general fund provided a \$3.0 million noncurrent interfund loan to the Water Utility Fund, largely due to the delay of Public Service Commission approval, for a rate increase of just over 32%. Given the delay in approval for a rate increase, utility management had to forgo borrowing revenue debt in December. Further, the utility contracted and paid for painting 3 reservoir tanks at a total cost of \$2.4 million. The operating budget appropriated for one of the tanks to be painted during the year; however contractor pricing was most advantageous if more tanks were painted and paid for by the close of 2017. Lastly, customer revenues were lower by approximately \$1.5 million due to lower consumption during a wetter than normal summer in 2017.
- During 2017, city management assigned roughly \$300,000 more than the prior year, for life and disability stabilization of premium funds; and decreases in encumbrances of about \$575,000 were largely offset by increases in compensated absences reserves of nearly \$558,000.
- Additionally, no general fund application of fund balance was applied to the 2018 Operating Budget. This strategy was planned to keep the unassigned fund balance closer to the stated target of 15%.
- The investment's book, par, and market values were tracked throughout 2017. The City's investment portfolio, incurred an overall loss, or mark-to-market adjustment of roughly \$2.0 million when compared to the prior year. Even with this adjustment netted against the general fund income earnings, investment revenues totaled just over \$1.5 million by the end of the year.
- State Highway aid and recycling revenues decreased slightly by nearly \$106,000 to roughly \$10.9 million in 2017. Additionally, State Shared revenues, payments for municipal services, and computer reimbursement revenues increased by almost \$1.2 million from the prior year, totaling just under \$11.9 million. Collectively, revenue categories for license and permitting fees, intergovernmental, and investment income were all favorable by just over \$2.2 million when compared to the final amended budgeted in 2017. Total actual fund revenues exceeded budgeted levels with an ending positive variance of over \$5.6 million, largely due to ambulance conveyance, fees of over \$2.5 million, prior year special assessment taxes of nearly \$752,000, licenses and permits of over \$1.4 million, and intergovernmental revenues higher than anticipated by just over \$770,000.
- Total expenditure variances ended the year favorably at approximately \$1.5 million, and less than 1.0% from the final amended budget, due to less fleet maintenance services provided to streets operations given a mild winter season, for a total expenditure savings of just under \$1.0 million. General government agencies incurred less expenditures of nearly \$600,000 for unfilled positions especially within the Information Technology Department of about \$163,000, and less election wages, and supplies incurred within the Clerk's Office of about \$160,000

The *library* special revenue fund includes resources that are legally restricted to support the various library branches and programs within the City.

Governmental Funds (continued)

The fund balance was reasonably consistent when compared to the prior year, with a slight increase of a little more than \$101,000, largely due to increased Madison Public Library Foundation support for Early Literacy activities and materials, and for the Bubbler Program in 2017.

The *debt service* fund had a total fund balance of more than \$21.3 million at year-end. The fund balance change, or increase of nearly \$1.7 million is largely due to about \$1.6 million more in premium received from the sale of general obligation notes in September of 2017. Approximately \$250,000 was returned to this fund for 2015 unspent proceeds from capital projects for arbitrage compliance. Additionally, the City issued approximately \$76.9 million in tax-exempt promissory notes with a true interest cost of 1.7%, to finance various city capital projects; along with another roughly \$13.9 million in tax-exempt bonds with a true interest cost of 2.59%, for street infrastructure; as well as just under \$13.0 million in taxable general obligation notes at a true interest cost of 2.35%, for economic development within the tax incremental financing districts. The premiums received as a result of general obligation borrowing totaled approximately \$6.6 million which represents about 7% of the par value of the tax-exempt debt.

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

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 increase of 2 opened special assessment districts in 2017, up to 689 from 687 in 2016. Additionally, the ending receivable balance increased by nearly \$1.2 million from the prior year. Delinquent special assessments increased by about \$40,200 during the year, to approximately \$773,600. Of the approximately \$20.0 million change, or increase to the capital projects fund balance noted above, the special assessments fund balance decreased by a little over \$700,000 by year-end, largely due to prior year taxes owed and transferred to the general 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 were reported at year-end within some of the TIDs. These TIDs received advances from the Other Capital Projects Fund of approximately \$13.1 million by the close of 2017.

The City currently had 17 active districts during the year. The districts generated in total, just over \$19.0 million in tax increments, borrowed roughly \$14.6 million, received about \$529,300 in payment from a developer for the Monona Terrace Hotel Ramp, sold about \$1.6 million for land located on the 800 block of East Washington Street within TID #36, used just under \$5.3 million for capital expenditures, paid about \$10.3 million in long-term debt, capital leases, issuance costs, and made developer payments totaling just under \$5.5 million (TID #35 Todd Drive-\$913,000, TID #36 Capitol Gateway Corridor-\$2.1 million, TID #46 Research Park-\$1.9 million, TID #47 Silicon Prairie-\$600,000) during 2017. Additionally, TID #40 (Northeast Madison) closed during the year, and refunded approximately \$250,000 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 nearly \$16.0 million by the end of the year.

The following is a listing of noteworthy TID projects still active during 2017:

- Wilson Street Corridor-TID #25
- State Street Bike and Pedestrian access-TID #32
- Upper State Street Corridor-TID #32

Governmental Funds (continued)

- Outer Capital Loop (Southeast)-TID #32
- Railroad Crossing-TID #36
- East Washington Avenue-TID #36
- Capitol Gateway Corridor-TID #36
- Union Corners-TID #37
- Stoughton Road-TID #39
- University and Whitney #41
- 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 \$4.8 million from the prior year, largely from remaining debt proceeds.

Major street improvements for reconstruction, paving, and resurfacing totaled about \$54.0 million for the year. The City spent about \$5.8 million for public safety radio systems. The Madison Municipal Building renovation was underway spending approximately \$10.0 million by year-end. The Library Maintenance Support Center, and Midtown Police Station were added to construction in progress totaling \$4.5 million collectively.

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 for the special revenue funds increased to just over \$27.2 million, or by about \$875,000 at year-end. The increase is largely attributable to \$1.0 million more collected than that of the prior year, for room tax revenues. The permanent funds for cemetery perpetual care, Olin Park, and other park endowments, earned investment income during the year, totaling \$278,261 compared to \$187,330 in 2016.

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.

Proprietary Funds (continued)

	Net Position 2017	Net Position 2016	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 125,274,882	\$ 120,898,737	\$ 4,376,145
Sewer Utility	116,089,498	113,677,127	2,412,371
Stormwater Utility	217,038,125	207,747,454	9,290,671
Metro Transit Utility	33,885,728	35,784,745	(1,899,017)
Nonmajor Enterprise	<u>83,230,642</u>	<u>78,916,388</u>	<u>4,314,254</u>
Total	<u>\$ 575,518,875</u>	<u>\$ 557,024,451</u>	<u>\$ 18,494,424</u>

The net position of the *enterprise-type* proprietary funds at the end of 2017, totaled over \$575.5 million, up approximately \$18.5 million from the previous year.

The Water Utility's total revenues decreased by about \$600,000 or 2.0% when compared to the prior year. City staff submitted a rate case application to the Public Service Commission of Wisconsin that was accepted in November of 2017. The utility has requested a 25% increase in revenues, or more than a 32.0% rate growth effective for 2018. The utility is currently ranked 36th for residential rates, out of 79 rates for utilities classified with customers over 4,000 in Wisconsin. In 2017, the utility received 644 new applications for service, or up 2.2% from the prior year. The utility's last rate change was approved on September 29, 2015.

Operation, maintenance and depreciation expenses were up by approximately \$3.6 million for 2017, largely due to the utility contracting for painting of 3 reservoir tanks at a total cost of \$2.4 million. Depreciation was up by \$600,000 or 9.5% from that of the prior year.

Furthermore, the Water Utility added a net \$19.8 million of plant in service in 2017. Of this amount, approximately \$6.6 million was contributed by developers, contractors, and received by special assessments. Capital projects paid for by the utility, included approximately \$13.4 million for new and replacement water mains, \$4.2 million for the operation center vehicle and material storage buildings, \$412,000 for various unit well flow and mag meter additions, and \$568,000 for the continued meter program.

On August 15, 2017, the City acquired the assets and customers of Waunona Sanitary District #2. The acquisition included 4.5 miles of main, 392 service laterals, 27 hydrants, and 465 meters. The Water Utility continues to serve the Villages of Maple Bluff, and Shorewood Hills, and a portion of the City of Fitchburg.

Rate increases of approximately 6.4% for the Sewer Utility, and 1.9% for the Stormwater Utility were in effect as of January 1, 2017. These increases helped to keep the net positions positive for both funds. In addition, the Sewer Utility added \$6.8 million in public projects for the following: \$780,000 for East Washington Avenue Sewer Rehabilitation, \$575,000 for Gregory/Knickerbock/Sprague/Sheldon Reconstruction, \$570,000 for Fordem Avenue utility replacement with resurfacing. Approximately \$2.2 million was spent from this utility fund for the Engineering Services Building addition. No revenue bonds were issued during 2017. Approximately \$14.6 million was capitalized for plant in service during the fiscal year.

The Stormwater Utility had income before contributions totaling just over \$2.7 million at year-end. The utility also added \$8.7 million in public projects to plant from construction in progress which included: \$1.0 million for Fordem Avenue utility replacement with resurfacing, \$646,000 for Wheeler at Bonner Cherokee Pond, and \$624,000 for Royster Clark Phase 2 (Cottage Grove Road).

Proprietary Funds (continued)

The utility recorded just over \$6.5 million in capital contributions, and spent roughly \$900,000 for equipment including two new Pelican street sweepers, and one Vactor shared with the Sewer Utility during the year. Approximately \$1.1 million from this utility fund was spent for the Engineering Services Building addition by the close of the year.

The net position for the Metro Transit Utility decreased by less than 1.0%, or about \$1.9 million by the end of the year. Employee compensation and benefits accounted for 74% of total operating expenses excluding depreciation, and were favorable when compared to the budget by roughly \$200,000 at year-end. The City increased its operating subsidy to the utility by nearly \$6.6 million to \$11.9 million by the close of 2017. The utility did recognize favorable advertising revenues, and recorded savings in personnel and fuel costs when compared to the 2018 final operating budget.

In 2017, Metro's bus ridership was 12.8 million, down about 3.7% 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.

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 2017 by about 21%. This effort will continue to be a top management area of focus.

This year, Metro staff spent much time planning for the phase-in of Family Care, a state human services delivery model change that will eliminate approximately \$3.9 million in federal Medicaid waiver funding to the utility. Instead, these funds will go to about a half dozen non-profit family care provider agencies after fiscal year 2017. The goal of the new Family Care delivery model, is to allocate resources more effectively, and to eliminate the waiting list of people with disabilities needing to access a variety of human services including transportation. Ridership is projected to drop by roughly one-third from 300,000 to 200,000 rides annually as a result of the new delivery model change.

The nonmajor enterprise funds include: Parking Utility, Convention Center, and Golf courses. The net position for the Parking Utility increased by about 13.9%, or approximately \$6.4 million by the close of the fiscal year; the utility remains debt free, and collected just over \$16.0 million from customers to fund operating expenses that totaled just over \$10.1 million.

Furthermore, planning and design continues for an underground parking garage to replace the Government East ramp with approximately 560 below grade stalls on Pinckney Street. The utility plans to use its cash reserves totaling nearly \$33.6 million by the close of the fiscal year, to partially fund the Judge Doyle Garage project budgeted for an estimated \$42 million, as part of a \$170 million private development on two city-owned blocks adjacent to Pinckney Street.

The Convention Center's net position decreased by just under \$1.8 million, or about 5.6% for 2017, largely due to less event bookings and more than \$500,000 in additional building repairs. During the year, the room tax fund subsidy for operations and capital contributions totaled around \$4.4 million, up slightly from the prior year by about \$100,000.

Golf Courses net position decreased by nearly \$373,000 (including pilot payments to the general fund) from last year, due to experiencing an operating loss of about \$296,300, largely due to a wet summer resulting in a total revenue loss of about \$400,000, or roughly 12.6% when compared to 2016. Pilot payments transferred to the general fund totaled nearly \$100,000 for the year.

Proprietary Funds (continued)

The net position of the City's three *internal service-type* proprietary funds outlined below, increased in total to about \$1.2 million from the prior year, to a positive total net position of over \$5.5 million by close of the fiscal year.

Approximately \$1.0 million was contributed to Fleet Services from the general fund, to replace police vehicles during 2017. This capital contribution helped to keep a positive net position within the fund, to almost \$639,000 for the year.

Furthermore, the insurance fund experienced over \$1.7 million in claims during the year; while the worker's compensation fund incurred a roughly \$2.0 million positive adjustment to its required reserve balance by the close of the year. Overall, all three internal service funds had positive net position balances at year-end.

	Net Position 2017	Net Position 2016	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ 638,867	\$ (559,388)	\$ 1,198,255
City Insurance	904,702	2,862,723	(1,958,021)
Worker's Compensation	<u>4,000,469</u>	<u>2,064,984</u>	<u>1,935,485</u>
Total	<u>\$ 5,544,038</u>	<u>\$ 4,368,319</u>	<u>\$ 1,175,719</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 123, the original 2017 general fund budget authorized expenditures of approximately \$283.9 million funded by anticipated revenues of about \$283.0 million with a \$950,000 application of fund balance.

During the year, the Common Council authorized additional expenditures of \$1,355,203 from budgeted reserves, for an amended budget amount of less than \$285.3 million.

The City ended the year with favorable general fund final budget variances for both expenditures and revenues totaling nearly \$6.2 million. Expenditures deviated from the budget by approximately \$1.5 million, with revenues exceeding budget by just over \$4.7 million. 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 \$1.0 million; along with over \$500,000 in general government expenditure savings, due to position vacancies and fewer election wages and supplies required during 2017.

The revenue variances were significantly favorable by over \$4.7 million. Intergovernmental revenues were up in total, by over \$770,000 when compared to the budget, primarily due to additional payments for state municipal services. Charges for services were up by almost \$3.3 million, largely due to ambulance conveyance revenues received, totaling over \$2.5 million by the close of the year. Additionally, licenses and permit revenues were favorable by over \$1.4 million. The general fund received prior year tax revenues from the special assessments fund, totaling over \$750,000 for the year. Room tax revenues were close, but did fall short of the 2017 original budget by about \$261,500.

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, 2017 of nearly \$2.6 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 \$808.5 million, or approximately 31.4% of the historical asset cost. Depreciation expense by function totaled just under \$41.3 million for both governmental and business-type activities. Net of accumulated depreciation, the City's investment in capital assets totaled nearly \$1.8 billion as of December 31, 2017.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 202,241	\$ 198,373	\$ 64,298	\$ 61,540	\$ 266,539	\$ 259,913
Construction in Progress	56,779	48,168	28,482	21,280	85,261	69,448
Land Improvements	31,934	28,580	-	-	31,934	28,580
Buildings	180,583	177,767	-	-	180,583	177,767
Machinery and Equipment	147,727	137,854	-	-	147,727	137,854
Intangibles	13,660	13,660	-	-	13,660	13,660
Infrastructure	896,772	862,875	-	-	896,772	862,875
Plant in Service	-	-	953,288	903,228	953,288	903,228
Subtotal	\$ 1,529,696	\$ 1,467,277	\$ 1,046,068	\$ 986,048	\$ 2,575,764	\$ 2,453,325
Less Accumulated Depreciation	(508,725)	(477,457)	(299,778)	(283,058)	(808,503)	(760,515)
Total net capital assets	<u>\$ 1,020,971</u>	<u>\$ 989,820</u>	<u>\$ 746,290</u>	<u>\$ 702,990</u>	<u>\$ 1,767,261</u>	<u>\$ 1,692,810</u>

Some notable additions to the City's capital assets during 2017 included (in millions):

- Water pumping, treatment, transmissions, distributions, and sanitary sewers \$35.5
- Infrastructure Street Network in service 29.3
- Infrastructure Street Network in Construction in Progress (CIP) 19.0
- Buildings, building improvements in CIP 17.2
- Bridge Network in service and CIP 10.4
- Major motor equipment fleet and vehicle additions 8.5
- Land and land improvements 6.6
- Bike paths in service and CIP 1.9
- Traffic signals, and street lights 1.9

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.

CAPITAL ASSETS AND LONG TERM DEBT (continued)

On December 31, 2017, the City of Madison had \$673,947,504 of long-term bonds, notes, and capital leases outstanding, as summarized in the following table:

Long-Term Debt

City of Madison Bonds, Notes, and Capital Leases Outstanding

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Obligation Bonds and Notes	\$ 406,399,901	\$ 371,796,718	\$ 41,340,518	\$ 38,063,463	\$ 447,740,419	\$ 409,860,181
Revenue Bonds	-	-	220,260,000	232,540,000	220,260,000	232,540,000
Capital Leases	4,181,585	4,881,585	1,765,500	2,510,500	5,947,085	7,392,085
Total	<u>\$ 410,581,486</u>	<u>\$ 376,678,303</u>	<u>\$ 263,366,018</u>	<u>\$ 273,113,963</u>	<u>\$ 673,947,504</u>	<u>\$ 649,792,266</u>

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 \$448,645,000 or 33.5% of the maximum legal limit of \$1,338,432,698.

During 2017, 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
10/19/2017	General Obligation Notes	\$ 76,900,000	Aaa
10/19/2017	General Obligation Notes - Taxable	12,950,000	Aaa
10/19/2017	General Obligation Bonds	13,865,000	Aaa
		<u>\$ 103,715,000</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 2018 budget adopted by the Madison Common Council in November 2017, authorized an increase in total budgeted expenditures of about \$31.7 million, funded by more than a 5.1% increase in the property tax levy, an increase in other revenue sources of just under \$5.0 million, with no application of fund balance. City management is projecting 2018 actual revenues recognized and expenditures incurred to be 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 2018, suggests general fund revenues will be at a surplus of about \$924,300 depending upon the required to-market adjustments during the year, and the timing of any interest rate moves by the Federal Reserve. It is anticipated that payments in lieu of taxes will be up by nearly \$500,000. Licenses and permits are expected to be up collectively by \$270,000.

Additionally, agency revenues are anticipated at a deficit of approximately \$565,000 with Community Development revenues lower than budgeted by about \$489,300. Furthermore, it is projected that expenditures will be over budget by nearly \$1.3 million, largely due to increased wage and benefit costs of just under \$1.2 million to staff additional police and fire positions. City management plans to utilize approximately \$1.4 million of its budgeted contingent reserves to offset projected expenditure deficits.

Ambulance conveyance revenues were increased within the 2018 Operating Budget to be \$7.8 million, up \$500,000 from the prior year, to more closely reflect staff projections. Investment interest is expected and budgeted at \$1.7 million for the fiscal year. Room tax collections are anticipated to grow more than the previous year, due to an increase in the room tax rate from 9% to 10%, by about \$850,000 or a little more than \$5.4 million by the close of 2018, along with building permit revenues continuing to rise slightly by \$600,000, or to approximately \$5.5 million. Tax incremental disbursements are budgeted and anticipated at \$1.4 million due to closures for (TIDs #27, #32, and #43) in 2018.

The 2018 Adopted Budgeted for general and library fund expenditures totals \$332,587,711. The first quarter analysis, projects a deficit of a little over \$1.0 million, largely due to costs for overtime, and other benefits, as well as increased snow removal purchased services expenditures expected at approximately \$400,000 over budget. City management may begin to defer new initiatives and positions to 2019, and will continue to closely monitor any expenditure overruns quarterly during the 2018 fiscal year.

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-Labor Statistics, the local unadjusted unemployment rate stood at 2.3%, well below the state average rate of 3.3% and national rate of 4.4%.

The City's population increased to 250,703 from 247,207 as estimated by the Wisconsin State Department of Administration.

Locally assessed real estate value increased by approximately 7.4% between 2017 and 2018. Commercial property increased by 8.5% while total residential assessments increased by 6.8%. New construction was down from \$750 million in 2016 to \$604 million in 2017.

The average single family home assessment increased by about 5.8% from \$269,377 to \$284,868. These assessment figures compare favorably to the rest of the state and nation given the City's resilient economy.

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.

REQUESTS FOR INFORMATION

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.

**BASIC FINANCIAL
STATEMENTS**

CITY OF MADISON

STATEMENT OF NET POSITION
As of December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 223,470,373	\$ 72,067,131	\$ 295,537,504	\$ 16,914,370
Receivables (net)				
Taxes	270,474,909	-	270,474,909	-
Accounts	3,953,301	7,626,570	11,579,871	549,874
Special assessments	14,890,589	11,184,836	26,075,425	287,941
Accrued interest	1,771,539	-	1,771,539	110,298
Accrued revenue	1,315,440	6,102	1,321,542	-
Long-term loans	30,190,626	-	30,190,626	284,427
Other	16,546,000	-	16,546,000	-
Pledge receivable	-	-	-	400,084
Internal balances	16,773,917	(16,773,917)	-	-
Due from other governmental units	10,836,059	5,879,283	16,715,342	259,326
Inventories	3,192,098	1,274,095	4,466,193	106,243
Prepaid items	2,203,344	849,966	3,053,310	1,475,272
Advances to component unit	7,835,937	-	7,835,937	-
Lease receivable	4,181,585	-	4,181,585	-
Lease receivable from primary government	-	-	-	5,947,085
Other Assets				
Net non-utility property	-	263,319	263,319	-
Prepaid expenses - land lease	-	23,917	23,917	-
Beneficial interest in assets held by MCF	-	-	-	6,102,643
Other	-	1,019,207	1,019,207	401,594
Restricted Assets				
Cash and investments	17,885,982	36,552,224	54,438,206	4,176,945
Investment in Wisconsin Municipal Mutual Insurance Co.	3,815,820	-	3,815,820	-
Other	-	-	-	4,547,527
Property held for future use/resale	-	4,009,072	4,009,072	733,562
Capital Assets				
Land	202,240,780	64,298,538	266,539,318	11,222,749
Construction in progress	56,779,346	28,481,906	85,261,252	994,807
Land improvements	31,933,634	-	31,933,634	-
Buildings	180,583,205	-	180,583,205	-
Machinery and equipment	147,727,144	-	147,727,144	-
Intangibles	13,659,864	-	13,659,864	-
Infrastructure	896,771,577	-	896,771,577	-
Plant in service	-	953,287,806	953,287,806	107,907,629
Accumulated depreciation	(508,725,035)	(299,778,064)	(808,503,099)	(56,229,916)
Total Assets	1,650,308,034	870,271,991	2,520,580,025	106,192,460
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	1,675,129	1,675,129	-
Pension related amounts	80,984,708	22,191,681	103,176,389	1,051,130
Total Deferred Outflows of Resources	80,984,708	23,866,810	104,851,518	1,051,130

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
LIABILITIES				
Accounts payable	\$ 24,934,111	\$ 9,341,828	\$ 34,275,939	\$ 776,542
Accrued payroll and payroll taxes	10,955,867	3,808,981	14,764,848	1,837,704
Other accrued liabilities and deposits	23,230,156	1,315,122	24,545,278	-
Due to other governmental units	656,863	-	656,863	-
Payable from Restricted Assets				
Accrued liabilities	-	2,979,568	2,979,568	-
Current maturities of revenue bonds	-	10,435,000	10,435,000	-
Other liabilities	-	1,513,514	1,513,514	-
Other liabilities	56,439	584,884	641,323	1,009,919
Advances from primary government	-	-	-	7,835,937
Unearned revenues	2,720,293	1,094,162	3,814,455	777,561
Noncurrent Liabilities				
Due within one year	68,640,796	10,380,321	79,021,117	2,145,486
Due in more than one year	454,284,767	274,454,983	728,739,750	13,277,616
Total Liabilities	<u>585,479,292</u>	<u>315,908,363</u>	<u>901,387,655</u>	<u>27,660,765</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes/assessments for subsequent year	261,616,579	-	261,616,579	287,941
Pension related amounts	33,377,368	9,353,235	42,730,603	438,561
Total Deferred Inflows of Resources	<u>294,993,947</u>	<u>9,353,235</u>	<u>304,347,182</u>	<u>726,502</u>
NET POSITION				
Net investment in capital assets	713,627,552	494,387,567	1,208,015,119	43,453,948
Restricted for				
Debt service	16,951,496	11,887,770	28,839,266	-
Equipment replacement	-	900,000	900,000	408,135
Loan programs	33,547,383	-	33,547,383	-
Library	1,447,042	-	1,447,042	2,709,976
Park purposes	550,923	-	550,923	6,974,317
Impact fees	16,446,353	-	16,446,353	-
Other grants	875,692	-	875,692	-
Other restricted special revenue funds	1,520,052	-	1,520,052	-
Residual receipts	-	-	-	45,127
Real estate taxes	-	-	-	50,373
TID activities	67,063,637	-	67,063,637	-
Trust purposes - expendable	3,644,524	-	3,644,524	-
Trust purposes - nonexpendable	760,316	-	760,316	-
Unrestricted (deficit)	<u>(5,615,467)</u>	<u>61,701,866</u>	<u>56,086,399</u>	<u>25,214,447</u>
TOTAL NET POSITION	<u>\$ 850,819,503</u>	<u>\$ 568,877,203</u>	<u>\$ 1,419,696,706</u>	<u>\$ 78,856,323</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 37,776,791	\$ 4,158,506	\$ 254,765	\$ -
Public safety	145,485,840	15,009,256	2,786,934	-
Public works and transportation	78,568,257	11,634,568	11,015,786	14,280,157
Planning and development	44,592,108	10,074,010	310,220	5,425,562
Culture and recreation	45,818,401	6,443,102	1,094,162	1,583,823
Interest and fiscal charges	9,021,539	-	338,815	-
Total Governmental Activities	<u>361,262,936</u>	<u>47,319,442</u>	<u>15,800,682</u>	<u>21,289,542</u>
Business-type Activities				
Water	31,574,165	34,919,941	-	6,693,090
Sewer	36,428,410	36,080,764	1,628,057	512,982
Stormwater	13,334,019	15,635,997	-	4,007,011
Parking utility	10,102,429	16,018,656	-	-
Transit	64,998,558	18,503,174	27,756,527	5,122,532
Convention center	10,946,668	5,028,238	-	-
Golf courses	3,127,281	2,832,151	-	-
Total Business-type Activities	<u>170,511,530</u>	<u>129,018,921</u>	<u>29,384,584</u>	<u>16,335,615</u>
Total Primary Government	<u>\$ 531,774,466</u>	<u>\$ 176,338,363</u>	<u>\$ 45,185,266</u>	<u>\$ 37,625,157</u>
Component Units				
CDA (Housing)	\$ 28,156,224	\$ 7,688,700	\$ 18,117,290	\$ 200,100
Business Improvement District	543,728	395,375	84,198	-
Olbrich Foundation (Parks)	2,321,678	1,418,687	1,153,867	-
Library Foundation	1,456,201	170,717	1,473,724	-
Parks Foundation	422,055	73,565	291,620	-
Total Component Units	<u>\$ 32,899,886</u>	<u>\$ 9,747,044</u>	<u>\$ 21,120,699</u>	<u>\$ 200,100</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				
Special item - Water utility				
Transfers - Internal				
Total General Revenues and Transfers				
Change in net position				
NET POSITION - Beginning				
NET POSITION - ENDING				

See accompanying notes to financial statements.

Net (Expense) Revenues and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (33,363,520)	\$ -	\$ (33,363,520)	\$ -
(127,689,650)	-	(127,689,650)	-
(41,637,746)	-	(41,637,746)	-
(28,782,316)	-	(28,782,316)	-
(36,697,314)	-	(36,697,314)	-
(8,682,724)	-	(8,682,724)	-
<u>(276,853,270)</u>	<u>-</u>	<u>(276,853,270)</u>	<u>-</u>
-	10,038,866	10,038,866	-
-	1,793,393	1,793,393	-
-	6,308,989	6,308,989	-
-	5,916,227	5,916,227	-
-	(13,616,325)	(13,616,325)	-
-	(5,918,430)	(5,918,430)	-
-	(295,130)	(295,130)	-
<u>-</u>	<u>4,227,590</u>	<u>4,227,590</u>	<u>-</u>
<u>(276,853,270)</u>	<u>4,227,590</u>	<u>(272,625,680)</u>	<u>-</u>
-	-	-	(2,150,134)
-	-	-	(64,155)
-	-	-	250,876
-	-	-	188,240
-	-	-	<u>(56,870)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,832,043)</u>
203,006,609	-	203,006,609	-
16,915,564	-	16,915,564	-
19,043,987	-	19,043,987	-
17,027,958	-	17,027,958	-
25,915,387	-	25,915,387	-
4,473,178	1,870,056	6,343,234	2,300,825
-	-	-	408,938
2,057,816	1,080,123	3,137,939	322,276
1,209,681	9,825	1,219,506	-
-	54,749	54,749	-
<u>(11,681,443)</u>	<u>11,681,443</u>	<u>-</u>	<u>-</u>
<u>277,968,737</u>	<u>14,696,196</u>	<u>292,664,933</u>	<u>3,032,039</u>
1,115,467	18,923,786	20,039,253	1,199,996
<u>849,704,036</u>	<u>549,953,417</u>	<u>1,399,657,453</u>	<u>77,656,327</u>
<u>\$ 850,819,503</u>	<u>\$ 568,877,203</u>	<u>\$ 1,419,696,706</u>	<u>\$ 78,856,323</u>

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Library	Debt Service
ASSETS			
Cash and investments	\$ 67,013,897	\$ 1,307,589	\$ 7,735,324
Receivables			
Taxes	213,310,368	17,779,030	-
Accounts	3,408,514	2,680	-
Accrued revenue	948,351	2,302	-
Special assessments	-	-	-
Accrued interest	364,370	-	-
Long-term loans	898,024	-	1,812,329
Other receivables	16,546,000	-	-
Due from other funds	7,148,588	-	-
Due from other governmental units	357,244	200	-
Advances to other funds	1,530,000	-	4,177,373
Advances to component unit	238,000	-	7,597,937
Leases receivable	-	-	-
Inventories	574,173	-	-
Prepaid items	1,934,402	125,837	-
Restricted cash and investments	-	-	-
TOTAL ASSETS	\$ 314,271,931	\$ 19,217,638	\$ 21,322,963
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,279,403	\$ 115,549	\$ 7,175
Accrued liabilities	10,202,312	544,555	-
Deposits	5,509,752	-	-
Due to other governmental units	655,310	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Other liabilities	56,439	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>23,703,216</u>	<u>660,104</u>	<u>7,175</u>
Deferred Inflows of Resources			
Unavailable revenues	19,108,236	2,879	-
Property taxes for subsequent year	213,262,507	17,779,030	-
Total Deferred Inflows of Resources	<u>232,370,743</u>	<u>17,781,909</u>	<u>-</u>
Fund Balances			
Nonspendable			
Noncurrent advances to other funds	765,000	-	-
Advances to component units	238,000	-	-
Noncurrent interfunds	3,079,684	-	-
Noncurrent receivables	85,661	-	-
Inventories	574,173	-	-
Prepaid items	1,934,402	125,837	-
Trust activities	-	-	-
Restricted	-	649,788	21,315,788
Committed	-	-	-
Assigned	9,495,705	-	-
Unassigned (deficit)	42,025,347	-	-
Total Fund Balances	<u>58,197,972</u>	<u>775,625</u>	<u>21,315,788</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 314,271,931	\$ 19,217,638	\$ 21,322,963

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 116,764,882	\$ 12,252,673	\$ 205,074,365
35,554,739	3,830,772	270,474,909
284,942	-	3,696,136
-	364,787	1,315,440
14,890,589	-	14,890,589
1,041,038	366,131	1,771,539
1,009,530	26,470,743	30,190,626
-	-	16,546,000
-	554,544	7,703,132
5,920,214	4,558,401	10,836,059
969,563	-	6,676,936
-	-	7,835,937
4,181,585	-	4,181,585
1,501,152	-	2,075,325
62,451	34,495	2,157,185
-	17,035,396	17,035,396
<u>\$ 182,180,685</u>	<u>\$ 65,467,942</u>	<u>\$ 602,461,159</u>
\$ 16,289,301	\$ 693,852	\$ 24,385,280
104,716	104,284	10,955,867
-	10,907	5,520,659
1,553	-	656,863
3,520,664	-	3,520,664
-	522,254	522,254
-	-	56,439
732,367	1,987,926	2,720,293
<u>20,648,601</u>	<u>3,319,223</u>	<u>48,338,319</u>
27,300,342	29,862,860	76,274,317
30,575,042	-	261,616,579
<u>57,875,384</u>	<u>29,862,860</u>	<u>337,890,896</u>
-	-	765,000
-	-	238,000
-	-	3,079,684
-	-	85,661
1,501,152	-	2,075,325
62,451	34,495	2,157,185
-	760,316	760,316
99,753,568	32,955,462	154,674,606
-	1,007,604	1,007,604
15,421,485	-	24,917,190
<u>(13,081,956)</u>	<u>(2,472,018)</u>	<u>26,471,373</u>
<u>103,656,700</u>	<u>32,285,859</u>	<u>216,231,944</u>
<u>\$ 182,180,685</u>	<u>\$ 65,467,942</u>	<u>\$ 602,461,159</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, 2017

Total Fund Balances - Governmental Funds	\$ 216,231,944
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.	988,879,456
Internal service funds are reported in the statement of net position as governmental funds.	12,185,710
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.	76,274,317
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	79,818,128
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(32,878,549)
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>(489,691,503)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 850,819,503</u>

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, 2017

	<u>General</u>	<u>Library</u>	<u>Debt Service</u>
REVENUES			
Taxes	\$ 204,541,277	\$ 16,915,564	\$ -
Special assessments		-	-
Intergovernmental	36,596,686	189,968	323,430
Licenses and permits	7,706,199	-	-
Fines and forfeitures	6,614,108	-	-
Public charges for services	15,967,637	1,192,970	-
Investment income	1,506,537	-	635,933
Miscellaneous	1,267,501	919,120	-
Total Revenues	<u>274,199,945</u>	<u>19,217,622</u>	<u>959,363</u>
EXPENDITURES			
Current			
General government	25,798,262	-	-
Public safety	127,524,178	-	-
Public works	35,485,767	-	-
Planning and development	21,884,467	-	-
Culture and recreation	17,098,705	15,390,069	-
Capital Outlay	-	249,802	-
Debt Service			
Principal retirement	-	-	53,804,739
Interest and fiscal charges	-	-	10,888,383
Total Expenditures	<u>227,791,379</u>	<u>15,639,871</u>	<u>64,693,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,408,566</u>	<u>3,577,751</u>	<u>(63,733,759)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	1,247,194
Premium on debt issued	-	-	6,602,862
Sale of capital assets	106,692	-	-
Transfers in	18,910,297	20,000	57,560,711
Transfers out	(61,443,107)	(3,496,477)	-
Total Other Financing Sources (Uses)	<u>(42,426,118)</u>	<u>(3,476,477)</u>	<u>65,410,767</u>
Net Change in Fund Balances	3,982,448	101,274	1,677,008
FUND BALANCES - Beginning of Year	<u>54,215,524</u>	<u>674,351</u>	<u>19,638,780</u>
FUND BALANCES - END OF YEAR	<u>\$ 58,197,972</u>	<u>\$ 775,625</u>	<u>\$ 21,315,788</u>

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 19,043,987	\$ 15,493,290	\$ 255,994,118
3,603,220	-	3,603,220
3,710,941	6,712,139	47,533,164
-	297,151	8,003,350
-	-	6,614,108
339,671	13,923,418	31,423,696
1,347,279	839,015	4,328,764
828,862	169,856	3,185,339
<u>28,873,960</u>	<u>37,434,869</u>	<u>360,685,759</u>
3,062,595	6,205,291	35,066,148
585,087	2,448,502	130,557,767
7,715,992	792,377	43,994,136
3,103,556	11,722,149	36,710,172
4,812,614	284,057	37,585,445
73,546,188	-	73,795,990
700,000	-	54,504,739
390,058	-	11,278,441
<u>93,916,090</u>	<u>21,452,376</u>	<u>423,492,838</u>
<u>(65,042,130)</u>	<u>15,982,493</u>	<u>(62,807,079)</u>
85,580,704	806,206	87,634,104
-	-	6,602,862
2,049,159	426,435	2,582,286
7,407,438	1,686,302	85,584,748
<u>(9,990,852)</u>	<u>(17,924,282)</u>	<u>(92,854,718)</u>
<u>85,046,449</u>	<u>(15,005,339)</u>	<u>89,549,282</u>
20,004,319	977,154	26,742,203
<u>83,652,381</u>	<u>31,308,705</u>	<u>189,489,741</u>
<u>\$ 103,656,700</u>	<u>\$ 32,285,859</u>	<u>\$ 216,231,944</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, 2017

Net change in fund balances - total governmental funds	\$	26,742,203
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of 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.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		73,795,990
Less: Some items reported as capital outlay but not capitalized		(12,019,720)
Add: Contributed assets		10,521,998
Depreciation is reported in the government-wide statements		(35,224,647)
Net book value of disposals		(6,529,526)

Net capital asset contributions by governmental activities to business-type activities		(4,168,827)
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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.		1,079,808
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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		(87,634,104)
Principal repaid		54,504,739

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		(1,391,783)
Disability benefits		29,777
Post-employment benefits		(3,573,910)
Police and fire pension		92,395
Accrued interest on debt		(270,067)
Net pension liability		9,448,107
Deferred outflows of resources related to pensions		(31,113,449)
Deferred inflows of resources related to pensions		9,085,696

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		(6,602,862)
Amortization of discount and premium		3,597,292

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.		746,357

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,115,467</u>
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See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

ASSETS	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
Current Assets			
Cash and investments	\$ 20,920	\$ 20,664,590	\$ 7,831,073
Customer accounts receivable (net)	6,394,352	102,323	39,538
Accrued revenue	-	503	700
Due from other funds	1,061,906	4,156,171	1,587,329
Due from other governmental units	-	73,890	73,551
Inventories	778,893	-	-
Special assessments receivable	158,075	-	-
Other assets	624,741	-	-
Prepaid items	4,056	44,894	77,257
Restricted cash and investments	9,781,679	-	-
Total Current Assets	18,824,622	25,042,371	9,609,448
Noncurrent Assets			
Property held for future use	4,009,072	-	-
Restricted Assets			
Cash and investments	17,050,217	5,139,893	3,066,921
Investment in mutual insurance company	-	-	-
Capital Assets			
Land	2,627,753	2,563,560	49,605,681
Construction work in progress	10,538,547	1,136,983	7,152,619
Plant in service (at cost)	355,659,924	157,201,203	224,151,620
Total Capital Assets	368,826,224	160,901,746	280,909,920
Less: Accumulated depreciation	(82,346,902)	(31,031,952)	(46,102,726)
Net Capital Assets	286,479,322	129,869,794	234,807,194
Other Property and Investments			
Special assessments receivable	3,267,857	5,625,384	2,133,520
Preliminary survey and investigation	394,466	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	263,319	-	-
Total Other Property and Investments	3,925,642	5,625,384	2,133,520
Total Noncurrent Assets	311,464,253	140,635,071	240,007,635
Total Assets	330,288,875	165,677,442	249,617,083
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on advanced refunding	1,675,129	-	-
Deferred outflows related to pension	3,572,521	1,259,194	1,609,762
Total Deferred Outflows of Resources	5,247,650	1,259,194	1,609,762

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 6,680,022	\$ 36,870,526	\$ 72,067,131	\$ 18,396,008
685,335	405,022	7,626,570	257,165
-	4,899	6,102	-
-	-	6,805,406	-
5,731,842	-	5,879,283	-
342,979	152,223	1,274,095	1,116,773
-	-	158,075	-
-	-	624,741	-
588,926	134,833	849,966	46,159
418,513	-	10,200,192	-
<u>14,447,617</u>	<u>37,567,503</u>	<u>105,491,561</u>	<u>19,816,105</u>
-	-	4,009,072	-
1,095,001	-	26,352,032	850,586
-	-	-	3,815,820
2,604,992	6,896,552	64,298,538	2,490,358
185,371	9,468,386	28,481,906	3,233,898
<u>111,310,839</u>	<u>104,964,220</u>	<u>953,287,806</u>	<u>78,368,079</u>
114,101,202	121,329,158	1,046,068,250	84,092,335
<u>(72,101,886)</u>	<u>(68,194,598)</u>	<u>(299,778,064)</u>	<u>(52,001,276)</u>
<u>41,999,316</u>	<u>53,134,560</u>	<u>746,290,186</u>	<u>32,091,059</u>
-	-	11,026,761	-
-	-	394,466	-
23,917	-	23,917	-
-	-	263,319	-
<u>23,917</u>	<u>-</u>	<u>11,708,463</u>	<u>-</u>
<u>43,118,234</u>	<u>53,134,560</u>	<u>788,359,753</u>	<u>36,757,465</u>
<u>57,565,851</u>	<u>90,702,063</u>	<u>893,851,314</u>	<u>56,573,570</u>
-	-	1,675,129	-
<u>12,288,157</u>	<u>3,462,047</u>	<u>22,191,681</u>	<u>1,166,580</u>
<u>12,288,157</u>	<u>3,462,047</u>	<u>23,866,810</u>	<u>1,166,580</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 834,552	\$ 5,685,445	\$ 200,958
Accrued liabilities	524,384	182,544	518,140
Due to other funds	7,443,801	-	-
Deposits	-	92,668	20,100
Claims payable	-	-	-
Current portion of general obligation long-term debt	-	-	5,379,583
Current portion of capital lease	-	-	-
Current portion of advances from other funds	862,451	-	-
Current portion of accrued compensated absences	389,941	324,338	411,041
Unearned revenues	-	-	-
Liabilities Payable from Restricted Assets			
Accrued liabilities	2,846,660	132,908	-
Current maturities of revenue bonds	6,890,000	3,545,000	-
Other	-	-	-
Total Current Liabilities	<u>19,791,789</u>	<u>9,962,903</u>	<u>6,529,822</u>
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	25,858,788
Revenue bonds, including unamortized premium	180,800,887	39,355,834	-
Capital lease	-	-	-
Advances from other funds	2,030,783	-	-
Due to other funds	3,079,684	-	-
Unearned revenues	-	-	-
Net pension liability	438,906	166,575	227,166
Accrued compensated absences	1,808,215	575,952	758,686
Other post-employment benefits	773,380	253,123	64,907
Total Long-Term Debt	<u>188,931,855</u>	<u>40,351,484</u>	<u>26,909,547</u>
Other Noncurrent Liabilities			
Noncurrent liabilities payable from restricted assets	-	-	-
Other	58,341	-	-
Total Other Noncurrent Liabilities	<u>58,341</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>208,781,985</u>	<u>50,314,387</u>	<u>33,439,369</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	1,479,658	532,751	749,351
Total Deferred Inflows of Resources	<u>1,479,658</u>	<u>532,751</u>	<u>749,351</u>
NET POSITION			
Net investment in capital assets (deficit)	115,880,264	87,756,711	206,635,744
Restricted for debt service	7,668,536	4,219,234	-
Restricted for equipment replacement	900,000	-	-
Unrestricted	826,082	24,113,553	10,402,381
TOTAL NET POSITION	<u>\$ 125,274,882</u>	<u>\$ 116,089,498</u>	<u>\$ 217,038,125</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
\$ 1,685,608	\$ 935,265	\$ 9,341,828	\$ 548,831
1,953,433	630,480	3,808,981	445,453
-	259,484	7,703,285	204,905
-	1,202,354	1,315,122	-
-	-	-	14,308,411
1,480,034	44,619	6,904,236	5,312,060
-	740,000	740,000	-
300,791	46,216	1,209,458	-
1,135,728	475,037	2,736,085	184,093
-	97,695	97,695	-
-	-	2,979,568	-
-	-	10,435,000	-
<u>418,513</u>	<u>-</u>	<u>418,513</u>	<u>-</u>
<u>6,974,107</u>	<u>4,431,150</u>	<u>47,689,771</u>	<u>21,003,753</u>
8,235,915	341,579	34,436,282	29,045,484
-	-	220,156,721	-
-	1,025,500	1,025,500	-
2,526,282	388,159	4,945,224	-
-	-	3,079,684	-
996,467	-	996,467	-
1,535,389	459,365	2,827,401	152,020
3,528,738	1,900,145	8,571,736	720,501
<u>5,405,180</u>	<u>940,753</u>	<u>7,437,343</u>	<u>775,535</u>
<u>22,227,971</u>	<u>5,055,501</u>	<u>283,476,358</u>	<u>30,693,540</u>
1,095,001	-	1,095,001	-
<u>526,543</u>	<u>-</u>	<u>584,884</u>	<u>-</u>
<u>1,621,544</u>	<u>-</u>	<u>1,679,885</u>	<u>-</u>
<u>30,823,622</u>	<u>9,486,651</u>	<u>332,846,014</u>	<u>51,697,293</u>
<u>5,144,658</u>	<u>1,446,817</u>	<u>9,353,235</u>	<u>498,819</u>
<u>5,144,658</u>	<u>1,446,817</u>	<u>9,353,235</u>	<u>498,819</u>
33,131,986	50,982,862	494,387,567	(792,706)
-	-	11,887,770	-
-	-	900,000	-
<u>753,742</u>	<u>32,247,780</u>	<u>68,343,538</u>	<u>6,336,744</u>
<u>\$ 33,885,728</u>	<u>\$ 83,230,642</u>	<u>575,518,875</u>	<u>\$ 5,544,038</u>

(6,641,672)
\$ 568,877,203

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, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
OPERATING REVENUES-USAGE CHARGES	<u>\$ 34,919,941</u>	<u>\$ 36,080,764</u>	<u>\$ 15,635,997</u>
OPERATING EXPENSES			
Operation and maintenance	18,431,561	29,551,555	8,508,197
Depreciation	<u>6,944,967</u>	<u>2,298,331</u>	<u>3,521,235</u>
Total Operating Expenses	<u>25,376,528</u>	<u>31,849,886</u>	<u>12,029,432</u>
Operating Income (Loss)	<u>9,543,413</u>	<u>4,230,878</u>	<u>3,606,565</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	511,259	665,664	378,892
Interest and amortization	(6,585,178)	(1,474,993)	(1,015,711)
Interest charged to construction	116,127	-	-
Reimbursement of operating loss from government agencies	-	-	-
Gain (Loss) on sale of assets	-	(197,528)	(155,661)
Gain (Loss) on transfer operations	21,919	-	-
Special assessments	-	1,628,057	-
Noncapitalized infrastructure improvements	-	(2,894,314)	(131,727)
Intergovernmental Revenue	-	-	-
Miscellaneous revenues	<u>598,046</u>	<u>128,914</u>	<u>41,640</u>
Total Nonoperating Revenue (Expenses)	<u>(5,337,827)</u>	<u>(2,144,200)</u>	<u>(882,567)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>4,205,586</u>	<u>2,086,678</u>	<u>2,723,998</u>
TRANSFERS			
Transfers in	187,769	2,629	-
Transfers out	<u>(6,923,928)</u>	<u>(189,918)</u>	<u>-</u>
Net Transfers	<u>(6,736,159)</u>	<u>(187,289)</u>	<u>-</u>
Income (Loss) Before Contributions	<u>(2,530,573)</u>	<u>1,899,389</u>	<u>2,723,998</u>
CAPITAL CONTRIBUTIONS	6,693,090	512,982	4,007,011
CAPITAL CONTRIBUTIONS- MUNICIPAL	-	-	2,559,662
CAPITALIZED TAX EQUIVALENT	<u>158,879</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM			
Net assets acquired from transfer of operations	<u>54,749</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>4,376,145</u>	<u>2,412,371</u>	<u>9,290,671</u>
NET POSITION – Beginning of Year	<u>120,898,737</u>	<u>113,677,127</u>	<u>207,747,454</u>
NET POSITION – END OF YEAR	<u>\$ 125,274,882</u>	<u>\$ 116,089,498</u>	<u>\$ 217,038,125</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	
\$ 18,503,174	\$ 23,879,045	\$ 129,018,921	\$ 21,647,092
58,480,207	21,406,460	136,377,980	14,564,415
6,478,867	2,657,061	21,900,461	6,060,653
64,959,074	24,063,521	158,278,441	20,625,068
(46,455,900)	(184,476)	(29,259,520)	1,022,024
-	314,241	1,870,056	10,375
(385,859)	(96,485)	(9,558,226)	(1,070,323)
-	-	116,127	-
27,756,527	-	27,756,527	-
-	9,825	(343,364)	904,062
-	-	21,919	-
-	-	1,628,057	-
-	-	(3,026,041)	-
-	-	-	26,881
183,252	106,351	1,058,203	525,346
27,553,920	333,932	19,523,258	396,341
(18,901,980)	149,456	(9,736,262)	1,418,365
11,880,431	4,420,458	16,491,287	1,166,620
-	(1,864,825)	(8,978,671)	(1,409,266)
11,880,431	2,555,633	7,512,616	(242,646)
(7,021,549)	2,705,089	(2,223,646)	1,175,719
5,122,532	-	16,335,615	-
-	1,609,165	4,168,827	-
-	-	158,879	-
-	-	54,749	-
(1,899,017)	4,314,254	18,494,424	1,175,719
35,784,745	78,916,388	557,024,451	4,368,319
\$ 33,885,728	\$ 83,230,642	\$ 575,518,875	\$ 5,544,038
		\$ 18,494,424	
		429,362	
		\$ 18,923,786	

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 34,993,485	\$ 35,888,619	\$ 15,671,894
Customer deposits received	-	-	-
Paid to suppliers for goods and services	(10,775,671)	(25,286,908)	(2,848,654)
Paid to employees for services	(6,284,891)	(3,908,258)	(5,341,149)
Net Cash Flows From Operating Activities	<u>17,932,923</u>	<u>6,693,453</u>	<u>7,482,091</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds	(89,040)	-	-
Interest paid on advances from other funds	(55,557)	-	-
Transfers from other funds	187,769	2,629	-
Transfers to other funds - tax equivalent	(6,765,049)	-	-
Transfers to other funds	-	(189,918)	-
Special assessments received related to laterals	-	598,795	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(2,894,313)	(131,727)
Loan from municipality receipts (payments)	(765,000)	-	-
Negative cash implicitly financed	6,159,367	-	-
Operating grants received	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,327,510)</u>	<u>(2,482,807)</u>	<u>(131,727)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(8,825,000)	(3,455,000)	(5,028,158)
Interest paid	(7,424,644)	(1,696,584)	(998,268)
Long-term debt issued	-	-	7,372,266
Acquisition and construction of capital assets	(23,002,326)	(6,878,356)	(8,796,037)
Proceeds from sale of property	-	-	-
Contribution in aid of construction	(153,466)	6,606	857,555
Transfers in - city	-	-	-
Capital contributions-federal and state	-	-	-
BAB interest rebate received	143,377	124,667	38,969
Advances from other funds	4,730	-	-
Special assessments received	868,493	551,797	868,004
Net Cash Flows From Capital and Related Financing Activities	<u>(38,388,836)</u>	<u>(11,346,870)</u>	<u>(5,685,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities purchased	(15,276,451)	-	-
Marketable securities sold	14,056,177	-	-
Investment income	511,259	665,664	378,890
Net Cash Flows From Investing Activities	<u>(709,015)</u>	<u>665,664</u>	<u>378,890</u>
Net Change in Cash and Cash Equivalents	<u>(22,492,438)</u>	<u>(6,470,560)</u>	<u>2,043,585</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>36,193,930</u>	<u>32,275,043</u>	<u>8,854,409</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,701,492</u>	<u>\$ 25,804,483</u>	<u>\$ 10,897,994</u>

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 19,235,066	\$ 24,189,316	\$ 129,978,380	\$ 23,382,508
-	68,830	68,830	-
(26,884,474)	(6,378,461)	(72,174,168)	(11,447,412)
(29,023,836)	(14,128,270)	(58,686,404)	(4,040,103)
(36,673,244)	3,751,415	(813,362)	7,894,993
(274,829)	(42,229)	(406,098)	-
(110,387)	-	(165,944)	-
10,562,056	4,420,458	15,172,912	161,027
-	-	(6,765,049)	-
-	(1,864,825)	(2,054,743)	(1,409,266)
-	-	598,795	-
14,390	-	14,390	-
-	-	(3,026,040)	-
-	-	(765,000)	-
-	-	6,159,367	117,169
27,351,728	-	27,351,728	-
37,542,958	2,513,404	36,114,318	(1,131,070)
(1,318,377)	(764,998)	(19,391,533)	(5,358,491)
(275,472)	(102,635)	(10,497,603)	(1,057,183)
2,025,110	246,212	9,643,588	6,132,309
(7,137,546)	(8,390,909)	(54,205,174)	(11,202,867)
-	9,825	9,825	1,271,000
-	-	710,695	1,005,593
1,318,375	-	1,318,375	-
5,122,532	-	5,122,532	-
-	-	307,013	-
-	-	4,730	-
-	-	2,288,294	-
(265,378)	(9,002,505)	(64,689,258)	(9,209,639)
-	-	(15,276,451)	-
-	-	14,056,177	(44,599)
-	314,241	1,870,054	10,375
-	314,241	649,780	(34,224)
604,336	(2,423,445)	(28,738,522)	(2,479,940)
7,589,200	39,293,971	124,206,553	20,875,948
\$ 8,193,536	\$ 36,870,526	\$ 95,468,031	\$ 18,396,008

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Income (loss) from operations	\$ 9,543,413	\$ 4,230,878	\$ 3,606,565
Adjustments to reconcile income (loss) to net cash flows from operating activities			
Nonoperating income	454,669	1,976	2,249
Depreciation	6,944,967	2,298,331	3,521,235
Depreciation charged to other accounts	1,012,476	-	-
Net assets acquired from transfer of operations	54,749	-	-
Change in assets, deferred inflows, liabilities, and deferred outflows			
Accounts receivable	(497,940)	23,497	(22,489)
Other current assets	(138,974)	-	-
Accrued revenue	-	2,309	-
Due from other governmental units	-	(159,271)	-
Due from other funds	(160,522)	-	53,137
Inventories	(60,325)	-	-
Prepaid items and other assets	-	(510)	8,214
Accounts payable	(171,942)	(38,717)	88,684
Accrued liabilities	-	123,525	21,813
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	(60,655)	(61,861)
Customer Deposits	-	-	-
Accrued compensated absences	50,964	58,082	-
Due to other funds	247,824	-	-
Other post employment benefits	136,946	-	-
Pension related deferrals and liabilities	516,618	214,008	264,544
Unearned revenue	-	-	-
	\$ 17,932,923	\$ 6,693,453	\$ 7,482,091
NET CASH FLOWS FROM OPERATING ACTIVITIES			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 20,920	\$ 20,664,590	\$ 7,831,073
Restricted cash and investments - statement of net position	26,831,896	5,139,893	3,066,921
Less: Noncash equivalents	(13,151,324)	-	-
	\$ 13,701,492	\$ 25,804,483	\$ 10,897,994
CASH AND CASH EQUIVALENTS - END OF YEAR			
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Municipality, customer and developer financed additions to capital assets	\$ 6,274,701	\$ 536,123	\$ 5,460,199
Capital additions assessed to customers	\$ 2,101,707	\$ -	\$ -
Special assessments levied to customers or revised	\$ (126,360)	\$ 60,421	\$ 175,367
Interest capitalized	\$ 116,127	\$ -	\$ -
Loss on early retirement of assets	\$ -	\$ (197,528)	\$ (155,662)

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ (46,455,900)	\$ (184,476)	\$ (29,259,520)	\$ 1,022,024
183,252	106,351	748,497	552,227
6,478,867	2,657,061	21,900,461	6,060,653
-	-	1,012,476	-
-	-	54,749	-
349,907	179,707	32,682	1,183,189
-	-	(138,974)	-
-	-	2,309	-
-	-	(159,271)	-
-	-	(107,385)	-
32,876	(5,593)	(33,042)	33,750
22,512	6,588	36,804	(2,680)
186,522	(175,251)	(110,704)	162,445
95,497	-	240,835	-
(48,331)	-	(48,331)	-
-	25,580	(96,936)	(1,222,341)
-	68,830	68,830	-
-	210,998	320,044	(169,121)
-	89,041	336,865	-
565,862	168,185	870,993	79,956
1,870,596	580,181	3,445,947	194,891
45,096	24,213	69,309	-
<u>\$ (36,673,244)</u>	<u>\$ 3,751,415</u>	<u>\$ (813,362)</u>	<u>\$ 7,894,993</u>
\$ 6,680,022	\$ 36,870,526	\$ 72,067,131	\$ 18,396,008
1,513,514	-	36,552,224	850,586
-	-	(13,151,324)	(850,586)
<u>\$ 8,193,536</u>	<u>\$ 36,870,526</u>	<u>\$ 95,468,031</u>	<u>\$ 18,396,008</u>
\$ -	\$ 1,609,165		\$ -
\$ -	\$ -		\$ -
\$ -	\$ -		\$ -
\$ -	\$ -		\$ -
\$ -	\$ -		\$ -

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of December 31, 2017

	Agency Funds	Investment Trust
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 275,056,634	\$ 8,183,239
Taxes receivable	125,381,362	-
Total Assets	<u>400,437,996</u>	<u>8,183,239</u>
 LIABILITIES		
Due to other governmental units	<u>400,437,996</u>	<u>-</u>
 NET POSITION		
Held in trust for pool participants	<u>-</u>	<u>8,183,239</u>
 TOTAL NET POSITION	<u><u>\$ -</u></u>	<u><u>\$ 8,183,239</u></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, 2017

	Fiduciary Fund Type
	<u>Investment Trust</u>
ADDITIONS	
Investments from school	\$ 486,846,069
Investment income	<u>680,908</u>
Net increase in net position from additions	487,526,977
DEDUCTIONS	
Distributions to school	<u>(489,321,205)</u>
Total Decrease	(1,794,228)
NET POSITION - Beginning	<u>9,977,467</u>
NET POSITION - ENDING	<u><u>\$ 8,183,239</u></u>

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2017

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
ASSETS				
Cash and investments	\$ 4,553,190	\$ 8,134,815	\$ 4,226,365	\$ 16,914,370
Receivables				
Accounts (net)	532,891	8,071	8,912	549,874
Special assessments		-	287,941	287,941
Accrued interest	110,298	-	-	110,298
Long-term loans	284,427	-	-	284,427
Pledge receivable	-	5,900	394,184	400,084
Due from other governmental units	259,326	-	-	259,326
Inventories	-	106,243	-	106,243
Prepaid items	1,435,252	17,608	22,412	1,475,272
Lease receivable from primary government	5,947,085	-	-	5,947,085
Beneficial interest in assets held by MCF	-	91,748	6,010,895	6,102,643
Other assets	401,594	-	-	401,594
Restricted assets				
Cash and investments	3,764,776	366,561	45,608	4,176,945
Other	673,018	3,874,509	-	4,547,527
Property held for resale	733,562	-	-	733,562
Capital assets				
Land	11,222,749	-	-	11,222,749
Construction in progress	994,807	-	-	994,807
Capital assets being depreciated	107,907,629	-	-	107,907,629
Less: Accumulated depreciation	<u>(56,229,916)</u>	<u>-</u>	<u>-</u>	<u>(56,229,916)</u>
Total Assets	<u>82,590,688</u>	<u>12,605,455</u>	<u>10,996,317</u>	<u>106,192,460</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>1,051,130</u>	<u>-</u>	<u>-</u>	<u>1,051,130</u>
Total Deferred Outflows of Resources	<u>1,051,130</u>	<u>-</u>	<u>-</u>	<u>1,051,130</u>
LIABILITIES				
Accounts payable	582,397	93,411	100,734	776,542
Accrued liabilities	1,769,188	-	68,516	1,837,704
Current maturities of long-term debt	2,043,155	-	-	2,043,155
Current maturities of compensated absences	102,331	-	-	102,331
Advance from primary government	7,835,937	-	-	7,835,937
Revenue bonds payable	5,550,000	-	-	5,550,000
Mortgage notes	3,190,848	-	-	3,190,848
Other loans	3,681,481	-	-	3,681,481
Unamortized premium	58,100	-	-	58,100
Compensated absences	409,323	-	-	409,323
Other post-employment benefits	255,005	-	-	255,005
Net pension liability	132,859	-	-	132,859
Unearned revenues	775,973	1,588	-	777,561
Other liabilities	<u>1,009,919</u>	<u>-</u>	<u>-</u>	<u>1,009,919</u>
Total Liabilities	<u>27,396,516</u>	<u>94,999</u>	<u>169,250</u>	<u>27,660,765</u>
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	-	-	287,941	287,941
Pension related amounts	<u>438,561</u>	<u>-</u>	<u>-</u>	<u>438,561</u>
Total Deferred Inflows of Resources	<u>438,561</u>	<u>-</u>	<u>287,941</u>	<u>726,502</u>
NET POSITION				
Net investment in capital assets	43,453,948	-	-	43,453,948
Restricted for:				
Residual receipts	45,127	-	-	45,127
Asset replacement/maintenance	408,135	-	-	408,135
Real estate taxes	50,373	-	-	50,373
Library	-	-	2,709,976	2,709,976
Parks	-	5,765,385	1,208,932	6,974,317
Unrestricted	<u>11,849,158</u>	<u>6,745,071</u>	<u>6,620,218</u>	<u>25,214,447</u>
TOTAL NET POSITION	<u>\$ 55,806,741</u>	<u>\$ 12,510,456</u>	<u>\$ 10,539,126</u>	<u>\$ 78,856,323</u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended December 31, 2017

	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	\$ 28,156,224	\$ 7,688,700	\$ 18,117,290	\$ 200,100	\$ (2,150,134)	\$ -	\$ -	\$ (2,150,134)
Olbrich Society and Foundation	2,321,678	1,418,687	1,153,867	-	-	250,876	-	250,876
Nonmajor Component Units	2,421,984	639,657	1,849,542	-	-	-	67,215	67,215
Total Component Units	\$ 32,899,886	\$ 9,747,044	\$ 21,120,699	\$ 200,100	(2,150,134)	250,876	67,215	(1,832,043)
General Revenues								
					236,844	860,562	1,203,419	2,300,825
					408,938	-	-	408,938
					308,735	13,541	-	322,276
					<u>954,517</u>	<u>874,103</u>	<u>1,203,419</u>	<u>3,032,039</u>
					(1,195,617)	1,124,979	1,270,634	1,199,996
					<u>57,002,358</u>	<u>11,385,477</u>	<u>9,268,492</u>	<u>77,656,327</u>
					<u>\$ 55,806,741</u>	<u>\$ 12,510,456</u>	<u>\$ 10,539,126</u>	<u>\$ 78,856,323</u>

See accompanying notes to financial statements.

CITY OF MADISON

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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017

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, 2017. 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.

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 major 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 financial statements. The information presented is for the year ended December 31, 2017. Separately issued financial statements of OBS may be obtained from OBS’s office at the Olbrich Botanical Gardens, 3330 Atwood Avenue, Madison, WI 53704.

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, 2017. The BID does not issue separate financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017. 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, 2017. Separately issued financial statements of the Madison Parks Foundation may be obtained from MPF’s office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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.

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, 2017, there were \$2,749,898 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

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.

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.
- 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

- 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. The City was not in compliance with this policy.

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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, 2017, the MMSD had a balance of \$8,183,239 which is reported in the Investment Trust fund.

See Note IV. A. for further information.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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 – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	March 31, 2018
Third installment due	May 31, 2018
Fourth installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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.

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 acquisition value at the date of donation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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 \$116,127 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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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, 2017 are determined on the basis of current salary rates and include salary related payments.

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 \$56,010,000 made up of four issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$197,542,905 made up of seven issues.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 (cont.)

- 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, 2017

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	\$ 199,750,422
Construction in progress	53,545,448
Land improvements	31,861,644
Buildings	177,854,050
Machinery and equipment	72,279,735
Intangible assets	13,540,339
Infrastructure	896,771,577
Less: accumulated depreciation	<u>(456,723,759)</u>
Combined Adjustment for Capital Assets	<u>\$ 988,879,456</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	\$ 372,042,357
Compensated absences	43,461,027
Accrued interest	2,955,633
Unamortized debt premium and discount	26,930,537
Disability benefits	331,560
Other postemployment benefits	29,208,243
Net pension liability	10,373,688
Police and fire pension	206,873
Capital leases	<u>4,181,585</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 489,691,503</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for all funds except permanent 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 and 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, 2017

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	\$ 123,059,616	\$ 96,292,102	Custodial credit
U.S. agencies implicitly guaranteed	151,708,291	151,708,291	Credit, custodial credit, concentration of credit, interest rate
U.S. agencies explicitly guaranteed	30,763	30,763	Custodial credit, interest rate
U.S. treasuries	7,597,396	7,597,396	Custodial credit, interest rate
State and local bonds	4,395,753	4,395,753	Credit, custodial credit, concentration of credit, interest rate
Commercial paper	5,000,000	5,000,000	Credit, custodial credit, concentration of credit, interest rate
Corporate notes and bonds	4,657,144	4,657,144	Credit, custodial credit, concentration of credit, interest rate
Mutual funds – U.S. treasuries	393,519	393,519	N/A
Mutual funds – money market	261,777,569	261,777,569	Credit
Mutual funds – stocks	1,288,998	1,288,998	N/A
LGIP	74,527,450	74,527,450	Credit
Collateralized investment contract	1,000,000	1,000,000	Credit, concentration of credit
Deposit with WMMIC	850,586	850,586	Credit, interest rate
Hartford Life – pooled funds	2,734,376	2,734,376	Credit, interest rate
Petty cash	184,741	-	N/A
Total Cash and Investments	\$ 639,206,202	\$ 612,253,947	
Reconciliation to financial statements			
Per statement of net position	\$ 295,537,504		
Per statement of net position – restricted	54,438,206		
Per statement of net position – fiduciary funds	283,239,873		
Per statement of net position – applicable component units:			
CDA	8,317,966		
Less: Component units of CDA	(2,344,135)		
BID	16,788		
Total Cash and Investments	\$ 639,206,202		

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017, the banks had pledged various government securities in the amount of \$80,000,000 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. \$7,925,000 of the City's deposits 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, 2017			Total
	Level 1	Level 2	Level 3	
Corporate notes and bonds	\$ -	\$ 4,657,144	\$ -	\$ 4,657,144
State and local bonds	-	285,753	-	285,753
Commercial paper	-	5,000,000	-	5,000,000
Mutual funds – other than bonds	-	393,519	-	393,519
Mutual funds – money market	32,603	261,744,966	-	261,777,569
Mutual funds – stocks	1,288,998	-	-	1,288,998
U.S. agencies – explicitly guaranteed	-	30,763	-	30,763
U.S. agencies – implicitly guaranteed	-	151,708,291	-	151,708,291
U.S. treasuries	7,597,396	-	-	7,597,396
Totals	<u>\$ 8,918,997</u>	<u>\$ 423,820,436</u>	<u>\$ -</u>	<u>\$ 432,739,433</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 state and local bonds	Institutional bond quotes – evaluations based on various market and industry inputs
Commercial paper	\$1 per share
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, 2017, the City's deposits were exposed to custodial credit risk as follows:

Demand deposits (City)	\$ 2,739,031
Demand deposits (CDA)	<u>404,187</u>
Uninsured and Uncollateralized	<u>\$ 3,143,218</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, 2017, the City's investments were exposed to custodial credit risk as follows:

U.S. agencies – implicitly guaranteed	\$ 151,708,291
U.S. agencies – explicitly guaranteed	30,763
U.S. treasuries	7,597,396
Commercial paper	5,000,000
State and local bonds	4,395,753
Corporate notes and municipal bonds	<u>4,657,144</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 173,389,347</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017, the City's investments were rated as follows:

Investment Type	Moody's Investor Services	Standard & Poor's	Fair Value
Corporate notes and bonds	A1	A+	\$ 55,511
	A1	AA-	300,135
	A2	A	275,113
	A2	A-	104,940
	A3	A-	15,606
	A3	BBB+	49,718
	Aa1	AA+	702,497
	Aa1		298,882
	Aa2	A	100,113
	Aa3	AA-	474,775
	AAA	AAA	544,652
	AAA		498,430
	BAA1	A-	5,353
	BAA1	BBB+	10,158
	BAA2	BBB	15,326
	BAA2	BBB-	49,431
	BA2	Bb+	5,035
U.S. agencies (implicitly guaranteed)	AAA	AA+	151,708,291
Mutual funds – money market	AAA	AAA	45,040
State and local bonds	Aa1		100,089
	Aa2		50,011
		AA-	135,653

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 bonds	\$ 1,151,469
Local Government Investment Pool	74,527,450
Collateralized investment contract	1,000,000
Wisconsin Municipal Mutual Insurance Company	850,586
Hartford Life	2,734,376
Commercial paper	5,000,000
State and local bonds	4,110,000
Mutual funds – money market	<u>261,732,529</u>
Total	<u>\$ 506,651,169</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, 2017, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	U.S. agencies – implicitly guaranteed	7.38%
Federal Home Loan Mortgage Corporation	U.S. agencies – implicitly guaranteed	7.79%
Federal Farm Credit Bank	U.S. agencies – implicitly guaranteed	10.87%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017, the City's investments were as follows:

Investment Type	Fair Value	Maturity- N/A	Less than 3 months thru 3/31/18	3 months- 6 months thru 6/30/18	6 months- 1 year thru 12/31/18	1-5 years thru 12/31/22	6-20 years thru 12/31/37
U.S. agencies – implicitly guaranteed	\$ 151,708,291	\$	\$ 12,982,080	\$ 45,355,926	\$ 43,588,162	\$ 49,592,079	\$ 190,044
U.S. agencies – explicitly guaranteed	30,763	-	349	-	-	30,414	-
U.S. treasuries	7,597,396	-	5,013	1,989,180	25,225	3,430,213	2,147,765
State and local bonds	4,395,753	4,110,000	185,128	100,625	-	-	-
Commercial paper	5,000,000	-	5,000,000	-	-	-	-
Corporate notes and bonds	4,657,144	-	685,581	315,327	1,558,351	1,898,638	199,247
Deposit in WMMIC	850,586	850,586	-	-	-	-	-
Hartford Life – pooled funds	2,734,376	2,734,376	-	-	-	-	-
Totals	\$ 176,974,309	\$ 7,694,962	\$ 18,858,151	\$ 47,761,058	\$ 45,171,738	\$ 54,951,344	\$ 2,537,056

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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	\$ 17,376,704
Capital projects fund	16,941,157
Debt service fund	1,758,542
All other nonmajor governmental and internal service funds	25,025,814

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	\$ 91,188
Uncollectibles related to transit utility	<u>23,183</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 114,371</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	\$ 3,247,843
Allowance for uncollectible court receivable	16,456,479
Allowance for other uncollectible	872,514
Capital Projects	
Allowance for uncollectible loans	1,606,134
Nonmajor Funds	
Allowance for uncollectible loans	43,474,818

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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	\$ -	\$ 261,616,579	\$ 261,616,579
TID loan equity payment	16,546,000	-	16,546,000
Interest on investments	204,831	-	204,831
Loans	2,538,991	-	2,538,991
Ambulance receivable	879,418	-	879,418
Prepaid revenue	-	1,781,306	1,781,306
Other	7,697,213	-	7,697,213
Special assessments	16,348,020	-	16,348,020
Leases	4,181,585	-	4,181,585
Impact fees	294,971	-	294,971
Municipal court receivable	231,850	-	231,850
CDBG loans	18,705,491	-	18,705,491
Accrued interest on loans	1,398,331	-	1,398,331
Developer receivable	122,366	-	122,366
Revolving loans	7,125,250	-	7,125,250
Grant revenue	-	938,987	938,987
	<u>\$ 76,274,317</u>	<u>\$ 264,336,872</u>	<u>\$ 340,611,189</u>
Total Unavailable/Unearned Revenue for Governmental Funds			
		\$ 2,720,293	
Unearned revenue included in liabilities		261,616,579	
Unearned revenue included in deferred inflows		<u>261,616,579</u>	
Total Unearned Revenue for Governmental Funds		<u>\$ 264,336,872</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017

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, 2017:

	<u>Restricted Assets</u>
Principal and interest	\$ 9,781,679
Bond reserve account	21,290,110
Bond depreciation account	750,000
Operation and maintenance	150,000
Construction	3,066,921
Retiree health insurance escrow	1,513,514
Impact fees	16,096,409
Grants deposit	938,987
Insurance deposit	<u>850,586</u>
Total Restricted Assets	<u>\$ 54,438,206</u>

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

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

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:

	<u>Restricted Assets</u>
General operating fund	\$ 1,553,447
Housing Vouchers	56,447
Monona Shores fund	68,965
Nonmajor funds	226,665
Component units of CDA	<u>1,859,252</u>
Total Cash and Investments	<u>\$ 3,764,776</u>

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

Parkside project escrow accounts at WHEDA	\$ 503,635
CDA 95-1 replacement reserve	<u>169,383</u>
Total Other Restricted Assets	<u>\$ 673,018</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 195,882,187	\$ 7,941,416	\$ (4,073,181)	\$ 199,750,422
Land – internal service	2,490,358	-	-	2,490,358
Construction in progress	46,840,730	47,175,000	(40,470,282)	53,545,448
Construction in progress – internal service	1,327,144	1,914,697	(7,943)	3,233,898
Total Capital Assets Not Being Depreciated	246,540,419	57,031,113	(44,551,406)	259,020,126
Capital assets being depreciated				
Land improvements	28,508,110	3,353,534	-	31,861,644
Land improvements – internal service	71,990	-	-	71,990
Buildings and improvements	175,037,876	2,816,174	-	177,854,050
Buildings and improvements – internal service	2,729,155	-	-	2,729,155
Machinery and equipment	65,268,613	8,486,949	(1,475,827)	72,279,735
Machinery and equipment – internal service	72,585,157	9,304,055	(6,441,803)	75,447,409
Intangible assets	13,540,339	-	-	13,540,339
Intangible assets – internal service	119,525	-	-	119,525
Roads	734,429,590	31,030,804	(2,849,123)	762,611,271
Bridges	42,918,603	4,820,548	(151,179)	47,587,972
Street lighting	31,062,934	648,233	(206,630)	31,504,537
Traffic signals	19,981,774	1,228,079	(1,692,433)	19,517,420
Fiber	8,725,069	200,117	-	8,925,186
Bike path	25,757,476	898,869	(31,154)	26,625,191
Total Capital Assets Being Depreciated	1,220,736,211	62,787,362	(12,848,149)	1,270,675,424
Total Capital Assets at Historical Cost	1,467,276,630	119,818,475	(57,399,555)	1,529,695,550
Less: Accumulated depreciation for				
Land improvements	(9,443,479)	(2,257,375)	-	(11,700,854)
Land improvements – internal service	(64,791)	(4,800)	-	(69,591)
Buildings and improvements	(67,401,059)	(5,948,942)	-	(73,350,001)
Buildings and improvements – internal service	(2,079,854)	(89,224)	-	(2,169,078)
Machinery and equipment	(45,819,727)	(5,996,828)	1,247,617	(50,568,938)
Machinery and equipment – internal service	(49,743,375)	(5,966,629)	6,066,922	(49,643,082)
Intangible assets	(7,678,152)	(650,538)	-	(8,328,690)
Intangible assets – internal service	(119,525)	-	-	(119,525)
Roads	(263,577,078)	(17,402,240)	1,812,387	(279,166,931)
Bridges	(5,989,181)	(626,703)	92,531	(6,523,353)
Street lighting	(12,957,413)	(792,787)	90,830	(13,659,370)
Traffic signals	(7,035,777)	(616,849)	693,396	(6,959,230)
Fiber	(1,634,538)	(392,808)	-	(2,027,346)
Bike path	(3,912,709)	(539,577)	13,240	(4,439,046)
Total Accumulated Depreciation	(477,456,658)	(41,285,300)	10,016,923	(508,725,035)
Net Capital Assets Being Depreciated	743,279,553			761,950,389
Net Capital Assets	\$ 989,819,972			\$1,020,970,515

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Depreciation expenses were charged to functions as follows:

Governmental Activities	
General government	\$ 1,191,008
Public safety	2,901,247
Public works and transportation	24,498,143
Planning and development	190,830
Culture and recreation	6,443,419
Fleet services – internal service	<u>6,060,653</u>
Total	<u>\$ 41,285,300</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 61,540,150	\$ 2,827,692	\$ (69,304)	\$ 64,298,538
Construction in progress	21,279,971	62,248,548	(55,046,613)	28,481,906
Total Capital Assets Not Being Depreciated	<u>82,820,121</u>	<u>65,076,240</u>	<u>(55,115,917)</u>	<u>92,780,444</u>
Capital assets being depreciated				
Land improvements	12,313,763	-	-	12,313,763
Buildings and improvements	102,360,793	2,111,115	-	104,471,908
Machinery and equipment	104,093,554	8,204,690	(4,509,834)	107,788,410
Intangible assets	301,190	-	-	301,190
Infrastructure	206,785,725	9,301,147	(339,953)	215,746,919
Source of supply	10,698,888	-	-	10,698,888
Pumping	22,154,212	587,362	(64,167)	22,677,407
Water treatment	4,047,471	-	-	4,047,471
Transmission and distribution	260,242,253	21,424,799	(1,090,032)	280,577,020
Administration and general	35,631,112	7,236,462	(339,284)	42,528,290
Collection system	141,185,285	8,286,258	(790,118)	148,681,425
Collection system pumping	<u>3,413,452</u>	<u>49,747</u>	<u>(8,084)</u>	<u>3,455,115</u>
Total Capital Assets Being Depreciated	<u>903,227,698</u>	<u>57,201,580</u>	<u>(7,141,472)</u>	<u>953,287,806</u>
Total Capital Assets at Historical Cost	<u>986,047,819</u>	<u>122,277,820</u>	<u>(62,257,389)</u>	<u>1,046,068,250</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	\$ (10,911,159)	\$ (269,906)	\$ -	\$ (11,181,065)
Buildings and improvements	(64,616,893)	(2,594,500)	-	(67,211,393)
Machinery and equipment	(62,386,463)	(7,044,331)	4,450,796	(64,979,998)
Intangible assets	(301,192)	-	-	(301,192)
Infrastructure	(40,163,381)	(2,760,853)	132,286	(42,791,948)
Source of supply	(5,528,651)	(236,450)	-	(5,765,101)
Pumping	(7,702,273)	(835,247)	69,000	(8,468,520)
Water treatment	(723,506)	(149,724)	-	(873,230)
Transmission and distribution	(51,152,446)	(5,471,359)	1,184,003	(55,439,802)
Administration and general	(11,753,080)	(1,691,181)	339,284	(13,104,977)
Collection system	(25,990,396)	(2,191,424)	410,095	(27,771,725)
Collection system pumping	(1,828,616)	(68,581)	8,084	(1,889,113)
Total Accumulated Depreciation	<u>(283,058,056)</u>	<u>(23,313,556)</u>	<u>6,593,548</u>	<u>(299,778,064)</u>
Net Capital Assets Being Depreciated	620,169,642			653,509,742
Net Capital Assets	<u>\$ 702,989,763</u>			<u>\$ 746,290,186</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water utility	\$ 6,944,967
Sewer utility	2,298,331
Stormwater utility	3,521,235
Parking utility	660,946
Transit utility	6,478,867
Convention center	1,792,608
Golf courses	203,507
Total Business-type Activities Depreciation Expense	<u>\$ 21,900,461</u>
Total Accumulated Depreciation Additions	<u>\$ 23,313,556</u>

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, 2017

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Component Units (CDA only)				
Capital assets not being depreciated				
Land	\$ 11,662,779	\$ -	\$ (440,030)	\$ 11,222,749
Construction in progress	555,308	815,444	(375,945)	994,807
Total Capital Assets Not Being Depreciated	12,218,087	815,444	(815,975)	12,217,556
Capital assets being depreciated				
Land improvements	1,597,953	108,305	-	1,706,258
Buildings and improvements	102,962,135	42,817	(42,112)	102,962,840
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,149,578	123,621	(78,605)	3,194,594
Total Capital Assets Being Depreciated	107,753,603	274,743	(120,717)	107,907,629
Total Capital Assets at Historical Cost	119,971,690	1,090,187	(936,692)	120,125,185
Less: Accumulated depreciation for				
Land improvements	(1,018,376)	(66,537)	-	(1,084,913)
Buildings and improvements	(49,542,605)	(2,861,091)	42,112	(52,361,584)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,662,057)	(156,030)	78,605	(2,739,482)
Total Accumulated Depreciation	(53,266,975)	(3,083,658)	120,717	(56,229,916)
Net Capital Assets	\$ 66,704,715			\$ 63,895,269

Depreciation expense was charged as follows:

CDA (Housing)	\$ 3,083,658
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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 524,831	\$ -
General	Golf	259,484	-
General	Insurance	204,905	-
General	Water utility	6,159,368	3,079,684
Water utility	Capital projects	1,061,906	-
Sewer utility	Capital projects	1,325,285	-
Sewer utility	Water utility	2,830,886	-
Stormwater utility	Water utility	1,138,654	-
Stormwater utility	Capital projects	448,675	-
Total Major Funds		<u>13,953,994</u>	<u>3,079,684</u>
Other restricted funds	Capital projects	159,967	-
Other restricted funds	Water utility	394,577	-
Total Nonmajor Funds		<u>554,544</u>	<u>-</u>
Totals		<u>\$ 14,508,538</u>	<u>\$ 3,079,684</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. No repayment schedules have been established.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 1,530,000	\$ 765,000
Debt service	Water utility	915,925	818,474
Debt service	Transit utility	2,827,073	2,526,282
Debt service	Convention center	337,689	301,760
Debt service	Golf courses	96,686	86,399
Capital projects	Revolving loans	522,254	522,254
Capital projects	Water utility	447,309	447,309
Totals		<u>\$ 6,676,936</u>	<u>\$ 5,467,478</u>
General – primary government	CDA – component unit	\$ 238,000	\$ 238,000
Debt service – primary government	CDA – component unit	7,597,937	7,597,937
Totals		<u>\$ 7,835,937</u>	<u>\$ 7,835,937</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	\$ 6,813,429
Less: Business-type activities	Governmental activities	(2,835,866)
Advances		
Governmental activities	Business-type activities	6,154,682
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	<u>6,641,672</u>
Total Government-wide Financial Statements		<u>\$ 16,773, 917</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	City Insurance	\$ 1,195,968	Transfer Revenue
General	Convention Center	338,200	PILOT
General	Golf Courses	99,819	PILOT
General	Other Restricted	8,736,926	Operating Costs
General	Parking Utility	1,426,806	PILOT
General	Permanent	188,650	Operating Costs
General	Water Utility	6,923,928	PILOT
Library	Permanent	20,000	Operating Costs
Debt Service	Capital Projects	246,408	Close Projects
Debt Service	CDBG	10,520	Debt
Debt Service	Other Restricted	509,945	Debt
Debt Service	General	44,321,038	Debt
Debt Service	Other Restricted	133,413	Debt
Debt Service	Library	2,745,463	Debt
Debt Service	Revolving Loans	100,000	Debt
Debt Service	Capital Projects	9,493,924	Debt
Capital Projects	Other Restricted	3,673,454	Transfer Revenue
Capital Projects	General	2,801,892	Project Costs
Capital Projects	Library	751,014	Project Costs
Capital Projects	Other Grants	181,078	Transfer Revenue
Sewer Utility	Capital Projects	520	Project Costs
Sewer Utility	City Insurance	2,109	Transfer Revenue
Transit Utility	General	11,880,431	Operating Costs
Water Utility	Sewer Utility	187,769	Operating Costs
Total Major Funds		<u>95,969,275</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Other Restricted	Capital Projects	\$ 250,000	Transfer Revenue
Other Restricted	Sewer Utility	2,149	Transfer Revenue
Other Restricted	General	965,500	Operating Costs
Other Grants	General	468,653	Operating Costs
Fleet Services	City Insurance	161,027	Transfer Revenue
Fleet Services	General	1,005,593	Project Costs
Parking Utility	City Insurance	9,160	Transfer Revenue
Convention Center	City Insurance	41,002	Transfer Revenue
Convention Center	Other Restricted	4,370,296	Operating Costs
Total Nonmajor Funds		7,273,380	
Total - Fund Financial Statements		103,242,655	
Less: Fund eliminations		(110,755,271)	
Less: Transfer capital assets from governmental activities to utilities		(4,168,827)	
Total		\$ (11,681,443)	
Transferred To	Transferred From	Amount	
Governmental activities	Business-type activities	\$ 8,790,902	
Business-type activities	Governmental activities	(20,472,345)	
Total Government-Wide Statement of Activities		\$ (11,681,443)	

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, 2017

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 338,212,992	\$ 87,634,104	\$ 53,804,739	\$ 372,042,357	\$ 58,613,021
General obligation debt – internal service	33,583,726	6,132,309	5,358,491	34,357,544	5,312,060
Add/Subtract Amounts For:					
Premium/Discount on debt	23,924,967	6,602,862	3,597,292	26,930,537	-
Sub-totals	<u>395,721,685</u>	<u>100,369,275</u>	<u>62,760,522</u>	<u>433,330,438</u>	<u>63,925,081</u>
Other Liabilities					
Vested compensated absences	42,069,244	5,065,080	3,673,297	43,461,027	3,667,067
Vested compensated absences – internal service	1,073,715	45,622	214,743	904,594	184,093
Worker's comp disability and death benefits	361,337	-	29,777	331,560	54,271
Other post-employment benefits	25,634,333	5,407,871	1,833,961	29,208,243	-
Other post-employment benefits – internal service	695,579	130,792	50,836	775,535	-
Net pension liability	19,821,795	-	9,448,107	10,373,688	-
Net pension liability – internal service	298,512	-	146,492	152,020	-
Police and firemen's pension	299,268	-	92,395	206,873	65,284
Capital leases	4,881,585	-	700,000	4,181,585	745,000
Total Other Liabilities	<u>95,135,368</u>	<u>10,649,365</u>	<u>16,189,608</u>	<u>89,595,125</u>	<u>4,715,715</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 490,857,053</u>	<u>\$ 111,018,640</u>	<u>\$ 78,950,130</u>	<u>\$ 522,925,563</u>	<u>\$ 68,640,796</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 38,063,463	\$ 9,643,588	\$ 6,366,533	\$ 41,340,518	\$ 6,904,236
Revenue bonds	232,540,000	-	12,280,000	220,260,000	10,435,000
Add Amounts for:					
Premium on debt	11,718,451	-	1,386,730	10,331,721	-
Sub-totals	<u>282,321,914</u>	<u>9,643,588</u>	<u>20,033,263</u>	<u>271,932,239</u>	<u>17,339,236</u>
Other Liabilities:					
Vested compensated absences	10,833,533	2,955,845	2,481,557	11,307,821	2,736,085
Other post-employment benefits	6,446,061	1,705,729	714,447	7,437,343	-
Net pension liability	5,587,746	-	2,760,346	2,827,401	-
Capital leases	2,510,500	-	745,000	1,765,500	740,000
Total Other Liabilities	<u>25,377,840</u>	<u>4,661,574</u>	<u>6,701,350</u>	<u>23,338,065</u>	<u>3,476,085</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 307,699,754</u>	<u>\$ 14,305,162</u>	<u>\$ 26,734,613</u>	<u>\$ 295,270,304</u>	<u>\$ 20,815,321</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
COMPONENT UNIT – CDA					
Bonds and Notes Payable:					
Revenue bonds	\$ 8,480,000	\$ -	\$ 1,445,000	\$ 7,035,000	\$ 1,485,000
Mortgage note	4,080,711	-	442,674	3,638,037	447,189
Other loans/notes	3,909,466	-	117,019	3,792,447	110,966
Add/Subtract Amounts for					
Premium/discount on debt	97,162	-	39,062	58,100	-
Sub-totals	<u>16,567,339</u>	<u>-</u>	<u>2,043,755</u>	<u>14,523,584</u>	<u>2,043,155</u>
Other Liabilities:					
Vested compensated absences	543,296	77,017	108,659	511,654	102,331
Net pension liability	262,120	-	129,261	132,859	-
Other post-employment benefits	226,790	51,839	23,624	255,005	-
Total Other Liabilities	<u>1,032,206</u>	<u>128,856</u>	<u>261,544</u>	<u>899,518</u>	<u>102,331</u>
Total Component Unit – CDA Long-Term Liabilities	<u>\$ 17,599,545</u>	<u>\$ 128,856</u>	<u>\$ 2,305,299</u>	<u>\$ 15,423,102</u>	<u>\$ 2,145,486</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, 2017, was \$1,338,432,698. Total general obligation debt at year end was:

Outstanding	\$ 447,740,419
Joint venture G.O. debt	<u>904,581</u>
Total	<u>\$ 448,645,000</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-17
General obligation notes – Build					
America bonds	10-1-09	10-1-19	2.00 – 4.30%	\$ 53,925,000	\$ 10,780,000
General obligation notes	10-1-09	10-1-19	0.90 – 4.35	8,210,000	1,640,000
General obligation notes – RZED					
bonds	10-19-10	10-1-20	0.90 – 3.75	8,040,000	2,410,000
General obligation notes – Build					12,540,000
America bonds	10-19-10	10-1-20	2.00 – 3.75	25,080,000	
General obligation refunding bonds	10-19-10	10-1-24	0.55 – 4.00	24,205,000	15,790,000
General obligation notes	10-19-10	10-1-20	0.65 – 3.50	6,080,000	1,815,000
General obligation notes	10-1-11	10-1-21	3.00 – 5.00	67,005,000	26,800,000
General obligation notes	10-1-11	10-1-21	0.45-2.70	13,130,000	5,240,000
General obligation notes	3-6-12	7-1-26	0.00	1,500,000	1,300,000
General obligation notes	10-1-12	10-1-22	2.00 – 4.00	39,655,000	19,825,000
General obligation notes	10-1-12	10-1-22	0.40 – 2.125	12,240,000	6,115,000
General obligation bonds	10-1-12	10-1-32	1.50 – 4.00	15,210,000	11,400,000
General obligation notes	10-1-13	10-1-23	1.50 – 4.00	57,265,000	34,350,000
General obligation notes	10-1-13	10-1-23	2.00 – 3.40	4,245,000	2,535,000
General obligation notes	10-1-14	10-1-24	2.00 – 5.00	51,655,000	36,155,000
General obligation notes	10-1-14	10-1-24	2.00 – 3.05	5,395,000	3,775,000
General obligation notes	10-22-15	10-1-25	3.00	65,565,000	45,445,000
General obligation notes	10-22-15	10-1-25	1.75 – 2.75	13,345,000	10,675,000
General obligation bonds	10-22-15	10-1-35	2.375 – 3.75	12,395,000	11,155,000
General obligation bonds	10-19-16	10-1-26	0.05 – 4.00	85,750,000	72,370,000
General obligation bonds	10-19-16	10-1-26	2.00	7,135,000	6,420,000
General obligation bonds	10-19-16	10-1-36	2.375 – 4.00	6,735,000	6,395,000
General obligation notes	10-19-17	10-1-27	2.00 – 4.00	76,900,000	76,900,000
General obligation notes	10-19-17	10-1-27	2.15 – 2.65	12,950,000	12,950,000
General obligation bonds	10-19-17	10-1-37	2.875 – 5.00	13,865,000	<u>13,865,000</u>
Sub-Totals – General Obligation					448,645,000
Less: Business-type Activities General Obligation Debt					(41,340,518)
Less: Joint Venture General Obligation Debt					<u>(904,581)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 406,399,901</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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
2018	\$ 63,925,081	\$ 12,719,796	\$ 6,904,236	\$ 1,379,217
2019	58,682,559	11,094,130	6,510,591	1,177,906
2020	53,293,376	9,186,341	5,872,040	949,932
2021	48,334,714	7,318,673	5,460,173	730,884
2022	41,658,613	5,697,450	4,348,274	530,048
2023-2027	121,820,558	11,015,934	12,245,204	776,492
2028-2032	12,040,000	2,103,519	-	-
2033-2037	6,645,000	534,819	-	-
Totals	<u>\$ 406,399,901</u>	<u>\$ 59,670,662</u>	<u>\$ 41,340,518</u>	<u>\$ 5,544,479</u>

Revenue Debt

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

	<u>Sewer</u>	<u>Water</u>
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	53%	70%
Total principal and interest remaining	51,151,359	240,632,893
Principal and interest paid for the current year	5,151,584	16,360,483
Total customer net revenues for current year	6,951,460	16,999,639

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2017 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-17</u>
<u>Water Utility</u>					
Revenue bonds	12-9-09	1-1-30	3.00 – 5.00%	\$ 47,065,000	\$ 37,550,000
Revenue bonds – Build America Bonds	11-10-10	1-1-31	0.90 – 5.25	13,250,000	9,895,000
Revenue bonds	12-22-11	1-1-32	2.00 – 4.00	19,370,000	15,565,000
Revenue bonds	12-19-12	1-1-33	2.00 – 4.00	21,095,000	17,640,000
Revenue bonds	12-18-13	1-1-34	3.00 – 5.00	24,335,000	21,645,000
Revenue bonds	12-17-15	1-1-36	3.00 – 5.00	41,610,000	40,125,000
Revenue bonds	12-28-16	1-1-37	1.24 – 3.82	38,420,000	<u>36,255,000</u>
				Total Water Utility	<u><u>178,675,000</u></u>
<u>Sewer Utility</u>					
Revenue bonds	12-1-08	12-1-23	3.00 – 4.85	11,195,000	5,395,000
Revenue bonds – Build America Bonds	12-29-10	12-1-25	0.80 – 4.90	13,135,000	7,455,000
Revenue bonds	11-15-12	12-1-27	2.00 – 3.00	9,500,000	6,695,000
Revenue bonds	12-1-14	12-1-29	2.50 – 5.00	9,645,000	8,205,000
Revenue bonds	10-28-16	12-1-31	2.50 – 5.00	14,600,000	<u>13,835,000</u>
				Total Sewer Utility	<u><u>41,585,000</u></u>
					Total Business-type Activities Revenue Debt
					<u><u>\$ 220,260,000</u></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 85% of net revenues. Total principal and interest remaining to be paid on the bonds is \$8,216,713. Principal and interest paid for the current year and total revenues were \$1,911,770 and \$1,940,105, respectively.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-17</u>
Lease revenue bonds	4-1-99	10-1-22	5.50 – 7.10%	\$ 10,870,000	\$ 4,745,000
Lease revenue bonds	1-1-13	3-1-20	3.00	5,245,000	<u>2,290,000</u>
					Total Revenue Debt – Component Unit – Enterprise
					<u><u>\$ 7,035,000</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Component Unit Revenue Debt	
	Principal	Interest	Principal	Interest
2018	\$ 10,435,000	\$ 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	7,080,214	1,075,000	153,900
2022	14,410,000	6,449,086	1,085,000	77,506
2023-2027	72,330,000	22,683,652	-	-
2028-2032	59,780,000	9,089,201	-	-
2033-2037	23,350,000	1,521,364	-	-
Totals	<u>\$ 220,260,000</u>	<u>\$ 71,524,252</u>	<u>\$ 7,035,000</u>	<u>\$ 1,181,713</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, 2017, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-17
Community Development Authority					
Housing mortgage note	8-12-77	12-1-18	6.75%	\$ 3,085,241	\$ 198,025
Housing mortgage note	6-1-92	6-1-22	4.00	2,283,492	421,477
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	2,805,468
Total Mortgage Notes					<u>\$ 3,638,037</u>

Years	Component Unit Mortgage Notes	
	Principal	Interest
2018	\$ 447,189	\$ 118,396
2019	258,526	102,288
2020	267,999	92,815
2021	2,401,829	62,285
2022	49,427	567
2023-2027	122,070	-
2028-2031	90,997	-
Totals	<u>\$ 3,638,037</u>	<u>\$ 376,351</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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		615,002
Promissory note		60,000
HOME loan		280,000
WHEDA WRAP note		112,735
Impact C.I.L, LLC		1,090,735
Johnson Bank		792,975
Total	\$	3,792,447

<u>Years</u>	Other Loans/Notes	
	Principal	Interest
2018	\$ 91,981	\$ 33,382
2019	95,461	35,086
2020	96,648	33,899
2021	98,085	32,461
2022	212,229	31,053
2023-2027	452,616	131,789
2028-2032	225,899	85,169
2033-2037	247,793	26,726
Total	\$ 1,520,712	\$ 409,565

The City of Madison loans (other than the affordable housing trust loan) 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, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Prior Year Defeasance of Debt

In 2016, the water utility defeased \$17,410,000 of bonds by placing the proceeds of 2016 bonds in an irrevocable trust to provide for all future debt service on old bonds. The bonds are callable on January 1, 2028. At December 31, 2017, \$1,470,000 of bonds are considered defeased.

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, 2017:

Year Ending December 31,

2018	\$ 1,273,698
2019	622,812
2020	535,995
2021	321,353
2022-2026	<u>601,759</u>
Total Minimum Payments Required	<u>\$ 3,355,617</u>

Total rental expenses/expenditures under the above leases were \$1,386,748 in 2017.

The City as Lessor

The City leases all or portions of certain properties under several lease agreements with expiration dates extending to September 2113. The cost and net book value of the properties leased is \$13,781,373 and \$882,723, respectively.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

G. LEASE DISCLOSURES (cont.)

The City as Lessor (cont.)

The following is a schedule by years of future minimum rentals under these leases as of December 31, 2017:

<u>Year Ending December 31,</u>	
2018	\$ 1,419,937
2019	1,356,625
2020	965,662
2021	889,240
2022	817,907
2023-2027	3,435,013
2028-2032	2,365,690
2033-2037	984,969
2038-2042	794,693
2043-2047	776,627
2048-2052	774,888
2053-2057	726,403
2058-2062	664,280
2063-2067	531,556
2068-2072	373,607
2073-2077	381,484
2078-2082	361,105
2083-2087	223,306
2088-2092	157,701
2093-2097	135,188
2098-2102	93,006
2103-2107	93,006
2108-2112	80,767
2113	9,473
Total Future Minimum Rentals	<u>\$ 18,412,133</u>

Total rental revenues under the aforementioned leases were \$1,554,379 in 2017.

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

G. LEASE DISCLOSURES (cont.)

The City as Lessor (cont.)

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>4,181,585</u>
Business-type Activities		
2013 issue	\$	<u>1,765,500</u>

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

	Governmental Activities	
	1999 Issue	
	Principal	Interest
2018	\$ 745,000	\$ 337,895
2019	870,000	285,000
2020	970,000	223,013
2021	1,075,000	153,900
2022	<u>521,585</u>	<u>37,163</u>
Totals	<u>\$ 4,181,585</u>	<u>\$ 1,036,971</u>
	Business-type Activities	
	2013 Issue	
	Principal	Interest
2018	\$ 740,000	\$ 57,600
2019	765,000	35,025
2020	<u>260,500</u>	<u>11,775</u>
Totals	<u>\$ 1,765,500</u>	<u>\$ 104,400</u>

H. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2017 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 202,240,780
Construction in progress	56,779,346
Other capital assets, net of accumulated depreciation	761,950,389
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(280,412,426)
Less: Unamortized premium and discount	<u>(26,930,537)</u>
Total Net Investment in Capital Assets	<u>\$ 713,627,552</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017 include the following:

	General Fund	Library	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Fund Balances						
Nonspendable:						
Advances to other funds	\$ 765,000	\$ -	\$ -	\$ -	\$ -	\$ 765,000
Advances to component units	238,000	-	-	-	-	238,000
Noncurrent receivables	85,661	-	-	-	-	85,661
Noncurrent interfunds	3,079,684	-	-	-	-	3,079,684
Inventories	574,173	-	-	1,501,152	-	2,075,325
Prepaid items	1,934,402	125,837	-	62,451	34,495	2,157,185
Trust activities	-	-	-	-	760,316	760,316
Restricted for:						
Library	-	-	-	-	668,538	668,538
Grants activities	-	649,788	-	-	519,512	1,169,300
Loans	-	-	-	-	5,018,809	5,018,809
Debt service	-	-	21,315,788	-	5,571,128	26,886,916
Parks	-	-	-	-	548,850	548,850
Impact fees	-	-	-	-	16,151,382	16,151,382
TID activities	-	-	-	67,497,976	-	67,497,976
Landfill	-	-	-	-	177,873	177,873
Trust activities	-	-	-	-	3,976,129	3,976,129
Capital projects	-	-	-	32,255,592	-	32,255,592
Other	-	-	-	-	237,741	237,741
Room tax	-	-	-	-	85,500	85,500
Committed for:						
Room tax	-	-	-	-	1,007,604	1,007,604
Assigned to:						
Capital projects	-	-	-	15,421,485	-	15,421,485
Encumbrances	333,353	-	-	-	-	333,353
Compensated absences	6,427,976	-	-	-	-	6,427,976
Premium stabilization	2,734,376	-	-	-	-	2,734,376
Parks pool	-	-	-	-	-	-
Unassigned (deficit)	42,025,367	-	-	(13,081,956)	(2,472,018)	26,471,393
Totals	<u>\$ 58,197,992</u>	<u>\$ 775,625</u>	<u>\$ 21,315,788</u>	<u>\$ 103,656,700</u>	<u>\$ 32,285,859</u>	<u>\$ 216,231,964</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 64,298,538
Construction in progress	28,481,906
Other capital assets, net of accumulated depreciation	653,509,742
Less: Related long-term debt outstanding	(263,366,018)
Plus: Unspent capital related debt proceeds	20,119,991
Less: Unamortized premium and loss	<u>(8,656,592)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 494,387,567</u></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 Olbrich Botanical Society and Olbrich Botanical Society Foundation; the Business Improvement District (BID) of the City of Madison; 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.

Major Component Unit of the City of Madison

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit of the City of Madison (cont.)

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

a. Summary of Significant Accounting Policies (cont.)

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit of the City of Madison (cont.)

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

a. Summary of Significant Accounting Policies (cont.)

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit of the City of Madison (cont.)

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

a. Summary of Significant Accounting Policies (cont.)

Sales Tax

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

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense, including gifts-in-kind was \$238,374 for the year ended December 31, 2017.

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 capital asset purchases in 2017. 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. No values have been determined for the use of space or administrative functions. The Society had a receivable from the City in the amount of \$8,071 at December 31, 2017, for funds the City collected on its behalf.

c. Investments

Investments at December 31, 2017 consisted of the following:

Mutual funds	\$	5,031,483
Common stocks		2,179,376
Money markets		309,714
		<hr/>
Investments	\$	<u>7,520,573</u>

Investment income for 2017 consisted of the following:

Interest and dividends	\$	137,544
Unrealized and realized gain		732,350
Madison Community Foundation (MCF) Activity		12,859
Investment advisory fees		<hr/> (22,191)
Investment Income	\$	<u>860,562</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, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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, 2017:

	2017			
	Fair Value	Level One	Level Two	Level Three
Equity mutual funds	\$ 2,497,506	\$ 2,497,506	\$ -	\$ -
Fixed income mutual funds	2,533,977	2,533,977	-	-
Common stocks	2,179,376	2,179,376	-	-
Money market funds	309,714	-	309,714	-
Beneficial interest in assets held by MCF	91,748	-	-	91,748
Total	\$ 7,612,321	\$ 7,210,859	\$ 309,714	\$ 91,748

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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.

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, 2017:

Beginning Balance	\$	66,616
Contributions		14,500
Investment income		2,472
Realized gain		1,580
Unrealized gain		9,729
Distributions		(2,227)
Expenses and fees		(922)
		<hr/>
Ending Balance	\$	<u>91,748</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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 \$20,283 in 2017.

e. Unconditional Promises to Give

Unconditional promises to give are expected to be collected as follows at December 31, 2017:

Receivable in less than one year	\$	620,533
Receivable in one to five years		<u>560,000</u>
Total Unconditional Promises to Give		1,180,533
Less 2.5% discount to net present value		<u>(17,687)</u>
 Total Unconditional Promises to Give, Net	 \$	 <u><u>1,162,846</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, 2017 are as follows:

	Special Events	Public Relations	Garden Conservatory Development	Education	Management and General
Advertising and promotion	\$ 165,708	\$ 25,625	\$ -	\$ -	\$ -
Event supplies	3,038	-	-	-	-
Supporting services	<u>5,098</u>	<u>6,230</u>	<u>20,768</u>	<u>15,104</u>	<u>6,073</u>
Totals	<u><u>\$ 173,844</u></u>	<u><u>\$ 31,855</u></u>	<u><u>\$ 20,768</u></u>	<u><u>\$ 15,104</u></u>	<u><u>\$ 6,073</u></u>

The Society recognizes contribution support for certain services received at the fair value of those services. The total amount of those services was \$247,644 in 2017. The Society also recognized contribution support for donated materials received at the fair value of these materials. The total amount of those materials was \$29,512 in 2017.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit of the City of Madison (cont.)

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

f. Donated Services (cont.)

Additionally, the Society received approximately 27,024 hours of volunteer time provided by approximately 1,289 individuals during 2017 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, 2017:

Olbrich Botanical Society Foundation	
Designated for education	\$ 38,049
Designated for orchid fund	39,409
Designated for general stewardship fund	940,769
Board designated endowment	3,631,293
Total Foundation	4,649,520
Designated for agency endowment at MCF	91,748
Designated for capital campaign	729,888
Undesignated	1,273,915
Total Society	2,095,551
Total Unrestricted Net Position	\$ 6,745,071

Permanently restricted net position at December 31, 2017 consists of the following:

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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, 2017 is available for the following purposes:

Olbrich Botanical Society Foundation

Stewardship Fund Garden for the Future	\$ 359,055
Vera Lee Orchidist	1,100,000
Rose Garden Intern	111,454
Stewardship Fund Land Bank	201,173
Total Foundation	<u>1,771,682</u>

Olbrich Botanical Society

Horticulture	92,158
Education	34,358
Conservatory	5,510
Unconditional promises to give	5,900
Capital Campaign	3,548,280
Other	44,692
Total Society	<u>3,730,898</u>

Temporarily Restricted Net Position	<u><u>\$ 5,502,580</u></u>
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In 2017, \$1,211,454 of temporarily restricted net position was transferred from Olbrich Botanical Society to Olbrich Botanical Society Foundation.

Temporarily restricted net position was released from donor restrictions and expended for the following programs during 2017:

Education	\$ 9,053
Horticulture	81,578
Conservatory	6,103
Other	<u>27,507</u>
Net Position Released from Restrictions	<u><u>\$ 124,241</u></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, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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 \$267,206 at December 31, 2017. The Society has the option to take an annual distribution that represents 4.75% of the average value of the assets over a rolling twenty-quarter period. The Society received a distribution from the fund of \$11,697 during 2017.

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 20 quarters.

Balance – beginning of year	\$	66,616
Agency Investment		
Contributions		14,500
Investment income		2,472
Realized gain		1,580
Unrealized gain		9,729
Distributions		(2,227)
Expenses and fees		<u>(922)</u>
Balance – End of Year	\$	<u>91,748</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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, 2017 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>3,631,293</u>	<u>-</u>	<u>-</u>	<u>3,631,293</u>
Totals	<u>\$ 3,631,293</u>	<u>\$ -</u>	<u>\$ 262,805</u>	<u>\$ 3,894,098</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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, 2017 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning balance	\$ 3,263,286	\$ -	\$ 262,805	\$ 3,526,091
Investment income (loss)	591,361	-	-	591,361
Amounts appropriated for expenditure	<u>(223,354)</u>	<u>-</u>	<u>-</u>	<u>(223,354)</u>
Ending Balance	<u>\$ 3,631,293</u>	<u>\$ -</u>	<u>\$ 262,805</u>	<u>\$ 3,894,098</u>

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, 2017.

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, 2017

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

I. COMPONENT UNITS (cont.)

Major Component Unit 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 2017, the board approved an appropriation of \$225,539 for 2018 which consists of 4.5% of the average of the investment balance for the preceding twelve quarters with the last quarter being September 2017.

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. The Society contributed \$250,000 of this commitment during 2017, therefore, the remaining commitment at December 31, 2017 is \$750,000.

m. Subsequent Events

Management has evaluated subsequent events through April 5, 2018, 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, 2017.

n. Related Party Transactions

For the year ended December 31, 2017, the Society received no contributions from related parties. Unconditional promises to give include \$106,167 due from related parties for the capital campaign at December 31, 2017.

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.

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 \$16,788.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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)

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.

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

Revenue Recognition (cont.)

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.

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. Furniture and equipment was \$11,326 and was fully depreciated as of December 31, 2017.

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>2017</u>
Monroe Street Library League	\$ 10,787
Friends of Lakeview Library	<u>34,821</u>
Totals	<u>\$ 45,608</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

Certificates of Deposit

Certificates of deposit with original maturities greater than 3 months and remaining maturities of 12 months or less are classified as current assets on the statement of financial position. Certificates of deposit bear interest ranging from 1.25% to 1.50%, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Website Development Costs

Website development costs 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. Website development costs were \$14,793 and were fully amortized as of December 31, 2017.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

Allocation of Expenses

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.

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 12, 2018, which is the date the MPLF 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.)

b. Promises to Give

Unconditional Promises to Give

Unconditional promises to give at December 31, 2017 consisted of the following:

Central Branch Capital Campaign	\$	300
Pinney Branch Capital Campaign		66,693
Book Festival		24,500
Making Justice		3,000
Bubbler Outreach		40,000
Bookmobile		263,000
Ex Libris		7,500
Lunch for Libraries		1,250
Other		100
Total Unconditional Promises to Give		<u>406,343</u>
Less: Allowance for uncollectible promises to give		-
Less: Discounts to net present value		<u>(12,159)</u>
Unconditional Promises to Give – Net	\$	<u><u>394,184</u></u>

At December 31, 2017, \$209,093 of unconditional promises to give are receivable in less than one year and \$197,250 of unconditional promises to give are receivable in one to five years. Unconditional 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.

Conditional Promises to Give

During 2017, the Foundation received restricted grants totaling \$155,400 that contained donor conditions. The Foundation may receive up to \$65,400 for renovations to the teen area of the Goodman South Madison Library and up to \$90,000 for renovations to the children's area of the Goodman South Madison Library. Since these grants are promises conditioned on completing the renovation work at the Goodman South Madison Library, the amounts are not recorded as contribution revenue until the donor conditions are met.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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 twenty quarters.

The balances of the individual agency endowments at December 31, 2017 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$ 61,612
Madison Library Foundation Endowment Fund	4,746,124
Print Books Purchase Fund	105,356
Judy P. Olson Book Kit Fund	14,221
Lakeview Branch Endowment Fund	84,009
Monroe Endowment Fund	23,771
Pinney Branch Endowment Fund	24,839
Hawthorne Branch Endowment Fund	21,468
South Madison Branch Endowment Fund	198,935
Sequoia Branch Endowment Fund	342,105
Central Endowment	167,266
Alicia Ashman Endowment	27,371
Meadowridge Endowment	<u>117,018</u>
Total Agency Endowments	<u>\$ 5,934,095</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

Fair values of assets measured on a recurring basis at December 31, 2017 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
MCF Pass thru fund ¹	\$ 6,972	\$ -	\$ -	\$ 6,972
Beneficial interest in assets held at MCF ²	5,934,095	-		5,934,095
Unconditional promises to give, long-term, net ³	<u>185,091</u>	<u>-</u>	<u>185,091</u>	<u>-</u>
Totals	<u>\$ 6,126,158</u>	<u>\$ -</u>	<u>\$ 185,091</u>	<u>\$ 5,941,067</u>

¹ 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.

² 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.

³ 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.)

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	\$	-
Stock donations		41,769
Distributions		(34,429)
Administrative Fees		<u>(368)</u>
Ending Balance	\$	<u>6,972</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	\$	5,103,010
Net investment income		868,417
Transfers in		155,785
Withdrawals		<u>(193,117)</u>
Ending Balance	\$	<u>5,934,095</u>

Included in net investment income are investment fees totaling \$52,033 as of December 31, 2017.

e. Grants Payable

Grants payable at December 31, 2017 were \$30,000 and represent grants owed to the Madison Public Library for various programs.

f. 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	\$	4,746,124
Judy P. Olson Book Discussion Kit Endowment Fund		14,221
Program Venture Fund		70,000
Other, Board Designated		7,820
Undesignated		<u>489,470</u>
Unrestricted Net Position	\$	<u>5,327,635</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

f. 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	\$	11,219
Ashman Endowment		4,281
Book Festival		42,390
Bookmobile		263,000
Bubbler Outreach		40,000
Central Branch		75
Central Endowment		17,173
Friends of Lakeview Library		34,821
General Library		32,623
Hawthorne Branch		1,025
Hawthorne Endowment		22,551
Lakeview Branch		15,961
Lakeview Endowment		85,006
Meadowridge Branch		12,460
Meadowridge Endowment		12,227
Monroe Branch		5,982
Monroe Endowment		5,019
Monroe Library League		10,787
Pinney Branch		2,173
Pinney Capital Campaign		1,025,258
Pinney Endowment		24,087
Proctor Endowment		7,208
Sequoia Branch		13,308
Sequoia Endowment		59,084
South Madison Branch		(278)
South Madison Endowment		<u>39,532</u>
Temporarily Restricted Net Position	\$	<u>1,786,972</u>

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

f. Net Position (cont.)

Permanently restricted net position at December 31, 2017 consisted of the following:

Ashman Branch Endowment Fund	\$ 24,155
Central Branch Endowment Fund	149,887
Elizabeth Moon Proctor Scholarship and Professional Development Fund	50,018
Meadowridge Branch Endowment Fund	107,595
Monroe Branch Endowment Fund	19,530
Print Books Endowment Fund	110,766
Sequoia Endowment	291,996
South Madison Branch Endowment Fund	<u>169,057</u>
Permanently Restricted Net Position	<u>\$ 923,004</u>

g. 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, 2017

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. 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 \$5,412 as of December 31, 2017. 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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 277,025	\$ 923,004	\$ 1,200,029
Board-designated endowment funds	<u>4,760,345</u>	<u>-</u>	<u>-</u>	<u>4,760,345</u>
Total Funds	<u>\$ 4,760,345</u>	<u>\$ 277,025</u>	<u>\$ 923,004</u>	<u>\$ 5,960,374</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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. Endowment (cont.)

Changes in endowment net position for the year ended December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net position – beginning of year	\$ 4,135,064	\$ 155,645	\$ 846,619	\$ 5,137,328
Contributions	78,508	5,385	76,385	160,278
Net investment income	704,474	146,815	-	851,289
Amounts appropriated for expenditure	(157,701)	(30,820)	-	(188,521)
Endowment Net Position – End of Year	\$ 4,760,345	\$ 277,025	\$ 923,004	\$ 5,960,374

h. 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 \$3,996 during 2017. The Mohaupt Fund had a fair value of \$90,340 as of December 31, 2017.

i. Pension Plan

The Foundation's defined contribution employee 401(K) safe harbor retirement 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 2017 was \$10,435.

j. Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2018. 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, 2017

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, 2017

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.)

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.

Functional Allocation of Expenses

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 2014.

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.

Use of 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

Subsequent Events

In preparing the MPF financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 28, 2018, 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, 2017, 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.

The Foundation maintains its investments at a fiduciary trust company. These investments are not insured by the Securities Investor Protection Corporation (SIPC). At December 31, 2017, the Foundation held investments of \$2,427,704 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, 2017:

	Market	Cost
Cash	\$ 101,408	\$ 101,408
Equities	1,574,975	1,251,359
Fixed income	693,376	701,258
Real estate	57,945	62,280
Totals	<u>\$ 2,427,704</u>	<u>\$ 2,116,305</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.)

c. Investments (cont.)

Investment income from these investments for the year ended December 31, 2017 is summarized as follows:

	2017
Interest and dividends	\$ 44,072
Net realized and unrealized gains	289,790
Investment expense	(19,507)
Total	\$ 314,355

Included within these investments is the endowment established in 2015. See Note h for additional information.

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.

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)
<u>December 31, 2017</u>			
Cash	\$ 101,408	\$ 101,408	\$ -
Equities	1,574,975	1,574,975	-
Fixed income	693,376	693,376	-
Exchange-Traded Funds			
Real estate	57,945	57,945	-
Beneficial Interest in assets held by MCF	76,800	-	76,800
Totals	\$ 2,504,504	\$ 2,427,704	\$ 76,800

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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 (cont.)

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.

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, 2017:

	2017
Balance – January 1, 2017	\$ 67,340
Agency endowment return	
Contributions/Transfers	1,025
Investment income	12,064
Distributions from agency endowment	(2,916)
Expense and fees	(713)
Balance – December 31, 2017	\$ 76,800

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

f. Restricted Net Position

Temporarily restricted net position is available for the following purposes:

Time and purpose restrictions	\$ 551,263
Investment Income with Purpose from Permanently Restricted City Endowment	17,625
Donated funds from City of Madison	<u>473,244</u>
Total	<u>\$ 1,042,132</u>

Permanently restricted net position consists of the following:

City Endowment	\$ 76,800
MCF Endowment	<u>90,000</u>
Total	<u>\$ 166,800</u>

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 2017, total wages and benefits reimbursed by the Foundation to the City totaled \$97,641. The Foundation owed the City \$28,949 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 2017.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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.

	Temporarily Restricted	Permanently Restricted	Total
Endowment net position, Beginning of year	\$ -	\$ 94,604	\$ 94,604
Investment return:			
Unrealized gain (loss)	-	11,332	11,332
Investment Income	-	2,440	2,440
Contributions			
Amount appropriated for expenditure	-	(751)	(751)
Transfers – 2016 and 2017 investment income	17,625	(17,625)	-
Endowment Net Position, End of Year	\$ 17,625	\$ 90,000	\$ 107,625

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 (cont.)

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.

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 the MPF financial statements.

J. SPECIAL ITEM – GOVERNMENT COMBINATION/DISPOSAL OF GOVERNMENT OPERATION

On August 15, 2017, the PSCW granted the dissolution of Waunona Sanitary District #2 (District) and the acquisition of its customers and assets by the Madison Water Utility (water utility). Prior to the decision, the District operated independently and purchased wholesale water from the water utility. The District was experiencing difficulties in finding acceptable staffing levels necessary to operate the District and, therefore, requested that the water utility take over operation of both the water and sewer functions. The water utility agreed to take over the operations and began providing water and sewer service to the acquired customers after the effective date of transition.

As a result of the transfer of operations, the water utility recognized assets of \$21,919 and net position from the combination of \$54,749.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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
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
2016	0.5	(5)

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. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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 \$15,970,176 in contributions from the City and \$153,367 in contributions from the CDA.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

City Information

At December 31, 2017, the City reported a liability of \$13,353,109, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the City’s proportion was 1.62005356%, which was an increase of 0.03800056 % from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$33,907,061.

At December 31, 2017, 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	\$ 5,090,651	\$ 41,981,179
Changes in assumptions	13,956,806	-
Net differences between projected and actual earnings on pension plan investments	66,442,441	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	749,424
Employer contributions subsequent to the measurement date	17,686,491	-
Totals	\$ 103,176,389	\$ 42,730,603

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

CDA Information

At December 31, 2017, the CDA reported a liability of \$132,859 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the CDA’s proportion was 0.016118995%, which was a decrease of 0.000011574% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the CDA recognized pension expense of \$331,029.

At December 31, 2017, 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	\$ 51,549	\$ 431,025
Changes in assumptions	143,296	-
Net differences between projected and actual earnings on pension plan investments	686,436	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,536
Employer contributions subsequent to the measurement date	169,849	-
Totals	\$ 1,051,130	\$ 438,561

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

City Information

\$17,686,491 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>
2018	\$ 31,103,496	\$ 13,606,367
2019	31,103,495	13,606,367
2020	25,478,616	13,605,213
2021	(2,218,910)	1,906,662
2022	23,201	5,994

CDA Information

\$169,849 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>
2018	\$ 320,633	\$ 139,648
2019	320,633	139,648
2020	262,649	139,636
2021	(22,874)	19,569
2022	240	60

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	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, 2017

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 3.78%. 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	\$175,668,727	\$13,353,109	(\$111,637,268)
CDA’s proportionate share of the net pension (asset) liability	\$1,747,832	\$132,859	(\$1,110,745)

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, 2017, the City and CDA reported a payable to the pension plan of \$4,320,038 and \$39,787, 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 2017 was \$92,395. The present value of estimated future payments based on past service is \$206,873 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, 2017

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	\$ 18,155,806	\$ 15,522,010
Current year claims and changes in estimates	1,241,955	1,530,039
Claim payments	<u>(3,875,751)</u>	<u>(2,743,638)</u>
Unpaid Claims – End of Year	<u>\$ 15,522,010</u>	<u>\$ 14,308,411</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 41.00% 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, 2017, WMMIC was owned by nineteen members.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017. 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, 2017, 65 buses had been purchased under this contract.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 \$331,560 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	\$ 19,396,626
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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, 2017

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. The City will contribute, on behalf of eligible fire employees and fire supervisors, up to 105% (90% for those who retired after January 1, 2017) 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 100% 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 2017, the City contributed \$2,625,538 to the plan. Plan members receiving benefits contributed \$2,341,264, or approximately 89% of the total premiums, through their required contributions.

The City contributes to defined benefit postemployment benefit plans for fire and laborers' employees, Voluntary Employee Beneficiary Association (VEBA) and to teamsters' escrow account. The City also began contributing to Local 6000 VEBA in 2017. 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 and into an escrow account for contribution towards health premiums for eligible teamsters' employees in an amount determined annually with the wage increase negotiated. The unions are responsible for administering the respective plans. The firefighters discontinued their VEBA for 2010. The 2017 contributions to Local 6000, laborers, and teamsters were \$612,212, \$279,579, and \$431,195, 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	\$ 7,833,432
Interest on net OPEB obligation	1,482,006
Adjustment to the ARC	<u>(2,021,836)</u>
Annual OPEB Cost	7,293,602
Contributions made	<u>(2,625,538)</u>
Increase in net OPEB obligation	4,668,064
Net OPEB Obligation – Beginning of Year	<u>32,933,461</u>
Net OPEB Obligation – End of Year	<u>\$ 37,601,525*</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, 2017

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 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 7,293,602	36.0%	\$ 37,601,525
2016	7,440,559	52.77%	32,933,461
2015	6,808,834	43.2%	29,413,249

The funded status of the plan as of December 31, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 62,674,237
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 62,674,237</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 190,626,255
UAAL as a percentage of covered payroll	32.9%

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, 2017, was 30 years.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

E. RELATED PARTIES

Related Parties – Primary Government

The City had the following related party transactions during 2017.

Name	Committee	Affiliated Organization	Amount
Craig Bartlett	Madison's Central Business Improvement District Board	Red Card Media – Isthmus Publishing	\$ 29,434
Keetra Burnette	Community Development Block Grant Committee	United Way of Dane County	17,905
Martha Cranley	Housing Strategy Committee	United Way of Dane County	17,905
Danielle Dieringer	Equal Opportunities Commission	YWCA Madison	70,137
Chandra Miller Fienen	Oscar Mayer Strategic Assessment Committee	Starting Block Grant	1,500,000
John Hutchinson	Madison's Central Business Improvement District Board	Fontana Sports	18,531
Jason Ilstrup	Historic Preservation Plan Advisory Committee	Downtown Madison, Inc.	289,962
Paul Jadin	Oscar Mayer Strategic Assessment Committee	Madison Region Economic Partnership	33,000
Sarah Larson	Public Market Development Committee	Tribe 9 Foods	1,299,980
Alexis London	Triangle Monona Bay Neighborhood Plan Steering Committee	Bayview Foundation	30,285
Stacie Reece	Sustainable Madison Committee	Sustain Dane	43,060
Jesse Shields	Sustainable Madison Committee	Madison Gas & Electric Company	3,370,163
Michael Vickerman	Sustainable Madison Committee	RENEW Wisconsin	25,800
Gary Wolter	Oscar Mayer Strategic Assessment Committee	Madison Gas & Electric Company	3,370,163
Total			<u>\$10,116,325</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, 2017

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, 2017

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 \$4,535,371 to the PHMDC for 2017. 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, 2017 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, 2017 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, 2017

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 2017 were \$2,691,586. Total amount of loans disbursed during 2017 were \$3,963,000.

J. SUBSEQUENT EVENT

On February 26, 2018, the Community Development Authority of The City of Madison issued lease revenue refunding bonds in the amount of \$3,960,000 with interest rates of 2.00%-2.70%. This amount will be used refund the 1999 lease revenue bonds.

K. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 218,020,654	\$ 218,020,654	\$ 217,974,964	\$ (45,690)
Intergovernmental	35,826,671	35,826,671	36,596,686	770,015
Licenses and permits	6,333,620	6,333,620	7,706,199	1,372,579
Fines and forfeitures	6,850,000	6,850,000	6,614,108	(235,892)
Charges for services	10,135,000	10,135,000	15,967,637	5,832,637
Investment income	1,485,000	1,485,000	1,506,537	21,537
Miscellaneous	4,337,600	4,337,600	1,374,193	(2,963,407)
Total Revenues	<u>282,988,545</u>	<u>282,988,545</u>	<u>287,740,324</u>	<u>4,751,779</u>
EXPENDITURES				
Current				
General Government				
Common council	629,560	629,560	545,612	83,948
Mayor	1,393,858	1,484,858	1,497,285	(12,427)
Municipal court	-	80,000	65,551	14,449
Attorney	2,953,891	3,003,891	2,983,401	20,490
Assessor	2,532,868	2,532,868	2,491,810	41,058
Clerk	1,440,855	1,440,855	1,281,093	159,762
Treasurer	539,941	739,954	689,175	50,779
Finance	3,691,808	3,695,763	3,691,551	4,212
Information technology	6,520,633	6,482,598	6,319,679	162,919
Human resources	1,662,401	1,862,401	1,861,767	634
EAP	344,591	344,591	316,624	27,967
Department of Civil Rights	1,561,158	1,561,158	1,522,794	38,364
Total General Government	<u>23,271,564</u>	<u>23,858,497</u>	<u>23,266,342</u>	<u>592,155</u>
Public Safety				
Fire	50,057,302	51,812,437	51,573,040	239,397
Police	69,789,912	71,481,195	71,692,539	(211,344)
Public health	4,507,976	4,535,370	4,535,371	(1)
Total Public Safety	<u>124,355,190</u>	<u>127,829,002</u>	<u>127,800,950</u>	<u>28,052</u>
Public Works and Transportation				
Engineering	4,390,409	4,697,611	4,601,510	96,101
Streets	25,237,654	26,125,034	24,130,646	1,994,388
Transit utility	11,880,431	11,880,431	11,880,431	-
Traffic engineering	5,965,566	6,141,366	6,031,131	110,235
Total Public Works and Transportation	<u>47,474,060</u>	<u>48,844,442</u>	<u>46,643,718</u>	<u>2,200,724</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (cont.)				
Planning and Development				
Office of the director of planning	\$ 707,495	\$ 673,206	\$ 656,688	\$ 16,518
Planning	3,079,095	3,257,021	3,074,026	182,995
Building inspection	4,357,827	4,357,827	4,340,940	16,887
Community development	11,187,460	11,261,158	12,399,176	(1,138,018)
Economic development	1,409,480	1,374,480	1,384,178	(9,698)
CDA housing operations	176,512	176,512	176,512	-
Total Planning and Development	<u>20,917,869</u>	<u>21,100,204</u>	<u>22,031,520</u>	<u>(931,316)</u>
Culture and Recreation				
Parks	13,227,471	13,480,834	13,388,362	92,472
Total Culture and Recreation	<u>13,227,471</u>	<u>13,480,834</u>	<u>13,388,362</u>	<u>92,472</u>
Miscellaneous	<u>10,371,352</u>	<u>5,859,732</u>	<u>6,305,946</u>	<u>(446,214)</u>
Debt Service	<u>44,321,040</u>	<u>44,321,038</u>	<u>44,321,038</u>	<u>-</u>
Total Expenditures	<u>283,938,546</u>	<u>285,293,749</u>	<u>283,757,876</u>	<u>1,535,873</u>
Net Change in Fund Balances	(950,001)	(2,305,204)	3,982,448	6,287,652
FUND BALANCES - Beginning of Year	<u>54,215,524</u>	<u>54,215,524</u>	<u>54,215,524</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 53,265,523</u>	<u>\$ 51,910,320</u>	<u>\$ 58,197,972</u>	<u>\$ 6,287,652</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 16,915,565	\$ 16,915,565	\$ 16,915,564	\$ (1)
Intergovernmental	92,560	128,660	189,968	61,308
Public charges for services	1,242,438	1,242,439	1,192,970	(49,469)
Miscellaneous	330,900	572,884	919,120	346,236
Total Revenues	<u>18,581,463</u>	<u>18,859,548</u>	<u>19,217,622</u>	<u>358,074</u>
EXPENDITURES				
Current				
Culture and recreation	14,827,976	15,359,351	15,390,069	(30,718)
Capital Outlay	<u>1,028,024</u>	<u>986,397</u>	<u>249,802</u>	<u>736,595</u>
Total Expenditures	<u>15,856,000</u>	<u>16,345,748</u>	<u>15,639,871</u>	<u>705,877</u>
Excess (deficiency) of revenues over expenditures	<u>2,725,463</u>	<u>2,513,800</u>	<u>3,577,751</u>	<u>1,063,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	<u>(2,745,463)</u>	<u>(2,745,463)</u>	<u>(3,496,477)</u>	<u>(751,014)</u>
Total Other Financing Sources (Uses)	<u>(2,725,463)</u>	<u>(2,725,463)</u>	<u>(3,476,477)</u>	<u>(751,014)</u>
Net Change in Fund Balances	-	(211,663)	101,274	312,937
FUND BALANCES - Beginning of Year	<u>674,351</u>	<u>674,351</u>	<u>674,351</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 674,351</u>	<u>\$ 462,688</u>	<u>\$ 775,625</u>	<u>\$ 312,937</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, 2017**

<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>
12/31/17	\$ -	\$ 62,674,237	\$ 62,674,237	0.0%	\$ 190,626,255	32.9%
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%

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, 2017

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/17	1.62005356%	\$ 13,353,109	\$ 191,009,837	6.99%	99.12%
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, 2017

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	\$ 17,686,491	\$ 17,686,491	\$ -	198,994,273	8.89%
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, 2017

<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>
12/31/17	0.01611899%	\$ 132,859	\$ 2,220,313	5.98%	99.12%
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, 2017

<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>
12/31/17	\$ 169,849	\$ 169,849	\$ -	2,271,038	7.48%
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, 2017

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	\$ 274,306,637
Add: Operating Transfers In	18,910,297
Less: Operating Transfers Out	<u>(5,476,610)</u>
Total Revenues – Budgetary Basis	<u>\$ 287,740,324</u>
Total Expenditures – GAAP Basis	\$ 227,791,379
Add: Operating Transfers Out	61,443,107
Less: Operating Transfers In	<u>(5,476,610)</u>
Total Expenditures – Budgetary Basis	<u>\$ 283,757,876</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 \$333,353. 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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	468,274	468,274	323,430	(144,844)
Investment income	350,000	350,000	635,933	285,933
Total Revenues	<u>818,274</u>	<u>818,274</u>	<u>959,363</u>	<u>141,089</u>
EXPENDITURES				
Debt Service				
Principal retirement	65,675,000	65,675,000	53,804,739	11,870,261
Interest and fiscal charges	12,813,643	12,813,643	10,888,383	1,925,260
Total Expenditures	<u>78,488,643</u>	<u>78,488,643</u>	<u>64,693,122</u>	<u>13,795,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,670,369)</u>	<u>(77,670,369)</u>	<u>(63,733,759)</u>	<u>13,936,610</u>
OTHER FINANCING SOURCES				
General obligation debt issued	-	-	1,247,194	1,247,194
Premium on debt issued			6,602,862	6,602,862
Transfers in	77,670,369	77,670,369	57,560,711	(20,109,658)
Total Other Financing Sources	<u>77,670,369</u>	<u>77,670,369</u>	<u>65,410,767</u>	<u>(12,259,602)</u>
Net Change in Fund Balances	-	-	1,677,008	1,677,008
FUND BALANCES - Beginning of Year	<u>19,638,780</u>	<u>19,638,780</u>	<u>19,638,780</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 19,638,780</u>	<u>\$ 19,638,780</u>	<u>\$ 21,315,788</u>	<u>\$ 1,677,008</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 18,820,919	\$ 19,077,895	\$ 19,043,987	\$ (33,908)
Special assessments	3,250,000	3,250,000	3,603,220	353,220
Intergovernmental	16,888,205	16,324,374	3,710,941	(12,613,433)
Public charges for services	589,405	665,944	339,671	(326,273)
Investment income	682,217	682,218	1,347,279	665,061
Miscellaneous	10,298,035	2,702,033	828,862	(1,873,171)
Total Revenues	<u>50,528,781</u>	<u>42,702,464</u>	<u>28,873,960</u>	<u>(13,828,504)</u>
EXPENDITURES				
Current				
General government	3,135,694	5,419,523	3,062,595	2,356,928
Public safety	691,830	962,062	585,087	376,975
Public works	1,336,469	7,384,423	7,715,992	(331,569)
Planning and development	6,065,112	9,761,872	3,103,556	6,658,316
Culture and recreation	2,730,326	8,345,648	4,812,614	3,533,034
Capital Outlay	278,407,377	249,187,631	73,546,188	175,641,443
Debt Service				
Principal retirement	700,000	700,000	700,000	-
Interest and fiscal charges	386,895	386,895	390,058	(3,163)
Total Expenditures	<u>293,453,703</u>	<u>282,148,054</u>	<u>93,916,090</u>	<u>188,231,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(242,924,922)</u>	<u>(239,445,590)</u>	<u>(65,042,130)</u>	<u>174,403,460</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	163,692,207	168,426,414	85,580,704	(82,845,710)
Sale of capital assets	825,290	696,136	2,049,159	1,353,023
Transfers in	20,658,838	18,057,438	7,407,438	(10,650,000)
Transfers out	(18,596,327)	(19,809,399)	(9,990,852)	9,818,547
Total Other Financing Sources (Uses)	<u>166,580,008</u>	<u>167,370,589</u>	<u>85,046,449</u>	<u>(82,324,140)</u>
Net Change in Fund Balances	(76,344,914)	(72,075,001)	20,004,319	92,079,320
FUND BALANCES - Beginning of Year	<u>83,652,381</u>	<u>83,652,381</u>	<u>83,652,381</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,307,467</u>	<u>\$ 11,577,380</u>	<u>\$ 103,656,700</u>	<u>\$ 92,079,320</u>

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, 2017

	Special Revenue			
	Community Development Block Grant	Revolving Loans	Other Grants	Other Restricted Funds
ASSETS				
Cash and investments	\$ 3,444,423	\$ 1,374,167	\$ 1,074,184	\$ 1,292,859
Room taxes receivable	-	-	-	3,830,772
Accrued revenue	-	-	4,500	360,287
Accrued interest	-	356,973	-	320
Long-term loans receivable	18,705,491	7,125,250	-	640,002
Due from other funds	-	-	-	554,544
Due from other governmental units	3,511,037	-	1,047,081	283
Prepaid items	7,923	285	19,185	7,102
Restricted cash and investments	938,987	-	-	16,096,409
TOTAL ASSETS	\$ 26,607,861	\$ 8,856,675	\$ 2,144,950	\$ 22,782,578
LIABILITIES				
Accounts payable	\$ 415,348	\$ 15,261	\$ 134,885	\$ 125,858
Accrued Liabilities	23,659	1,644	62,239	16,742
Deposits	-	-	-	10,907
Advance from other funds	-	522,254	-	-
Unearned revenues	938,987	-	1,048,939	-
Total Liabilities	1,377,994	539,159	1,246,063	153,507
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	21,038,143	7,482,223	360,190	982,304
Total Deferred Inflows of Resources	21,038,143	7,482,223	360,190	982,304
FUND BALANCES				
Nonspendable	7,923	285	19,185	7,102
Restricted	4,183,801	835,008	519,512	23,104,079
Committed	-	-	-	1,007,604
Unassigned (deficit)	-	-	-	(2,472,018)
Total Fund Balances	4,191,724	835,293	538,697	21,646,767
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 26,607,861	\$ 8,856,675	\$ 2,144,950	\$ 22,782,578

Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 7,185,633	\$ 5,067,040	\$ 12,252,673
3,830,772	-	3,830,772
364,787	-	364,787
357,293	8,838	366,131
26,470,743	-	26,470,743
554,544	-	554,544
4,558,401	-	4,558,401
34,495	-	34,495
<u>17,035,396</u>	<u>-</u>	<u>17,035,396</u>
<u>\$ 60,392,064</u>	<u>\$ 5,075,878</u>	<u>\$ 65,467,942</u>
\$ 691,352	\$ 2,500	\$ 693,852
104,284	-	104,284
10,907	-	10,907
522,254	-	522,254
<u>1,987,926</u>	<u>-</u>	<u>1,987,926</u>
<u>3,316,723</u>	<u>2,500</u>	<u>3,319,223</u>
<u>29,862,860</u>	<u>-</u>	<u>29,862,860</u>
<u>29,862,860</u>	<u>-</u>	<u>29,862,860</u>
34,495	760,316	794,811
28,642,400	4,313,062	32,955,462
1,007,604	-	1,007,604
<u>(2,472,018)</u>	<u>-</u>	<u>(2,472,018)</u>
<u>27,212,481</u>	<u>5,073,378</u>	<u>32,285,859</u>
<u>\$ 60,392,064</u>	<u>\$ 5,075,878</u>	<u>\$ 65,467,942</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Community Development Block Grant	Revolving Loans	Other Grants	Other Restricted Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 15,493,290
Intergovernmental	3,562,756	-	3,024,215	125,168
Public charges for services	1,815,495	921,385	-	11,106,395
Licenses and permits	-	-	-	297,151
Investment income	227,177	69,771	5,616	258,190
Miscellaneous	-	-	166,189	3,667
Total Revenues	<u>5,605,428</u>	<u>991,156</u>	<u>3,196,020</u>	<u>27,283,861</u>
EXPENDITURES				
Current				
General government	-	-	229,010	5,976,281
Public safety	-	-	2,235,364	213,138
Public works	-	-	-	792,377
Planning and development	4,912,885	1,237,118	1,307,110	4,265,036
Culture and recreation	-	-	12,220	228,019
Total Expenditures	<u>4,912,885</u>	<u>1,237,118</u>	<u>3,783,704</u>	<u>11,474,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>692,543</u>	<u>(245,962)</u>	<u>(587,684)</u>	<u>15,809,010</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	806,206
Sale of capital assets	-	-	-	426,435
Transfers in	-	-	468,653	1,217,649
Transfers out	<u>(10,520)</u>	<u>(100,000)</u>	<u>(181,078)</u>	<u>(17,424,034)</u>
Total Other Financing Sources (Uses)	<u>(10,520)</u>	<u>(100,000)</u>	<u>287,575</u>	<u>(14,973,744)</u>
Net Change in Fund Balances	682,023	(345,962)	(300,109)	835,266
FUND BALANCE - Beginning of Year	<u>3,509,701</u>	<u>1,181,255</u>	<u>838,806</u>	<u>20,811,501</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,191,724</u>	<u>\$ 835,293</u>	<u>\$ 538,697</u>	<u>\$ 21,646,767</u>

Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 15,493,290	\$ -	\$ 15,493,290
6,712,139	-	6,712,139
13,843,275	80,143	13,923,418
297,151	-	297,151
560,754	278,261	839,015
169,856	-	169,856
<u>37,076,465</u>	<u>358,404</u>	<u>37,434,869</u>
6,205,291	-	6,205,291
2,448,502	-	2,448,502
792,377	-	792,377
11,722,149	-	11,722,149
240,239	43,818	284,057
<u>21,408,558</u>	<u>43,818</u>	<u>21,452,376</u>
<u>15,667,907</u>	<u>314,586</u>	<u>15,982,493</u>
806,206	-	806,206
426,435	-	426,435
1,686,302	-	1,686,302
(17,715,632)	(208,650)	(17,924,282)
<u>(14,796,689)</u>	<u>(208,650)</u>	<u>(15,005,339)</u>
871,218	105,936	977,154
<u>26,341,263</u>	<u>4,967,442</u>	<u>31,308,705</u>
<u>\$ 27,212,481</u>	<u>\$ 5,073,378</u>	<u>\$ 32,285,859</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CDBG For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,062,329	\$ 7,387,232	\$ 3,562,756	\$ (3,824,476)
Public charges for services	2,241,333	3,181,409	1,815,495	(1,365,914)
Investment income	-	3,924	227,177	223,253
Total Revenues	<u>8,303,662</u>	<u>10,572,565</u>	<u>5,605,428</u>	<u>(4,967,137)</u>
EXPENDITURES				
Current				
Planning and development	<u>8,303,662</u>	<u>10,600,765</u>	<u>4,912,885</u>	<u>5,687,880</u>
Total Expenditures	<u>8,303,662</u>	<u>10,600,765</u>	<u>4,912,885</u>	<u>5,687,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(28,200)</u>	<u>692,543</u>	<u>720,743</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(10,520)</u>	<u>(10,520)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(10,520)</u>	<u>(10,520)</u>
Net Change in Fund Balances	-	(28,200)	682,023	710,223
FUND BALANCE - Beginning of Year	<u>3,509,701</u>	<u>3,509,701</u>	<u>3,509,701</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,509,701</u>	<u>\$ 3,481,501</u>	<u>\$ 4,191,724</u>	<u>\$ 710,223</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - REVOLVING LOANS
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 412,931	\$ 412,931	\$ 921,385	\$ 508,454
Investment income	28,000	678,000	69,771	(608,229)
Miscellaneous	-	-	-	-
Total Revenues	<u>440,931</u>	<u>1,090,931</u>	<u>991,156</u>	<u>(99,775)</u>
EXPENDITURES				
Current				
Planning and development	<u>457,597</u>	<u>1,107,597</u>	<u>1,237,118</u>	<u>(129,521)</u>
Total Expenditures	<u>457,597</u>	<u>1,107,597</u>	<u>1,237,118</u>	<u>(129,521)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,666)</u>	<u>(16,666)</u>	<u>(245,962)</u>	<u>(229,296)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Fund Balances	(16,666)	(16,666)	(345,962)	(329,296)
FUND BALANCES - Beginning of Year	<u>1,181,255</u>	<u>1,181,255</u>	<u>1,181,255</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,164,589</u>	<u>\$ 1,164,589</u>	<u>\$ 835,293</u>	<u>\$ (329,296)</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - OTHER GRANTS
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,912,619	\$ 4,271,176	\$ 3,024,215	\$ (1,246,961)
Investment income	100,555	103,055	5,616	(97,439)
Miscellaneous	11,550	176,900	166,189	(10,711)
Total Revenues	<u>3,024,724</u>	<u>4,551,131</u>	<u>3,196,020</u>	<u>(1,355,111)</u>
EXPENDITURES				
Current				
General government	-	-	229,010	(229,010)
Public safety	2,489,193	4,056,652	2,235,364	1,821,288
Public works	90,346	90,346	-	90,346
Planning and development	1,062,976	1,062,976	1,307,110	(244,134)
Culture and recreation	-	-	12,220	(12,220)
Total Expenditures	<u>3,642,515</u>	<u>5,209,974</u>	<u>3,783,704</u>	<u>1,426,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(617,791)</u>	<u>(658,843)</u>	<u>(587,684)</u>	<u>71,159</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	617,791	628,541	468,653	(159,888)
Transfers out	-	-	(181,078)	(181,078)
Total Other Financing Sources (Uses)	<u>617,791</u>	<u>628,541</u>	<u>287,575</u>	<u>(340,966)</u>
Net Change in Fund Balances	-	(30,302)	(300,109)	(269,807)
FUND BALANCES - Beginning of Year	<u>838,806</u>	<u>838,806</u>	<u>838,806</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 838,806</u>	<u>\$ 808,504</u>	<u>\$ 538,697</u>	<u>\$ (269,807)</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - OTHER RESTRICTED FUNDS
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,744,615	\$ 15,744,615	\$ 15,493,290	\$ (251,325)
Intergovernmental	302,736	105,650	125,168	19,518
Public charges for services	487,110	487,110	11,106,395	10,619,285
Licenses and permits	277,244	277,105	297,151	20,046
Investment Income	50,284	47,784	258,190	210,406
Miscellaneous	208,000	43,000	3,667	(39,333)
Total Revenues	<u>17,069,989</u>	<u>16,705,264</u>	<u>27,283,861</u>	<u>10,578,597</u>
EXPENDITURES				
Current				
General government	6,573,918	6,573,918	5,976,281	597,637
Public safety	653,736	258,650	213,138	45,512
Public works	454,219	454,417	792,377	(337,960)
Planning and development	-	-	4,265,036	(4,265,036)
Culture and recreation	214,861	214,861	228,019	(13,158)
Total Expenditures	<u>7,896,734</u>	<u>7,501,846</u>	<u>11,474,851</u>	<u>(3,973,005)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,173,255</u>	<u>9,203,418</u>	<u>15,809,010</u>	<u>6,605,592</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Debt Issued	-	-	806,206	806,206
Sale of capital assets	10,000	10,000	426,435	416,435
Transfers in	-	-	1,217,649	1,217,649
Transfers out	(9,376,372)	(9,376,372)	(17,424,034)	(8,047,662)
Total Other Financing Sources (Uses)	<u>(9,366,372)</u>	<u>(9,366,372)</u>	<u>(14,973,744)</u>	<u>(5,607,372)</u>
Net Change in Fund Balances	(193,117)	(162,954)	835,266	998,220
FUND BALANCES - Beginning of Year	<u>20,811,501</u>	<u>20,811,501</u>	<u>20,811,501</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,618,384</u>	<u>\$ 20,648,547</u>	<u>\$ 21,646,767</u>	<u>\$ 998,220</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, 2017

	Parking Utility	Convention Center	Golf Courses	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 33,634,061	\$ 3,231,125	\$ 5,340	\$ 36,870,526
Accounts receivable	103,003	302,019	-	405,022
Accrued revenue	1,621	-	3,278	4,899
Inventories	-	152,223	-	152,223
Prepaid items	75,779	51,390	7,664	134,833
Total Current Assets	<u>33,814,464</u>	<u>3,736,757</u>	<u>16,282</u>	<u>37,567,503</u>
Capital Assets				
Land	6,067,465	25,254	803,833	6,896,552
Construction work in progress	9,012,867	455,519	-	9,468,386
Land improvements	691,055	69,033	4,644,155	5,404,243
Buildings	30,183,566	59,162,869	709,689	90,056,124
Machinery and equipment	4,952,795	2,347,442	1,902,426	9,202,663
Intangibles	278,041	23,149	-	301,190
Accumulated depreciation	<u>(30,553,781)</u>	<u>(31,226,035)</u>	<u>(6,414,782)</u>	<u>(68,194,598)</u>
Net Capital Assets	<u>20,632,008</u>	<u>30,857,231</u>	<u>1,645,321</u>	<u>53,134,560</u>
Total Assets	<u>54,446,472</u>	<u>34,593,988</u>	<u>1,661,603</u>	<u>90,702,063</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>1,718,487</u>	<u>1,445,521</u>	<u>298,039</u>	<u>3,462,047</u>
Total Deferred Outflows of Resources	<u>1,718,487</u>	<u>1,445,521</u>	<u>298,039</u>	<u>3,462,047</u>
LIABILITIES				
Current Liabilities				
Accounts payable	295,332	594,334	45,599	935,265
Accrued liabilities	352,787	249,159	28,534	630,480
Due to other funds	-	-	259,484	259,484
Deposits	-	1,155,080	47,274	1,202,354
Current portion of general obligation long-term debt	-	19,998	24,621	44,619
Current portion of capital lease	-	740,000	-	740,000
Current portion of advances from other funds	-	35,929	10,287	46,216
Current portion of accrued compensated absences	253,904	188,231	32,902	475,037
Unearned revenues	-	97,695	-	97,695
Total Current Liabilities	<u>902,023</u>	<u>3,080,426</u>	<u>448,701</u>	<u>4,431,150</u>
Long-Term Debt Net of Current Maturities				
General obligation long-term debt	-	119,988	221,591	341,579
Capital lease	-	1,025,500	-	1,025,500
Advances from other funds	-	301,760	86,399	388,159
Net pension liability	219,683	198,319	41,363	459,365
Accrued compensated absences	1,015,617	752,919	131,609	1,900,145
Other post-employment benefits	510,049	388,134	42,570	940,753
Total Long-Term Obligations	<u>1,745,349</u>	<u>2,786,620</u>	<u>523,532</u>	<u>5,055,501</u>
Total Liabilities	<u>2,647,372</u>	<u>5,867,046</u>	<u>972,233</u>	<u>9,486,651</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>722,368</u>	<u>598,415</u>	<u>126,034</u>	<u>1,446,817</u>
Total Deferred Inflows of Resources	<u>722,368</u>	<u>598,415</u>	<u>126,034</u>	<u>1,446,817</u>
NET POSITION				
Net investment in capital assets	20,632,008	28,951,745	1,399,109	50,982,862
Unrestricted (deficit)	<u>32,163,211</u>	<u>622,303</u>	<u>(537,734)</u>	<u>32,247,780</u>
TOTAL NET POSITION	<u>\$ 52,795,219</u>	<u>\$ 29,574,048</u>	<u>\$ 861,375</u>	<u>\$ 83,230,642</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 16,018,656	\$ 5,028,238	\$ 2,832,151	\$ 23,879,045
Total Operating Revenues	<u>16,018,656</u>	<u>5,028,238</u>	<u>2,832,151</u>	<u>23,879,045</u>
OPERATING EXPENSES				
Operation and maintenance	9,441,842	9,039,683	2,924,935	21,406,460
Depreciation	660,946	1,792,608	203,507	2,657,061
Total Operating Expenses	<u>10,102,788</u>	<u>10,832,291</u>	<u>3,128,442</u>	<u>24,063,521</u>
Operating Income (Loss)	<u>5,915,868</u>	<u>(5,804,053)</u>	<u>(296,291)</u>	<u>(184,476)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	314,157	1	83	314,241
Interest expense	-	(92,710)	(3,775)	(96,485)
Gain on sale of assets	9,269	556	-	9,825
Miscellaneous revenues	9,347	69,985	27,019	106,351
Total Nonoperating Revenues (Expenses)	<u>332,773</u>	<u>(22,168)</u>	<u>23,327</u>	<u>333,932</u>
Income (Loss) Before Transfers and Capital Contributions	<u>6,248,641</u>	<u>(5,826,221)</u>	<u>(272,964)</u>	<u>149,456</u>
TRANSFERS				
Transfers in	9,160	4,411,298	-	4,420,458
Transfers out	<u>(1,426,806)</u>	<u>(338,200)</u>	<u>(99,819)</u>	<u>(1,864,825)</u>
Net Transfers	<u>(1,417,646)</u>	<u>4,073,098</u>	<u>(99,819)</u>	<u>2,555,633</u>
Income (Loss) Before Contributions	4,830,995	(1,753,123)	(372,783)	2,705,089
Capital Contributions	<u>1,609,165</u>	<u>-</u>	<u>-</u>	<u>1,609,165</u>
Change in Net Position	6,440,160	(1,753,123)	(372,783)	4,314,254
NET POSITION - Beginning of Year	<u>46,355,059</u>	<u>31,327,171</u>	<u>1,234,158</u>	<u>78,916,388</u>
NET POSITION - END OF YEAR	<u>\$ 52,795,219</u>	<u>\$ 29,574,048</u>	<u>\$ 861,375</u>	<u>\$ 83,230,642</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	Parking Utility	Convention Center	Golf Courses	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 16,118,069	\$ 5,215,355	\$ 2,855,892	\$ 24,189,316
Customer deposits received (returned)	(1,904)	68,571	2,163	68,830
Paid to suppliers for goods and services	(2,451,816)	(2,927,336)	(999,309)	(6,378,461)
Paid to employees for services	(6,738,102)	(5,649,672)	(1,740,496)	(14,128,270)
Net Cash Flows From Operating Activities	<u>6,926,247</u>	<u>(3,293,082)</u>	<u>118,250</u>	<u>3,751,415</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(32,830)	(9,399)	(42,229)
Transfers in	9,160	4,411,298	-	4,420,458
Transfers out	(1,426,806)	(338,200)	(99,819)	(1,864,825)
Net Cash Flows From Noncapital Financing Activities	<u>(1,417,646)</u>	<u>4,040,268</u>	<u>(109,218)</u>	<u>2,513,404</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(764,998)	-	(764,998)
Interest paid	-	(98,860)	(3,775)	(102,635)
Long-term debt issued	-	-	246,212	246,212
Acquisition and construction of capital assets	(7,693,145)	(451,552)	(246,212)	(8,390,909)
Proceeds from sale of property	9,269	556	-	9,825
Net Cash Flows From Capital and Related Financing Activities	<u>(7,683,876)</u>	<u>(1,314,854)</u>	<u>(3,775)</u>	<u>(9,002,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	314,157	1	83	314,241
Net Cash Flows From Investing Activities	<u>314,157</u>	<u>1</u>	<u>83</u>	<u>314,241</u>
Net Change in Cash and Cash Equivalents	(1,861,118)	(567,667)	5,340	(2,423,445)
CASH AND CASH EQUIVALENTS - Beginning of Year	<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>\$ 33,634,061</u>	<u>\$ 3,231,125</u>	<u>\$ 5,340</u>	<u>\$ 36,870,526</u>

	Parking Utility	Convention Center	Golf Courses	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ 5,915,868	\$ (5,804,053)	\$ (296,291)	\$ (184,476)
Adjustments to reconcile income (loss) to net cash flows from operating activities				
Nonoperating income	9,347	69,985	27,019	106,351
Depreciation	660,946	1,792,608	203,507	2,657,061
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	90,066	92,919	(3,278)	179,707
Inventories	-	(5,593)	-	(5,593)
Prepaid items	(2,330)	8,988	(70)	6,588
Accounts payable	(223,751)	47,137	1,363	(175,251)
Accrued compensated absences	100,234	80,158	30,606	210,998
Post employment retirement benefit	100,653	62,518	5,014	168,185
Due to other funds	-	-	89,041	89,041
Unearned revenues	-	24,213	-	24,213
Pension related deferrals and liabilities	244,407	275,522	60,252	580,181
Customer deposits	(1,904)	68,571	2,163	68,830
Other current liabilities	32,711	(6,055)	(1,076)	25,580
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 6,926,247</u>	<u>\$ (3,293,082)</u>	<u>\$ 118,250</u>	<u>\$ 3,751,415</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	<u>\$ 33,634,061</u>	<u>\$ 3,231,125</u>	<u>\$ 5,340</u>	<u>\$ 36,870,526</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 33,634,061</u>	<u>\$ 3,231,125</u>	<u>\$ 5,340</u>	<u>\$ 36,870,526</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributed capital assets	<u>\$ 1,609,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,609,165</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
INTERNAL SERVICE FUNDS
As of December 31, 2017

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 3,371,269	\$ -	\$ 15,024,739	\$ 18,396,008
Accounts receivable	70,432	186,733	-	257,165
Inventories	1,116,773	-	-	1,116,773
Prepaid items	43,460	2,345	354	46,159
Total Current Assets	<u>4,601,934</u>	<u>189,078</u>	<u>15,025,093</u>	<u>19,816,105</u>
Restricted Assets				
Cash and investments	-	592,806	257,780	850,586
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted Assets	<u>-</u>	<u>4,408,626</u>	<u>257,780</u>	<u>4,666,406</u>
Capital Assets				
Land	2,490,358	-	-	2,490,358
Construction work in progress	3,233,898	-	-	3,233,898
Land improvements	71,990	-	-	71,990
Buildings	2,729,155	-	-	2,729,155
Machinery and equipment	75,447,409	-	-	75,447,409
Intangible assets	119,525	-	-	119,525
Accumulated depreciation	<u>(52,001,276)</u>	<u>-</u>	<u>-</u>	<u>(52,001,276)</u>
Net Capital Assets	<u>32,091,059</u>	<u>-</u>	<u>-</u>	<u>32,091,059</u>
Total Assets	<u>36,692,993</u>	<u>4,597,704</u>	<u>15,282,873</u>	<u>56,573,570</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>1,089,085</u>	<u>49,837</u>	<u>27,658</u>	<u>1,166,580</u>
Total Deferred Outflows of Resources	<u>1,089,085</u>	<u>49,837</u>	<u>27,658</u>	<u>1,166,580</u>
LIABILITIES				
Accounts payable	129,577	33,796	385,458	548,831
Accrued liabilities	431,206	8,618	5,629	445,453
Due to other funds	-	204,905	-	204,905
Claims payable	-	3,420,409	10,888,002	14,308,411
Current portion of general obligation long-term debt	5,312,060	-	-	5,312,060
Current portion of accrued compensated absences	174,425	7,418	2,250	184,093
Total Current Liabilities	<u>6,047,268</u>	<u>3,675,146</u>	<u>11,281,339</u>	<u>21,003,753</u>
Long-Term Obligations Net of Current Liabilities				
General obligation long-term debt	29,045,484	-	-	29,045,484
Accrued compensated absences	681,829	29,673	8,999	720,501
Net pension liability	137,467	9,789	4,764	152,020
Other post-employment benefits	775,535	-	-	775,535
Total Long-Term Obligations	<u>30,640,315</u>	<u>39,462</u>	<u>13,763</u>	<u>30,693,540</u>
Total Liabilities	<u>36,687,583</u>	<u>3,714,608</u>	<u>11,295,102</u>	<u>51,697,293</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>455,628</u>	<u>28,231</u>	<u>14,960</u>	<u>498,819</u>
Total Deferred Inflows of Resources	<u>455,628</u>	<u>28,231</u>	<u>14,960</u>	<u>498,819</u>
NET POSITION				
Net investment in capital assets (deficit)	(792,706)	-	-	(792,706)
Unrestricted	<u>1,431,573</u>	<u>904,702</u>	<u>4,000,469</u>	<u>6,336,744</u>
TOTAL NET POSITION	<u>\$ 638,867</u>	<u>\$ 904,702</u>	<u>\$ 4,000,469</u>	<u>\$ 5,544,038</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 15,647,462	\$ 1,999,630	\$ 4,000,000	\$ 21,647,092
Total Operating Revenues	<u>15,647,462</u>	<u>1,999,630</u>	<u>4,000,000</u>	<u>21,647,092</u>
OPERATING EXPENSES				
Operation and maintenance	9,488,188	2,987,564	2,088,663	14,564,415
Depreciation	<u>6,060,653</u>	-	-	<u>6,060,653</u>
Total Operating Expenses	<u>15,548,841</u>	<u>2,987,564</u>	<u>2,088,663</u>	<u>20,625,068</u>
Operating Income (Loss)	<u>98,621</u>	<u>(987,934)</u>	<u>1,911,337</u>	<u>1,022,024</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	10,325	50	10,375
Interest expense	(1,070,323)	-	-	(1,070,323)
Gain on sale of assets	904,062	-	-	904,062
Intergovernmental	26,881	-	-	26,881
Miscellaneous revenues	<u>72,394</u>	<u>428,854</u>	<u>24,098</u>	<u>525,346</u>
Total Nonoperating Revenues (Expenses)	<u>(66,986)</u>	<u>439,179</u>	<u>24,148</u>	<u>396,341</u>
Income (Loss) Before Transfers	<u>31,635</u>	<u>(548,755)</u>	<u>1,935,485</u>	<u>1,418,365</u>
TRANSFERS				
Transfers in	1,166,620	-	-	1,166,620
Transfers out	-	<u>(1,409,266)</u>	-	<u>(1,409,266)</u>
Net Transfers	<u>1,166,620</u>	<u>(1,409,266)</u>	-	<u>(242,646)</u>
Change in Net Position	1,198,255	(1,958,021)	1,935,485	1,175,719
NET POSITION (DEFICIT) - Beginning of Year	<u>(559,388)</u>	<u>2,862,723</u>	<u>2,064,984</u>	<u>4,368,319</u>
NET POSITION - END OF YEAR	<u>\$ 638,867</u>	<u>\$ 904,702</u>	<u>\$ 4,000,469</u>	<u>\$ 5,544,038</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 15,773,136	\$ 3,585,274	\$ 4,024,098	\$ 23,382,508
Paid to suppliers for goods and services	(5,754,094)	(1,952,734)	(3,740,584)	(11,447,412)
Paid to employees for services	(3,678,757)	(231,492)	(129,854)	(4,040,103)
Net Cash Flows From Operating Activities	<u>6,340,285</u>	<u>1,401,048</u>	<u>153,660</u>	<u>7,894,993</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Negative cash implicitly financed	-	117,169	-	117,169
Transfers in	161,027	-	-	161,027
Transfers out	-	(1,409,266)	-	(1,409,266)
Net Cash Flows From Noncapital Financing Activities	<u>161,027</u>	<u>(1,292,097)</u>	<u>-</u>	<u>(1,131,070)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(5,358,491)	-	-	(5,358,491)
Interest paid	(1,057,183)	-	-	(1,057,183)
Long-term debt issued	6,132,309	-	-	6,132,309
Transfer in for capital assets acquisition	1,005,593	-	-	1,005,593
Acquisition and construction of capital assets	(11,202,867)	-	-	(11,202,867)
Proceeds from sale of property	1,271,000	-	-	1,271,000
Net Cash Flows From Capital and Related Financing Activities	<u>(9,209,639)</u>	<u>-</u>	<u>-</u>	<u>(9,209,639)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Marketable securities (purchased) sold	-	(119,276)	74,677	(44,599)
Investment income	-	10,325	50	10,375
Net Cash Flows From Investing Activities	<u>-</u>	<u>(108,951)</u>	<u>74,727</u>	<u>(34,224)</u>
Net Change in Cash and Cash Equivalents	(2,708,327)	-	228,387	(2,479,940)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,079,596</u>	<u>-</u>	<u>14,796,352</u>	<u>20,875,948</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,371,269</u>	<u>\$ -</u>	<u>\$ 15,024,739</u>	<u>\$ 18,396,008</u>

	Fleet Services	City Insurance	Worker's Compensation	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (Loss) from operations	\$ 98,621	\$ (987,934)	\$ 1,911,337	\$ 1,022,024
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Nonoperating income	99,275	428,854	24,098	552,227
Depreciation	6,060,653	-	-	6,060,653
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	26,399	1,156,790	-	1,183,189
Inventories	33,750	-	-	33,750
Prepaid items	(3,316)	528	108	(2,680)
Accounts payable	(113,230)	31,366	244,309	162,445
Accrued compensated absences	(110,743)	(23,543)	(34,835)	(169,121)
Post employment retirement benefit	79,956	-	-	79,956
Pension related deferrals and liabilities	173,714	15,366	5,811	194,891
Other current liabilities	(4,794)	779,621	(1,997,168)	(1,222,341)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 6,340,285</u>	 <u>\$ 1,401,048</u>	 <u>\$ 153,660</u>	 <u>\$ 7,894,993</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 3,371,269	\$ -	\$ 15,024,739	\$ 18,396,008
Restricted cash and investments - statement of net position	-	592,806	257,780	850,586
Less: Noncash equivalents	-	(592,806)	(257,780)	(850,586)
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 3,371,269</u>	 <u>\$ -</u>	 <u>\$ 15,024,739</u>	 <u>\$ 18,396,008</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
None				

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, 2017

	<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>
ASSETS					
Cash and investments	\$ 269,904,344	\$ 410,712	\$ 4,323,746	\$ 417,832	\$ 275,056,634
Taxes receivable	<u>125,381,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,381,362</u>
TOTAL ASSETS	<u>\$ 395,285,706</u>	<u>\$ 410,712</u>	<u>\$ 4,323,746</u>	<u>\$ 417,832</u>	<u>\$ 400,437,996</u>
LIABILITIES					
Due to other governmental units	<u>\$ 395,285,706</u>	<u>\$ 410,712</u>	<u>\$ 4,323,746</u>	<u>\$ 417,832</u>	<u>\$ 400,437,996</u>
TOTAL LIABILITIES	<u>\$ 395,285,706</u>	<u>\$ 410,712</u>	<u>\$ 4,323,746</u>	<u>\$ 417,832</u>	<u>\$ 400,437,996</u>

CITY OF MADISON

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
TAX COLLECTION FUND				
Assets				
Cash and investments	\$ 267,918,658	\$ 269,904,344	\$ 267,918,658	\$ 269,904,344
Taxes receivable	<u>112,164,942</u>	<u>125,381,362</u>	<u>112,164,942</u>	<u>125,381,362</u>
TOTAL ASSETS	<u>\$ 380,083,600</u>	<u>\$ 395,285,706</u>	<u>\$ 380,083,600</u>	<u>\$ 395,285,706</u>
Liabilities				
Due to other governmental units	\$ 380,083,600	\$ 395,285,706	\$ 380,083,600	\$ 395,285,706
TOTAL LIABILITIES	<u>\$ 380,083,600</u>	<u>\$ 395,285,706</u>	<u>\$ 380,083,600</u>	<u>\$ 395,285,706</u>
BOARD OF EDUCATION				
Assets				
Cash and investments	\$ 407,319	\$ 3,393	\$ -	\$ 410,712
TOTAL ASSETS	<u>\$ 407,319</u>	<u>\$ 3,393</u>	<u>\$ -</u>	<u>\$ 410,712</u>
Liabilities				
Due to other governmental units	\$ 407,319	\$ 3,393	\$ -	\$ 410,712
TOTAL LIABILITIES	<u>\$ 407,319</u>	<u>\$ 3,393</u>	<u>\$ -</u>	<u>\$ 410,712</u>
BOARD OF HEALTH				
Assets				
Cash and investments	\$ 4,985,351	\$ -	\$ 661,605	\$ 4,323,746
TOTAL ASSETS	<u>\$ 4,985,351</u>	<u>\$ -</u>	<u>\$ 661,605</u>	<u>\$ 4,323,746</u>
Liabilities				
Due to other governmental units	\$ 4,985,351	\$ -	\$ 661,605	\$ 4,323,746
TOTAL LIABILITIES	<u>\$ 4,985,351</u>	<u>\$ -</u>	<u>\$ 661,605</u>	<u>\$ 4,323,746</u>
METROPOLITAN UNIFIED FIBER NETWORK CONSORTIUM				
Assets				
Cash and investments	\$ 382,784	\$ 35,048	\$ -	\$ 417,832
TOTAL ASSETS	<u>\$ 382,784</u>	<u>\$ 35,048</u>	<u>\$ -</u>	<u>\$ 417,832</u>
Liabilities				
Due to other governmental units	\$ 382,784	\$ 35,048	\$ -	\$ 417,832
TOTAL LIABILITIES	<u>\$ 382,784</u>	<u>\$ 35,048</u>	<u>\$ -</u>	<u>\$ 417,832</u>
TOTAL AGENCY				
Assets				
Cash and investments	\$ 273,694,112	\$ 269,942,785	\$ 268,580,263	\$ 275,056,634
Taxes receivable	<u>112,164,942</u>	<u>125,381,362</u>	<u>112,164,942</u>	<u>125,381,362</u>
TOTAL ASSETS	<u>\$ 385,859,054</u>	<u>\$ 395,324,147</u>	<u>\$ 380,745,205</u>	<u>\$ 400,437,996</u>
Liabilities				
Due to other governmental units	\$ 385,859,054	\$ 395,324,147	\$ 380,745,205	\$ 400,437,996
TOTAL LIABILITIES	<u>\$ 385,859,054</u>	<u>\$ 395,324,147</u>	<u>\$ 380,745,205</u>	<u>\$ 400,437,996</u>

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION (DEFICIT)
NONMAJOR COMPONENT UNITS
As of December 31, 2017

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
ASSETS				
Cash and investments	\$ 16,788	\$ 1,700,265	\$ 2,509,312	\$ 4,226,365
Receivables				
Accounts	8,912	-	-	8,912
Special assessments	287,941	-	-	287,941
Pledge receivable	-	394,184	-	394,184
Prepaid items	7,928	13,505	979	22,412
Beneficial interest in assets held by MCF	-	5,934,095	76,800	6,010,895
Restricted assets				
Cash and investments	-	45,608	-	45,608
Total Assets	<u>321,569</u>	<u>8,087,657</u>	<u>2,587,091</u>	<u>10,996,317</u>
LIABILITIES				
Accounts payable	71,167	10,479	19,088	100,734
Accrued liabilities	-	39,567	28,949	68,516
Total Liabilities	<u>71,167</u>	<u>50,046</u>	<u>48,037</u>	<u>169,250</u>
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	287,941	-	-	287,941
Total Deferred Inflows of Resources	<u>287,941</u>	<u>-</u>	<u>-</u>	<u>287,941</u>
NET POSITION (DEFICIT)				
Restricted for				
Library	-	2,709,976	-	2,709,976
Parks	-	-	1,208,932	1,208,932
Unrestricted (deficit)	<u>(37,539)</u>	<u>5,327,635</u>	<u>1,330,122</u>	<u>6,620,218</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (37,539)</u>	<u>\$ 8,037,611</u>	<u>\$ 2,539,054</u>	<u>\$ 10,539,126</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
NONMAJOR COMPONENT UNITS
For the Year Ended December 31, 2017

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
OPERATING REVENUES				
Special assessments	\$ 261,492	\$ -	\$ -	\$ 261,492
Charges for services	129,926	170,717	73,565	374,208
Grants and donations	84,198	1,473,724	291,620	1,849,542
Miscellaneous	3,957	-	-	3,957
Total Operating Revenues	<u>479,573</u>	<u>1,644,441</u>	<u>365,185</u>	<u>2,489,199</u>
OPERATING EXPENSES				
Operation and maintenance	543,728	1,456,201	422,055	2,421,984
Total Operating Expenses	<u>543,728</u>	<u>1,456,201</u>	<u>422,055</u>	<u>2,421,984</u>
Operating income (loss)	<u>(64,155)</u>	<u>188,240</u>	<u>(56,870)</u>	<u>67,215</u>
NONOPERATING REVENUES				
Investment income	815	876,180	326,424	1,203,419
Total Nonoperating Revenue	<u>815</u>	<u>876,180</u>	<u>326,424</u>	<u>1,203,419</u>
Change in Net Position	(63,340)	1,064,420	269,554	1,270,634
NET POSITION – Beginning of Year	<u>25,801</u>	<u>6,973,191</u>	<u>2,269,500</u>	<u>9,268,492</u>
NET POSITION (DEFICIT) – END OF YEAR	<u>\$ (37,539)</u>	<u>\$ 8,037,611</u>	<u>\$ 2,539,054</u>	<u>\$ 10,539,126</u>

CITY OF MADISON

STATEMENT OF NET POSITION (DEFICIT) AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2017

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 16,788	\$ -	\$ 16,788
Receivables			
Accounts receivable	8,912	-	8,912
Special assessments	287,941	-	287,941
Prepaid items	7,928	-	7,928
TOTAL ASSETS	\$ 321,569	\$ -	\$ 321,569
LIABILITIES			
Accounts payable	\$ 71,167	\$ -	\$ 71,167
Total Liabilities	71,167	-	71,167
DEFERRED INFLOWS OF RESOURCES			
Assessments for subsequent year	287,941	-	287,941
Total Deferred Outflows of Resources	287,941	-	287,941
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned (deficit)	(37,539)	37,539	-
Total Fund Balance (Deficit)	(37,539)	37,539	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 321,569		
Net Position			
Unrestricted (Deficit)		(37,539)	(37,539)
TOTAL NET POSITION (DEFICIT)		\$ (37,539)	\$ (37,539)

CITY OF MADISON

STATEMENT OF ACTIVITIES AND GOVERNMENTAL COMPONENT UNIT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
BUSINESS IMPROVEMENT DISTRICT
For the Year Ended December 31, 2017

	Business Improvement District	Adjustments	Statement of Activities
REVENUES			
Special assessments	\$ 261,492	\$ -	\$ 261,492
Charges for services	138,547	(8,621)	129,926
Investment income	815	-	815
Contributions	84,198	-	84,198
Miscellaneous	3,957	-	3,957
Total Revenues	<u>489,009</u>	<u>(8,621)</u>	<u>480,388</u>
EXPENDITURES/EXPENSES			
Current			
Planning and development	<u>543,728</u>	<u>-</u>	<u>543,728</u>
Excess (deficiency) of revenues over expenditures	(54,719)	54,719	-
Change in net position	-	(63,340)	(63,340)
FUND BALANCE/NET POSITION			
Beginning of Year	<u>17,180</u>	<u>8,621</u>	<u>25,801</u>
END OF YEAR (DEFICIT)	<u>\$ (37,539)</u>	<u>\$ -</u>	<u>\$ (37,539)</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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ 261,492	\$ 261,492	\$ -
Charges for services	127,028	138,547	11,519
Investment income	800	815	15
Contributions	84,500	84,198	(302)
Miscellaneous	4,000	3,957	(43)
Total Revenues	<u>477,820</u>	<u>489,009</u>	<u>11,189</u>
EXPENDITURES			
Audit fees	2,020	2,020	-
Management fees	178,217	177,774	443
Miscellaneous	4,400	4,481	(81)
Advertising/marketing	34,700	46,279	(11,579)
Maps	27,000	26,303	697
Map distribution	2,500	2,305	195
Trolley	10,500	11,261	(761)
Planters	45,000	45,000	-
Winter light program	20,000	57,016	(37,016)
Ambassadors	47,500	46,253	1,247
Gift certificates	2,500	2,134	366
BID website	7,500	6,567	933
Parking passes	3,500	3,377	123
Postage	3,000	2,854	146
TOS programming	63,163	66,046	(2,883)
Night Market	43,500	44,058	(558)
Total Expenditures	<u>495,000</u>	<u>543,728</u>	<u>(48,728)</u>
Net Change in Fund Balance	(17,180)	(54,719)	(37,539)
FUND BALANCE - Beginning of Year	<u>17,180</u>	<u>17,180</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (37,539)</u>	<u>\$ (37,539)</u>

CITY OF MADISON

SEWER REMEDIATION REVENUE BOND COVENANT
For the Year Ended December 31, 2017

OPERATING REVENUES

Charges for sewer services \$ 36,080,764

OPERATING EXPENSES

Operation and maintenance for sewer service 29,551,555

Depreciation for sewer 2,298,331

Total Operating Expenses 31,849,886

Sewer Net Operating Income 4,230,878

NONOPERATING REVENUES

Investment income 665,664

OTHER ADJUSTMENTS

Depreciation for sewer 2,298,331

NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE 7,194,873

Landfill remediation net revenues (243,413)

NET SEWER AND LANDFILL REVENUES AVAILABLE FOR DEBT SERVICE \$ 6,951,460

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, 2017

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
ASSETS					
Cash and investments	\$ 4,746,166	\$ 67,560,630	\$ 44,458,086	\$ -	\$ 116,764,882
Receivables					
Taxes receivable	4,979,697	30,575,042	-	-	35,554,739
Accounts receivable	-	126,745	158,197	-	284,942
Special assessments	14,890,589	-	-	-	14,890,589
Accrued interest	-	1,041,038	-	-	1,041,038
Long-term loans receivable	9,530	1,000,000	-	-	1,009,530
Due from other governmental units	23,842	-	5,896,372	-	5,920,214
Due from other funds	-	-	13,077,833	(13,077,833)	-
Advances to other funds	969,563	-	-	-	969,563
Leases receivable	-	4,181,585	-	-	4,181,585
Inventories	-	-	1,501,152	-	1,501,152
Prepaid items	-	2,142	60,309	-	62,451
TOTAL ASSETS	\$ 25,619,387	\$ 104,487,182	\$ 65,151,949	\$ (13,077,833)	\$ 182,180,685
LIABILITIES					
Accounts payable	\$ -	\$ 61,697	\$ 16,227,604	\$ -	\$ 16,289,301
Accrued liabilities	-	9,459	95,257	-	104,716
Due to other governmental units	1,553	-	-	-	1,553
Due to other funds	3,520,664	13,077,833	-	(13,077,833)	3,520,664
Unearned revenues	732,367	-	-	-	732,367
Total Liabilities	<u>4,254,584</u>	<u>13,148,989</u>	<u>16,322,861</u>	<u>(13,077,833)</u>	<u>20,648,601</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	16,357,550	6,344,989	4,597,803	-	27,300,342
Property taxes for subsequent year	-	30,575,042	-	-	30,575,042
Total Deferred Inflows of Resources	<u>16,357,550</u>	<u>36,920,031</u>	<u>4,597,803</u>	<u>-</u>	<u>57,875,384</u>
FUND BALANCES					
Nonspendable	-	2,142	1,561,461	-	1,563,603
Restricted	-	67,497,976	32,255,592	-	99,753,568
Assigned	5,007,253	-	10,414,232	-	15,421,485
Unassigned (deficit)	-	(13,081,956)	-	-	(13,081,956)
Total Fund Balances	<u>5,007,253</u>	<u>54,418,162</u>	<u>44,231,285</u>	<u>-</u>	<u>103,656,700</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 25,619,387	\$ 104,487,182	\$ 65,151,949	\$ (13,077,833)	\$ 182,180,685

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS
For the Year Ended December 31, 2017

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
REVENUES					
Taxes	\$ -	19,043,987	\$ -	\$ -	\$ 19,043,987
Special assessments	3,603,220	-	-	-	3,603,220
Intergovernmental	-	1,215,220	2,495,721	-	3,710,941
Public charges for services	-	56,440	283,231	-	339,671
Investment income	652,419	537,737	157,123	-	1,347,279
Miscellaneous	-	529,577	299,285	-	828,862
Total Revenues	<u>4,255,639</u>	<u>21,382,961</u>	<u>3,235,360</u>	<u>-</u>	<u>28,873,960</u>
EXPENDITURES					
Current					
General government	-	-	3,062,595	-	3,062,595
Public safety	-	-	585,087	-	585,087
Public works	-	-	7,715,992	-	7,715,992
Planning and development	44,131	249,279	2,810,146	-	3,103,556
Culture and recreation	-	-	4,812,614	-	4,812,614
Capital Outlay	-	11,085,197	62,460,991	-	73,546,188
Debt Service					
Principal retirement	-	700,000	-	-	700,000
Interest and fiscal charges	-	390,058	-	-	390,058
Total Expenditures	<u>44,131</u>	<u>12,424,534</u>	<u>81,447,425</u>	<u>-</u>	<u>93,916,090</u>
Excess (deficiency) of revenues over expenditures	<u>4,211,508</u>	<u>8,958,427</u>	<u>(78,212,065)</u>	<u>-</u>	<u>(65,042,130)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	14,645,000	70,935,704	-	85,580,704
Sale of capital assets	-	1,566,853	482,306	-	2,049,159
Transfers in	-	-	12,070,014	(4,662,576)	7,407,438
Transfers out	(4,920,551)	(9,235,950)	(496,927)	4,662,576	(9,990,852)
Total Other Financing Sources (Uses)	<u>(4,920,551)</u>	<u>6,975,903</u>	<u>82,991,097</u>	<u>-</u>	<u>85,046,449</u>
Net Change in Fund Balances	(709,043)	15,934,330	4,779,032	-	20,004,319
FUND BALANCE - Beginning of Year	<u>5,716,296</u>	<u>38,483,832</u>	<u>39,452,253</u>	<u>-</u>	<u>83,652,381</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,007,253</u>	<u>\$ 54,418,162</u>	<u>\$ 44,231,285</u>	<u>\$ -</u>	<u>\$ 103,656,700</u>

CITY OF MADISON

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

Table 1

CITY OF MADISONNET POSITION BY COMPONENT
Last Ten Fiscal Years

Functions/Programs	Fiscal Year			
	2017	2016	2015	2014
Governmental Activities				
Net investment in capital assets	\$ 713,627,552	\$ 696,130,916	\$ 686,732,418	\$ 697,100,797
Restricted	142,807,418	112,778,836	130,519,817	96,845,672
Unrestricted (deficit)	(5,615,467)	40,794,284	24,198,147	(11,365,460)
Total Governmental Activities Net Position	<u>850,819,503</u>	<u>849,704,036</u>	<u>841,450,382</u>	<u>782,581,009</u>
Business-type Activities				
Net investment capital assets	494,387,567	459,130,784	449,895,013	439,940,358
Restricted	12,787,770	12,101,837	17,878,796	9,239,578
Unrestricted	61,701,866	78,720,796	67,862,809	58,556,914
Total Business-type Activities Net Position	<u>568,877,203</u>	<u>549,953,417</u>	<u>535,636,618</u>	<u>507,736,850</u>
Primary Government				
Net investment capital assets	1,208,015,119	1,155,261,700	1,136,627,431	1,137,041,155
Restricted	155,595,188	124,880,673	148,398,613	106,085,250
Unrestricted	56,086,399	119,515,080	92,060,956	47,191,454
Total Primary Government Net Position	<u>\$ 1,419,696,706</u>	<u>\$ 1,399,657,453</u>	<u>\$ 1,377,087,000</u>	<u>\$ 1,290,317,859</u>

Source: City of Madison Finance Department

CITY OF MADISON

NET POSITION BY COMPONENT
Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 669,740,170	\$ 648,240,698	\$ 629,377,433	\$ 590,604,246	\$ 566,794,764	\$ 589,911,530
102,065,176	116,189,017	136,122,589	106,311,824	106,795,490	102,647,126
<u>(15,122,827)</u>	<u>(15,294,186)</u>	<u>(9,322,438)</u>	<u>26,308,915</u>	<u>28,739,587</u>	<u>14,742,776</u>
<u>756,682,519</u>	<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>
425,067,257	424,324,445	420,562,727	409,528,718	396,537,846	370,675,278
7,321,422	6,237,712	5,577,351	4,845,148	10,156,220	24,158,259
<u>51,792,342</u>	<u>43,824,494</u>	<u>31,725,610</u>	<u>29,511,183</u>	<u>18,597,330</u>	<u>16,370,914</u>
<u>484,181,021</u>	<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>
1,094,807,427	1,072,565,143	1,049,940,160	1,000,132,964	963,332,610	960,586,808
109,386,598	122,426,729	141,699,940	111,156,972	116,951,710	126,805,385
<u>36,669,515</u>	<u>28,530,308</u>	<u>22,403,172</u>	<u>55,820,098</u>	<u>47,336,917</u>	<u>31,113,690</u>
<u>\$ 1,240,863,540</u>	<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>

Table 2

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year			
	2017	2016	2015	2014 ³
Primary Government				
Expenses				
Governmental Activities				
General government	\$ 37,776,791	\$ 38,026,460	\$ 32,364,752 ¹	\$ 2,121,656
Administration	-	-	-	22,848,442
Public safety	145,485,840	138,832,946	127,693,407	115,721,627
Public works and transportation	78,568,257	73,049,893	76,018,961	73,923,377
Public facilities	-	-	-	-
Planning and development	44,592,108	37,986,391	48,069,978	67,065,104
Culture and recreation	45,818,401	40,912,451	40,131,614 ²	17,345,247
Interest and fiscal charges	9,021,539	8,673,810	8,521,134	8,527,351
Total Governmental Activities Expenses	<u>361,262,936</u>	<u>337,481,951</u>	<u>332,799,846</u>	<u>307,552,804</u>
Business-type Activities				
Water	31,574,165	27,087,143	26,845,428	25,954,120
Sewer	36,428,410	34,597,239	32,799,172	30,879,641
Stormwater	13,334,019	12,800,118	13,176,054	12,341,348
Parking utility	10,102,429	9,070,617	9,070,059	9,326,944
Transit	64,998,558	64,010,188	61,721,601	61,402,871
Convention center	10,946,668	10,348,530	9,311,942	10,252,087
Golf courses	3,127,281	3,320,180	2,835,591	2,861,549
Total Business-type Activities Expenses	<u>170,511,530</u>	<u>161,234,015</u>	<u>155,759,847</u>	<u>153,018,560</u>
Total Primary Government Expenses	<u>\$ 531,774,466</u>	<u>\$ 498,715,966</u>	<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General government/Administration	\$ 4,158,506	\$ 1,582,945	\$ 1,327,316 ¹	\$ 3,044,967
Public safety	15,009,256	15,791,545	15,283,825	13,034,385
Public works and transportation	11,634,568	10,131,496	3,337,537	12,098,555
Planning and development	10,074,010	10,439,621	10,717,502	3,455,614
Culture and recreation	6,443,102	5,135,854	3,189,570 ²	592,074
Operating Grants and Contributions	15,800,682	16,115,215	18,037,173	13,328,609
Capital Grants and Contributions	21,289,542	13,861,387	24,293,877	41,419,302
Total Governmental Activities Program Revenues	<u>84,409,666</u>	<u>73,058,063</u>	<u>76,186,800</u>	<u>86,973,506</u>
Business-type Activities				
Charges for Services				
Water	34,919,941	35,552,491	29,513,563	29,866,020
Sewer	36,080,764	34,293,941	32,845,454	33,241,202
Stormwater	15,635,997	15,188,100	14,586,406	14,423,757
Parking utility	16,018,656	14,923,974	13,660,478	13,361,272
Transit	18,503,174	18,328,051	18,045,485	18,010,975
Convention center	5,028,238	5,442,720	4,686,368	4,359,290
Golf courses	2,832,151	3,187,116	3,052,335	2,652,013

(Continued on Page 163)

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 2,255,651	\$ 1,958,254	\$ 1,628,722	\$ 3,031,324	\$ 4,684,496	\$ 4,267,988
20,687,499	21,669,949	18,430,102	15,616,895	17,922,211	17,676,747
113,255,320	112,216,449	112,037,179	110,164,913	99,968,369	99,942,227
81,105,591	74,174,346	65,272,682	69,860,451	67,619,640	55,837,916
-	-	-	-	542,149	614,871
57,401,249	49,614,211	59,025,231	60,099,632	60,768,968	73,243,931
14,714,621	11,117,422	10,280,021	8,693,307	12,703,878	12,312,649
11,180,783	9,513,832	9,642,365	10,528,055	9,974,803	9,810,633
<u>300,600,714</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>
25,549,223	22,947,444	23,378,337	22,103,679	21,208,394	20,188,551
29,045,341	26,668,531	27,106,624	25,036,162	27,064,610	23,822,227
11,978,662	10,534,871	10,286,533	9,507,140	10,480,943	8,803,596
9,023,631	8,793,504	8,740,316	8,298,771	8,432,887	8,791,576
58,787,093	57,339,818	58,094,848	56,286,549	55,297,721	53,665,850
10,093,985	9,175,872	9,078,108	9,280,186	8,864,403	9,604,296
2,909,508	2,312,548	2,262,318	2,090,489	2,073,999	2,348,127
<u>147,387,443</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>\$ 447,988,157</u>	<u>\$ 418,037,051</u>	<u>\$ 415,263,386</u>	<u>\$ 410,597,553</u>	<u>\$ 407,607,471</u>	<u>\$ 400,931,185</u>
\$ 3,099,468	\$ 2,820,507	\$ 4,815,287	\$ 2,453,263	\$ 2,305,517	\$ 2,257,139
13,457,460	12,399,734	12,075,521	12,508,667	11,380,373	10,964,762
8,237,731	6,636,579	6,909,956	5,994,781	8,396,892	5,249,073
3,522,503	2,707,851	2,231,039	2,151,830	2,996,539	4,289,283
561,459	517,407	1,363,708	1,949,805	2,076,320	2,172,699
15,023,919	12,846,011	13,288,699	11,740,758	11,287,052	17,001,057
30,504,459	27,111,813	34,014,931	34,462,428	21,594,063	26,311,975
<u>74,406,999</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>
28,922,282	29,945,988	28,100,283	26,682,887	21,949,406	20,306,548
30,909,466	30,558,613	29,977,230	27,652,056	23,640,454	22,218,261
13,723,265	13,287,899	12,826,835	11,536,491	10,413,924	9,318,178
12,320,855	11,494,828	11,173,228	11,043,036	10,103,591	9,721,331
17,468,166	16,515,060	16,178,584	15,364,470	14,311,144	13,225,340
4,595,060	4,263,591	4,145,295	4,163,608	3,894,682	4,606,747
2,676,118	2,136,428	2,007,156	2,077,855	2,216,566	2,145,929

Table 2 (Cont.)

	Fiscal Year			
	2017	2016	2015	2014
Program Revenues (Continued from Page 161)				
Business-type Activities				
Operating Grants and Contributions	\$ 29,384,584	\$ 27,269,559	\$ 27,087,906	\$ 26,399,858
Capital Grants and Contributions	<u>16,335,615</u>	<u>14,482,850</u>	<u>13,694,134</u>	<u>18,075,551</u>
Total Business-type Activities Program Revenues	<u>174,739,120</u>	<u>168,668,802</u>	<u>157,172,129</u>	<u>160,389,938</u>
Total Primary Government Program Revenues	<u>\$ 259,148,786</u>	<u>\$ 241,726,865</u>	<u>\$ 233,358,929</u>	<u>\$ 247,363,444</u>
Net (Expense)/Revenue				
Governmental activities	\$ (276,853,270)	\$ (264,423,888)	\$ (256,613,046)	\$ (220,579,298)
Business-type activities	<u>4,227,590</u>	<u>7,434,787</u>	<u>1,412,282</u>	<u>7,371,378</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (272,625,680)</u>	<u>\$ (256,989,101)</u>	<u>\$ (255,200,764)</u>	<u>\$ (213,207,920)</u>
Governmental Activities				
Taxes				
Property taxes, levied for general purposes	\$ 203,006,609	\$ 194,019,578	\$ 188,040,216	\$ 182,858,993
Property taxes, levied for the library	16,915,564	16,288,835	15,453,334	14,513,083
Property taxes, levied for TIF districts	19,043,987	17,893,720	13,759,032	11,939,533
Other taxes	17,027,958	15,957,567	15,261,034	13,606,870
Intergovernmental revenues not restricted, to specific programs	25,915,387	23,943,199	24,058,453	25,723,753
Investment income	4,473,178	4,810,159	2,804,384	4,914,140
Miscellaneous	2,057,816	4,051,870	5,193,375	4,605,664
Gain on sale of assets	1,209,681	1,024,070	1,351,317	3,659,078
Transfers, internal	<u>(11,681,443)</u>	<u>(5,311,456)</u>	<u>(11,550,524)</u>	<u>(15,343,326)</u>
Total Governmental Activities General Revenues	<u>277,968,737</u>	<u>272,677,542</u>	<u>254,370,621</u>	<u>246,477,788</u>
Business-type Activities				
Investment income	1,870,056	1,123,765	838,752	878,504
Miscellaneous	1,080,123	443,209	498,258	490,977
Gain on forgiveness of debt	-	-	-	-
Gain (loss) on sale of assets	9,825	3,582	(1,080,767)	370,450
Special item - Water utility	54,749	-	-	-
Transfers, internal	<u>11,681,443</u>	<u>5,311,456</u>	<u>11,550,524</u>	<u>15,343,326</u>
Total Business-type Activities General Revenues	<u>14,696,196</u>	<u>6,882,012</u>	<u>11,806,767</u>	<u>17,083,257</u>
Total Primary Government General Revenue	<u>\$ 292,664,933</u>	<u>\$ 279,559,554</u>	<u>\$ 266,177,388</u>	<u>\$ 263,561,045</u>
Change in Net Position, Before Special and Extraordinary Items				
Governmental activities	\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490
Business-type activities	<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>
Special and Extraordinary Items				
Governmental activities				
Special item - loan allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position, After Special and Extraordinary Items				
Governmental activities	\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490
Business-type activities	<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>
Total Primary Government Change in Net Position, After Special and Extraordinary Items	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>

Source: City of Madison Finance Department

¹ - Beginning in 2015 Administration is included in the General government² - Beginning in 2015 Parks is included in Culture and recreation³ - December 31, 2014, restated net position

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 25,915,025	\$ 25,697,964	\$ 26,941,035	\$ 27,101,036	\$ 26,134,472	\$ 25,542,393
<u>7,746,128</u>	<u>8,431,763</u>	<u>11,061,134</u>	<u>14,566,485</u>	<u>19,023,645</u>	<u>13,182,200</u>
<u>144,276,365</u>	<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>\$ 218,683,364</u>	<u>\$ 207,372,036</u>	<u>\$ 217,109,921</u>	<u>\$ 211,449,456</u>	<u>\$ 191,724,640</u>	<u>\$ 188,512,915</u>
\$ (226,193,715)	\$ (215,224,561)	\$ (201,617,161)	\$ (206,733,045)	\$ (214,147,758)	\$ (205,460,974)
<u>(3,111,078)</u>	<u>4,559,546</u>	<u>3,463,696</u>	<u>7,584,948</u>	<u>(1,735,073)</u>	<u>(6,957,296)</u>
<u>\$ (229,304,793)</u>	<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>
\$ 179,480,708	\$ 174,282,292	\$ 167,260,333	\$ 161,524,371	\$ 153,277,841	\$ 141,633,208
13,839,511	12,136,283	12,383,292	12,165,259	11,798,733	11,113,220
10,134,337	9,272,236	10,664,746	10,578,010	8,988,283	18,673,852
12,240,012	11,376,162	11,011,045	10,097,061	9,211,882	10,201,505
24,711,209	24,911,463	26,922,649	25,954,536	27,426,172	27,270,698
(673,893)	3,520,843	6,790,404	4,145,004	6,244,778	7,926,950
4,402,902	7,323,422	8,515,647	12,604,300	7,009,475	7,298,982
1,944,748	1,476,149	305,290	-	-	-
<u>(12,338,829)</u>	<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>233,740,705</u>	<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>
393,470	576,275	701,957	632,378	785,961	1,599,920
1,951,480	466,458	309,416	51,455	63,056	342,737
-	-	-	-	-	11,585
(1,778,331)	362,718	221,924	884,520	192,004	-
-	-	-	-	-	-
<u>12,338,829</u>	<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>12,905,448</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>\$ 246,646,153</u>	<u>\$ 245,704,301</u>	<u>\$ 245,086,703</u>	<u>\$ 238,636,894</u>	<u>\$ 224,998,185</u>	<u>\$ 226,072,657</u>
\$ 7,546,990	\$ 18,518,323	\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)	\$ 5,248,763
<u>9,794,370</u>	<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>\$ 17,341,360</u>	<u>\$ 35,039,286</u>	<u>\$ 46,933,238</u>	<u>\$ 39,488,797</u>	<u>\$ 9,115,354</u>	<u>\$ 13,654,387</u>
-	(25,560,378)	-	-	-	-
\$ 7,546,990	\$ (7,042,055)	\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)	\$ 5,248,763
<u>9,794,370</u>	<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>\$ 17,341,360</u>	<u>\$ 9,478,908</u>	<u>\$ 46,933,238</u>	<u>\$ 39,488,797</u>	<u>\$ 9,115,354</u>	<u>\$ 13,654,387</u>

Table 3

CITY OF MADISON
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 ¹	2010	2009	2008
General Fund										
Nonspendable	\$ 6,676,920	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781	\$ 9,231,767	\$ -	\$ -	\$ -
Assigned	9,495,705	10,209,047	7,479,909	8,877,458	13,064,529	14,065,149	14,803,973	-	-	-
Unassigned	42,025,347	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
Unreserved	-	-	-	-	-	-	-	33,728,720	27,778,580	32,574,346
Total General Fund	\$ 58,197,972	\$ 54,215,524	\$ 54,637,598	\$ 56,258,254	\$ 59,792,251	\$ 66,031,227	\$ 63,927,674	\$ 44,744,982	\$ 44,243,534	\$ 46,140,060
All Other Governmental Funds										
Nonspendable	\$ 2,484,251	\$ 2,541,344	\$ 636,096	\$ 909,569	\$ 819,224	\$ 780,307	\$ 753,980	\$ -	\$ -	\$ -
Restricted	154,674,606	110,607,410	73,582,930	80,105,535	87,534,586	92,993,807	84,978,274	-	-	-
Committed	1,007,604	1,591,645	4,552,377	3,103,793	3,620,218	3,554,712	3,529,971	-	-	-
Assigned	15,421,485	20,533,818	19,028,843	9,211,062	11,133,474	10,039,158	5,688,602	-	-	-
Unassigned (deficit)	(15,553,974)	-	-	(1,300,500)	(1,785,658)	(1,930,941)	(3,182,091)	-	-	-
Reserved	-	-	-	-	-	-	-	83,242,816	54,296,424	41,740,489
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	28,888,434	27,871,797	31,906,557
Capital projects funds	-	-	-	-	-	-	-	12,496,924	26,526,763	15,741,521
Total All Other Governmental Funds	\$ 158,033,972	\$ 135,274,217	\$ 97,800,246	\$ 92,029,459	\$ 101,321,844	\$ 105,437,043	\$ 91,768,736	\$ 124,628,174	\$ 108,694,984	\$ 89,388,567
Total Fund Balances	\$ 216,231,944	\$ 189,489,741	\$ 152,437,844	\$ 148,287,713	\$ 161,114,095	\$ 171,468,270	\$ 155,696,410	\$ 169,373,156	\$ 152,938,518	\$ 135,528,627

Source: City of Madison Finance Department

¹ - The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54). No prior year data exists for new fund balance definition.

Table 4

CITY OF MADISON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year			
	2017	2016	2015	2014
Revenues				
Taxes	\$ 255,994,118	\$ 244,159,701	\$ 232,513,616	\$ 222,918,478
Special assessments	3,603,220	3,380,545	6,510,649 ¹	3,555,076
Intergovernmental	47,533,164	44,713,157	48,120,548	42,048,795
Licenses and permits	8,003,350	9,638,235	6,975,916	5,563,190
Fines and forfeitures	6,614,108	7,694,509	7,012,225	6,583,550
Public charges for services	31,423,696	24,096,115	23,560,642	12,349,216
Investment income (loss)	4,328,764	4,721,172	2,750,270	4,712,405
Grants and donations	- ⁴	1,094,437	326,485	691,517
Miscellaneous	3,185,339	2,112,144	5,017,982	11,606,825
Total Revenues	360,685,759	341,610,015	332,788,333	310,029,052
Expenditures				
Current				
General government	35,066,148	35,057,714	30,180,556	4,790,434
Administration	- ²	- ²	- ²	21,328,316
Public safety	130,557,767	127,780,666	121,413,860	114,952,846
Public works	43,994,136	44,207,213	45,448,660	56,788,138
Culture, recreation, and education	37,585,445	31,595,640	32,842,736	13,275,660
Planning and development	36,710,172	34,556,301	29,073,026	34,043,194
Capital outlay	73,795,990	41,803,806	74,653,601	57,605,100
Debt service				
Principal retirement	54,504,739	59,714,249	53,233,284	47,826,378
Interest and fiscal charges	11,278,441	11,545,249	11,247,273	10,959,890
Total Expenditures	423,492,838	386,260,838	398,092,996	361,569,956
Deficiency of revenues over expenditures	(62,807,079)	(44,650,823)	(65,304,663)	(51,540,904)
Other Financing Sources (Uses)				
General obligation debt issued	87,634,104	71,076,662	66,802,278	42,529,234
Refunding debt issued	-	10,610,598	6,698,966	-
Premium on debt issued	6,602,862	5,069,697	4,865,460	4,757,647
Payment to refunding escrow	-	-	-	-
Sale of capital assets	2,582,286	628,630	1,351,317	3,659,078
Transfers in	85,584,748	78,898,569	74,112,020	73,033,560
Transfers out	(92,854,718)	(84,581,436)	(84,375,247)	(85,264,997)
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	89,549,282	81,702,720	69,454,794	38,714,522
Net Change in Fund Balances	\$ 26,742,203	\$ 37,051,897	\$ 4,150,131	\$ (12,826,382)
Debt service as a percentage of noncapital expenditures	18.2% ³	20.2% ³	18.9% ³	19.1%

Source: City of Madison Finance Department

¹ - 2015 double the number of assessment fund districts finalized than in previous years.² - Beginning in 2015 Administration was consolidated to General government³ - 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.

⁴ - Beginning in 2017, smaller grants and donations were reclassified to miscellaneous revenues.

CITY OF MADISON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 215,694,569	\$ 207,066,973	\$ 201,319,416	\$ 194,362,724	\$ 183,243,330	\$ 181,563,946
3,433,496	3,253,150	3,263,682	2,286,075	3,589,902	2,466,783
42,699,076	45,199,898	46,963,955	45,808,346	44,709,308	45,404,640
5,694,748	5,060,653	4,253,595	3,949,572	4,036,108	4,541,445
7,003,338	7,116,451	7,045,657	6,960,334	6,675,342	6,477,070
11,674,054	10,241,783	11,452,879	11,196,600	9,682,909	10,276,114
(928,585)	4,246,576	6,857,819	4,154,120	6,197,684	8,036,536
2,875,771	4,810,756	1,626,299	187,920	517,260	591,002
14,295,196	12,524,831	9,635,933	14,110,755	10,024,482	12,845,101
<u>302,441,663</u>	<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>
1,645,978	1,367,452	1,578,022	1,602,350	1,532,210	1,236,787
19,942,313	19,827,118	21,637,641	20,050,001	19,779,620	18,080,794
113,057,244	110,238,776	109,742,533	106,680,652	101,011,574	97,536,798
55,384,932	45,844,762	45,573,125	46,410,443	48,028,306	47,331,273
12,533,252	11,539,516	20,859,087	12,203,829	-	-
34,687,925	41,005,823	30,589,064	43,939,467	59,776,891	54,614,672
58,901,304	59,618,224	56,772,151	53,358,456	40,515,037	63,123,017
47,589,243	40,480,575	73,992,362	32,874,536	30,803,065	28,806,368
<u>11,439,196</u>	<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>355,181,387</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>(52,739,724)</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>
48,926,937	61,134,431	63,251,325	48,465,296	52,399,673	51,405,117
-	-	-	51,520,000	43,915,000	-
4,172,560	5,578,933	10,470,265	4,017,287	1,753,542	875,162
-	-	-	(35,098,167)	(24,720,713)	-
1,944,748	1,476,149	-	-	-	-
72,023,687	57,514,330	55,806,794	52,141,807	45,001,940	48,687,088
(84,682,383)	(68,809,660)	(63,696,672)	(60,058,979)	(57,896,885)	(61,843,104)
-	-	-	-	-	-
-	-	-	-	-	-
<u>42,385,549</u>	<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>\$ (10,354,175)</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>

3

19.1%³

18.2%

27.0%

15.8%

14.9%

13.8%

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 ¹	Less: TIF Increment Value ²	Total Taxable Assessed Value	Total Direct Tax Rate	Equalized Value	Ratio of Assessed to Equalized ³
		Residential	Commercial	Manufacturing	Agricultural	Other							
2017	2016	\$ 15,736,372	\$ 9,513,217	\$ 261,837	\$ 3,980	\$ 18,555	\$ 751,388	\$ 26,285,348	\$ 1,226,207	\$ 25,059,141	9.47	\$ 26,768,654	98.2 %
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 ⁴	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

Source: Statement of Assessment for the City of Madison

¹ - Total Assessed Value does not include exempt properties. The City of Madison Assessor's Office does not assess property classified as exempt.

² - TIF assessments are taxable only to the districts

³ - Assessment ratio is calculated by the State of Wisconsin Equalization Board

⁴ - 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> ¹	<u>Dane County</u>	<u>State of Wisconsin</u>	<u>Madison Area Technical College</u>
2017	\$ 0.73	\$ 8.76	\$ 9.47	\$ 12.26	\$ 3.03	\$ 0.17	\$ 0.99
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

Source: Annual City of Madison Adopted Operating Budget

¹ - 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	2016			2007		
	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	\$ 194,472,400	1	0.84 %	\$ 192,230,000	1	0.92 %
Urban Land Interest	179,830,100	2	0.78 %			
American Family Insurance	174,018,400	3	0.75 %	179,454,400	2	0.86 %
Stephen D Brown Properties	157,071,200	4	0.68 %			
McCormick/Soderholm Properties	147,876,700	5	0.64 %			
Wingra Building Group/Dean Medical Center	126,928,100	6	0.55 %	69,066,100	8	0.33 %
Gebhardt Properties	115,237,500	7	0.50 %			
Covance Laboratories	111,973,900	8	0.48 %	108,175,700	3	0.52 %
Gialamas Company	105,384,600	9	0.45 %			
Mullins, Carol	86,145,600	10	0.37 %	91,343,600	4	0.44 %
Munz Investment/Munz Corp.				75,148,600	6	0.36 %
CUNA Mutual Group				70,286,900	7	0.34 %
Terrance R. Wall				80,857,300	5	0.39 %
McAllen Properties LLC				56,024,800	9	0.27 %
Hilldale Building Co LLC				51,940,100	10	0.25 %
Total	\$ 1,398,938,500		6.03 %	\$ 974,527,500		4.67 %

Source: City of Madison Assessor's Office

Table 8

CITY OF MADISON

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year	Levy ¹ 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 ²	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2016	\$ 219,728,630	\$ 219,181,700	99.75 %	\$ -	\$ 219,181,700	99.75 %
2016	2015	209,856,552	209,124,596	99.65	657,290	209,781,886	99.96
2015	2014	202,870,333	202,157,694	99.65	604,806	202,762,500	99.95
2014	2013	198,441,725	197,888,080	99.72	474,049	198,362,129	99.96
2013	2012	193,400,074	192,614,826	99.59	662,327	193,277,153	99.94
2012	2011	186,737,361	186,183,242	99.70	432,885	186,616,127	99.94
2011	2010	179,491,250	178,618,404	99.51	715,020	179,333,424	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	635,364	165,331,320	99.96
2008	2007	152,733,336	151,936,781	99.48	720,089	152,656,870	99.95

Source: City of Madison Finance Department

Note - All delinquent real estate taxes are purchased 100% by Dane County.

¹ - Levy year versus Fiscal year distinction was included beginning fiscal year 2010.

² - Collections as of January 31, 2018

Table 9

CITY OF MADISON

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Debt ¹	Restricted Debt Service ²	Net General Obligation Debt	Ratio of Net General Obligation Debt to Equalized Property Value ³	Net General Obligation Debt Per Capita ⁴
2017	\$ 474,670,956 ⁵	\$ 16,951,496	\$ 457,719,460	1.71%	\$ 1,830
2016	433,785,148	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

Source: City of Madison Finance Department

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

¹ - Gross General Obligation Debt years 2008 - 2012 do not include premium/discount.

² - "Restricted/Reserved Debt Service Funds" prior to 2013.

³ - 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 168.

⁴ - Population data can be found in Table 15: Demographic and Economic Statistics, on page 180.

⁵ - For 2017 General Obligation Debt of \$447,740,419 and premium/discount of \$26,930,537

Table 10

CITY OF MADISON

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Activities		
	General Obligation Debt ¹	Revenue Bonds		General Obligation Debt	Revenue Bonds ²	
		Landfill Remediation	Capital Leases		Water Utility	Sanitary Sewer Utility
2017	\$ 433,330,438	\$ -	\$ 4,181,585	\$ 41,340,518	\$ 187,690,887	\$ 42,900,834
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

Source: City of Madison Finance Department

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

¹ - General Obligation Debt years 2008 - 2012 do not include premium/discount.

² - Revenue Bonds years 2008 - 2012 do not include premium.

³ - See Table 15: Demographic and Economic Statistics on page 180 for personal income and population data.

CITY OF MADISON

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

<u>Business Activities</u>					
<u>Revenue Bonds</u>					
<u>Parking</u>		<u>Capital</u>	<u>Total</u>	<u>Percentage</u>	<u>Per</u>
<u>Utility</u>		<u>Leases</u>	<u>Primary</u>	<u>of Personal</u>	<u>Capita</u>
			<u>Government</u>	<u>Income</u> ³	
\$	-	\$ 1,765,500	\$ 711,209,762	5.00%	\$ 2,844
	-	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

Table 11

CITY OF MADISON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of December 31, 2017

<u>Governmental Unit</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City ²</u>
Direct			
City of Madison	437,512,023	100.00 %	\$ 437,512,023
Indirect			
Dane County	356,165,000	44.22 %	157,496,163
School Districts: ¹			
DeForest	44,815,000	9.42 %	4,221,573
Madison Metropolitan	84,263,287	89.19 %	75,154,426
McFarland	48,815,000	9.86 %	4,813,159
Middleton-Cross Plains	76,150,000	21.56 %	16,417,940
Monona Grove	44,395,000	0.13 %	57,714
Sun Prairie Area	213,885,000	16.02 %	34,264,377
Verona	127,155,000	3.65 %	4,641,158
Waunakee Community	82,475,000	2.59 %	2,136,103
Madison Area Technical College	<u>188,000,000</u>	32.07 %	<u>60,291,600</u>
Total Overlapping	<u>1,266,118,287</u>		<u>359,494,213</u>
Total Direct and Overlapping	<u>\$ 1,703,630,310</u>		<u>\$ 797,006,236</u>

Source: City of Madison Finance Department

¹ - 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.

² - 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Equalized Value ¹	\$ 26,768,654	\$ 24,596,422	\$ 23,685,668	\$ 22,710,892
Debt Limit ²	1,338,433	1,229,821	1,184,283	1,135,545
Debt applicable to debt limit				
General Obligation Debt	447,740	409,860	381,836	355,769
General Obligation Debt - Joint Venture	905	745	559	676
Pledged to CDA	-	-	-	-
Total debt applicable to debt limit	<u>\$ 448,645</u>	<u>\$ 410,605</u>	<u>\$ 382,395</u>	<u>\$ 356,445</u>
Less: Debt Service fund available for payment of principal	<u>\$ 16,951</u>	<u>\$ 15,658</u>	<u>\$ 15,029</u>	<u>\$ 16,528</u>
Net debt applicable to debt limit	431,694	394,947	367,366	339,917
Total debt applicable to the limit as a percentage of debt limit	33.5%	33.4%	32.3%	31.4%

¹ - Source: Wisconsin Department of Revenue

² - 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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 21,853,251	\$ 21,697,081	\$ 21,965,222	\$ 22,212,096	\$ 23,131,429	\$ 23,105,475
1,092,663	1,084,854	1,098,261	1,110,605	1,156,571	1,155,274
352,797	342,349	321,529	319,851	285,720	238,606
698	696	636	642	448	420
-	-	-	7,000	7,000	7,000
<u>\$ 353,495</u>	<u>\$ 343,045</u>	<u>\$ 322,165</u>	<u>\$ 327,493</u>	<u>\$ 293,168</u>	<u>\$ 246,026</u>
<u>\$ 16,405</u>	<u>\$ 23,975</u>	<u>\$ 29,266</u>	<u>\$ 44,559</u>	<u>\$ 25,950</u>	<u>\$ 8,963</u>
337,090	319,070	292,899	282,934	267,218	237,063
32.4%	31.6%	29.3%	29.5%	25.3%	21.3%

Table 13

CITY OF MADISON

PLEGGED REVENUE COVERAGE - SEWER UTILITY AND LANDFILL REMEDIATION Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ⁴	
2017	\$ 36,503,015	\$ 29,551,555	\$ 6,951,460	\$ 3,455,000	\$ 1,696,584	1.35
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 ⁶	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 ⁵	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 ³	623,056	0.74
2007	23,488,277	19,988,369	3,499,908	1,235,000	667,252	1.84

Source: City of Madison Finance Department

Note: Sewer and Landfill Remediation Revenue Bonds are backed by sewer rates and landfill remediation fees.

¹ - Operating Revenues plus investment income.

² - Total Operating Expenses do not include interest, depreciation or amortization expenses.

³ - Actual principal paid in 2008 was \$3,600,000, in order to fully service Landfill Remediation principal.

⁴ - Gross interest. Amount is not net of tax credits, when available.

⁵ - The Landfill Remediation Bonds were paid off in 2011.

⁶ - 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

PLEDGED REVENUE COVERAGE - WATER UTILITY
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ⁴	
2017	\$ 35,431,200	\$ 18,431,561	\$ 16,999,639	\$ 8,825,000	\$ 7,535,483	1.04
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 ³	2,942,934	1.33
2008	20,963,381	13,145,882	7,817,499	2,610,000 ³	2,657,969	1.48
2007	19,007,353	13,104,805	5,902,548	2,840,000	2,201,362	1.17

Source: City of Madison Finance Department

Note: Water Utility Revenue Bond Covenant can be found in the Madison Water Utility Financial Statements.

¹ - Operating Revenues plus investment income.

² - Total Operating Expenses do not include interest, depreciation or amortization expenses.

³ - Actual principal paid was \$5,920,000 in 2008 and \$41,905,000 in 2009; both were paid as a part of refinancing.

⁴ - 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

Year	Population ¹	Personal Income ² <i>(in thousands)</i>	Per Capita Personal Income ³		Annualized Unemployment Rates ⁴		
			Dane County	State of Wisconsin	City of Madison	Dane County	State of Wisconsin
2017	250,073	\$ 14,227,774	\$ 56,894	\$ 47,850	2.3 %	2.4 %	3.3 %
2016	247,207	13,653,737	55,232	46,809	2.9	2.9	4.1
2015	242,216	13,114,785	54,145	46,025	3.1	3.2	4.6
2014	240,153	12,358,273	51,460	44,351	3.7	3.8	5.5
2013	236,900	11,824,390	49,913	42,774	4.6	4.6	6.7
2012	234,625	11,398,786	48,583	42,575	4.7	4.7	6.9
2011	233,890	10,950,262	46,818	40,777	4.9	5.0	7.5
2010	228,200	10,080,507	44,174	38,596	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

¹ - Provided by Demographic Services Center, Wisconsin State Department of Administration, generally published August of the subsequent reporting period.

² - Personal income is based upon City population and County per capita personal income.

³ - Source - Bureau of Economic Analysis - U.S. Department of Commerce except for 2017 Dane County, which is an estimate based on the prior nine years of growth.

⁴ - Source - Department of Workforce Development - State of Wisconsin - Annualized Unemployment Rates.

Table 16

CITY OF MADISON

PRINCIPAL EMPLOYERS
Prior Year and Ten Years Ago

Madison & Dane County Area Employer	2016			2007		
	Employees ¹	Rank	Percentage of Total Area Employment ²	Employees ³	Rank	Percentage of Total Area Employment ²
State of Wisconsin	40,507 ^{4,5}	1	10.19%	41,151	1	11.75%
University of Wisconsin	21,752 ^{4,5}	2	5.47	20,500	2	5.85
University Hospitals and Clinics	9,732 ⁶	3	2.45	7,500	3	2.14
Epic Systems	9,400	4	2.36			
SSM Health Care	6,602 ⁶	5	1.66			
United States Government	5,422	6	1.36	4,629	6	1.32
UW Medical Foundation	4,256	7	1.07	3,000	10	0.86
American Family Mutual Insurance Group	3,999 ⁶	8	1.01	3,700	8	1.06
Madison Metropolitan School District	3,592 ⁶	9	0.90	5,921	5	1.69
City of Madison	3,009	10	0.76			
CUNA Mutual Group				6,500	4	1.86
Dean Health Systems				4,500	7	1.28
Meriter Health Services				<u>3,393</u>	9	<u>0.97</u>
Total	108,271		27.24 %	100,794		28.78 %

¹ - Sources: Madison InBusiness, 2016 Report; Dane County; UW 2016-2017 Fast Facts

² - Source: Wisconsin Department of Workforce Development for Madison MSA.

³ - Source: Telephone survey of individual employers, September 2008.

⁴ - Includes full- and part-time, limited term and student employees.

⁵ - Includes all State and University of Wisconsin employees within Dane County.

⁶ - 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 (FTEs)				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Public Safety and Health					
Fire	393	393	389	390	389
Police	584	593	586	581	580
Public Health - Madison and Dane County ¹	138	138	136	135	134
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	16	15	15	15
Attorney	27	27	27	27	27
Assessor	24	24	24	24	24
Clerk	9	8	8	7	7
Treasurer	6	6	5	5	5
Madison City Channel ²	-	-	-	-	-
Finance ³	42	42	39	38	38
Information Technology	53	53	49	48	47
Human Resources	16	16	18	18	18
Employee Assistance Program ⁴	3	3	-	-	-
Public Facilities					
Overture Center ⁵	-	-	-	-	-
Monona Terrace	55	55	55	55	55
Department of Public Works and Transportation					
Engineering ⁶	112	77	149	143	138
Sewer Utility ⁷	35	44	-	-	-
Stormwater Utility ⁷	11	39	-	-	-
Parks	167	165	161	148	144
Municipal Pool	-	-	-	-	-
Golf Enterprise	8	8	8	8	8
Streets	190	187	183	177	177
Water Utility	130	130	129	128	128
Metro Transit	476	474	472	472	466
Traffic Engineering	64	63	64	62	62
Parking Utility	71	69	70	74	75
Fleet Services	43	43	43	43	43

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Full-time Equivalent Employees (FTEs)					
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
389	371	371	371	343	319
580	577	568	564	555	521
152	155	157	158	161	93
2	3	2	2	2	2
12	12	12	12	12	12
5	5	5	5	7	7
15	16	17	16	16	17
27	26	26	26	26	26
24	24	24	26	25	25
7	7	7	7	6	7
5	5	6	6	6	6
-	-	7	7	7	7
39	38	38	37	37	36
47	47	42	39	39	39
19	18	18	19	19	20
-	-	-	-	-	-
-	-	46	46	63	60
58	58	59	59	58	58
137	137	130	129	127	123
-	-	-	-	-	-
-	-	-	-	-	-
144	147	146	145	147	146
-	-	-	1	1	1
7	7	7	10	10	11
177	179	175	179	179	178
127	126	127	127	130	129
461	460	445	445	439	439
61	59	59	59	60	61
75	76	76	76	76	77
44	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 182)	Full-time Equivalent Employees (FTEs)				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Department of Planning & Community & Economic Development ⁸					
Office of the Director of Planning and					
Community and Economic Development ⁹	8	8	8	7	7
Planning Division ¹⁰	36	32	32	30	29
Building Inspection Division ¹¹	45	48	47	47	47
Economic Development Division ¹²	17	16	16	18	18
Community Development Authority Housing Operations	41	41	39	38	39
Community Development Authority Redevelopment ¹³	2	2	2	2	2
Community Development Division ¹⁴	39	39	22	21	21
Community Development Block Grant ¹⁴	-	-	15	15	17
Community Services ¹⁵	-	-	-	-	-
Senior Center ¹⁵	-	-	-	-	-
Library	<u>131</u>	<u>131</u>	<u>128</u>	<u>127</u>	<u>124</u>
Total	3,011	3,009	2,958	2,919	2,903

Source - City's Annual Operating Budget

- ¹ - Full integration of City of Madison and Dane County Health Departments became effective January 1st, 2008. All staff are County employees as of 2012.
- ² - Madison City Channel Operations were transferred to Information Technology in 2011.
- ³ - The Finance Department was known as Office of the Comptroller prior to May 2011.
- ⁴ - Employee Assistance Program was created in 2016. Its functions were previously included in Human Resources.
- ⁵ - 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.
- ⁶ - The City Engineer serves as Director of Public Works & Transportation.
- ⁷ - The City Engineer serves as the manager of the Sewer and Stormwater Utilities.
- ⁸ - Department of Planning & Community & Economic Development was known as "Department of Planning and Development" prior to 2008.
- ⁹ - 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.
- ¹⁰ - Planning Division was known as "Planning Unit" prior to 2008.
- ¹¹ - Building Inspection Division was known as "Neighborhood Preservation and Inspection Division" in 2008 and as "Inspection Unit" prior to 2008.
- ¹² - Economic Development Division was known as "Community & Economic Development" prior to 2008.
- ¹³ - Community Development Authority Redevelopment had no dedicated employees prior to 2011.
- ¹⁴ - 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
- ¹⁵ - Effective with the 2010 budget, all Senior Center and Community Services personnel have been moved to the Community Development Division.

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<u>Full-time Equivalent Employees (FTEs)</u>					
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
7	7	7	7	7	10
28	28	28	28	29	29
46	45	44	44	46	45
19	19	19	19	18	14
38	37	41	41	43	44
2	1	-	-	-	-
20	41	32	1	1	-
18	-	-	12	11	11
-	-	-	15	15	15
-	-	-	5	5	5
<u>119</u>	<u>117</u>	<u>118</u>	<u>118</u>	<u>119</u>	<u>115</u>
2,911	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>2016</u> ²	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General government					
Information Technology					
Webpage visits	6,057,900	6,343,573	6,544,987	5,808,882	5,543,502
Online payments transactions	270,728	353,462	212,866	139,542	152,951
Public safety					
Fire					
EMS responses	21,716	21,291	18,348	19,599	20,541
Fire/service responses	8,810	8,762	6,839	6,215	5,879
Fires extinguished	476	411	459	412	534
Public Health					
Inspections/Pre-inspections	1,418	1,363	1,258	1,387	1,271
Police					
Calls for service	212,601	212,376	206,648	203,394	203,087
Arrests	11,969	14,020	9,726	9,421	11,378
Citations	5,851	7,203	7,142	8,376	10,432
Traffic violations	20,966	23,316	19,872	22,878	25,195
Public works and transportation					
Metro Transit					
Annual rides	13,305,291	14,358,261	15,492,317	15,001,760	14,592,214
Annual miles	5,050,916	5,070,813	5,040,007	4,922,010	4,822,865
Fleet Services					
Work Orders	2,394	2,588	2,084	1,321	1,735
Parking Utility					
Ramp Occupancy	72%	71%	71%	66%	64%
Streets					
Tons of debris swept	4,351	7,256	7,539	5,674	4,820
Refuse collected (tons)	42,525	44,866	41,680	40,367	40,367
Recyclables collected (tons)	19,228	19,379	19,225	19,401	19,401
Sewer Utility					
Average annual residential customer volume (gallons)	50,864	52,360	49,368	55,352	55,352
Water Utility					
Main replacement (miles)	10.70	6.45	7.80	5.06	6.55
Gallons pumped (millions)	9,848	9,977	10,099	10,058	10,659
Water main breaks (per mile)	0.247	0.240	0.440	0.350	0.280
Mains added	16.60	8.60	4.90	3.50	2.41

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<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
5,333,097	4,810,131	4,072,018	2,678,298	2,056,739
147,290	130,392	117,815	106,665	93,639
19,698	18,409	18,125	19,058	18,969
5,500	5,257	5,314	5,587	5,543
479	N/A	471	494	595
1,348	1,298	1,387	1,350	1,305
211,802	202,392	203,031	184,463	156,439
12,089	12,074	16,545	18,663	19,680
11,373	12,969	11,352	19,165	18,289
21,844	25,624	24,845	20,747	18,424
14,923,969	13,623,461	13,588,426	13,433,149	12,952,943
4,818,879	4,810,956	4,709,101	4,706,193	4,717,515
1,491	1,571	1,198	1,334	1,089
64%	64%	63%	63%	64%
6,526	8,269	8,779	11,114	5,012
38,561	40,086	N/A	39,533	38,716
18,949	19,229	N/A	20,818	21,051
53,856	65,824	67,320	65,824	65,824
10.00	9.77	6.67	4.88	7.28
10,320	10,255	10,355	10,907	11,392
0.300	0.290	0.310	0.280	0.350
4.08	4.05	2.20	2.13	6.70

Table 18 (cont.)

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

Function/Program (Continued From Page 186)	<u>2016</u> ²	<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	NA
Inspection Unit					
Inspections	54,113	48,023	52,166	51,220	47,579
Housing Operations					
Households served	2,528	2,404	2,432	2,456	2,460
Community Services					
Children receiving child care from an accredited facility	51.30%	50.00%	49.00%	50.00%	49.00%
Seniors in city funded activities	¹	¹	¹	¹	5,200
Senior Center					
Number of visits	41,106	38,828	42,263	41,460	46,675
Number of events	2,871	2,777	2,829	2,864	3,112
New visitors	817	889	7,422	7,971	10,086
Culture and recreation					
Library					
Circulation	3,800,000	3,950,000	3,841,997	4,085,341	4,122,191
Visits	2,170,000	2,150,000	2,152,731	2,053,449	2,020,557
Registered borrowers	170,420	165,855	163,934	162,374	167,717
Internet uses	769,704	708,214	813,880	686,444	682,034
Parks					
General park (shelter) reservations	1,765	1,590	1,570	1,426	1,524
Athletic Field reservations	8,700	8,358	7,325	8,021	7,531
Recreation center attendance	209,000	64,495	63,315	57,277	267,757
Special events held	350	245	130	130	110
Calls for service - Forestry	5,068	4,336	4,264	4,233	4,553
Visitors - Olbrich Gardens	300,396	289,540	279,090	252,750	252,750
Municipal Pool					
Attendance	46,400	52,140	49,503	66,000	68,752
Golf Enterprise					
Rounds (18 holes)	109,934	107,212	79,122	77,824	82,055
Monona Terrace					
Conventions and Conferences	67	63	54	67	65

Source: 2007 - 2015 Madison Measures & Departmental Annual Reports

Note: Departmental Annual Reports available for prior ten years

¹ - Seniors in city funded activities is no longer available.² - Beginning in 2016, the source for the data is Departmental Annual Reports and Departmental Databases.

Continued from Previous Page

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
NA	NA	11	11	18
46,131	56,261	48,649	52,053	57,848
2,427	2,291	2,322	2,196	2,195
58.00%	54.00%	60.00%	53.00%	49.00%
5,200	5,200	5,143	4,934	4,628
42,518	42,696	38,075	44,772	40,093
3,020	2,363	2,243	2,685	2,449
7,597	7,568	6,921	7,346	7,606
4,398,343	4,730,496	4,846,206	4,702,829	4,663,662
2,241,086	2,347,234	2,351,691	2,274,220	2,248,580
156,285	132,428	138,632	137,990	137,566
721,431	693,432	547,216	443,984	504,478
1,409	1,527	1,441	1,438	1,438
7,751	7,675	7,146	7,039	6,177
305,751	295,000	293,753	292,977	282,321
116	114	333	330	330
3,542	4,644	5,603	4,078	3,112
245,183	253,048	246,197	252,141	248,443
65,692	63,320	51,799	67,850	61,951
74,658	77,295	85,955	77,300	86,043
62	62	68	82	68

Table 19

CITY OF MADISON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

Function/Program	<u>2016</u> ¹	<u>2015</u>	<u>2014</u>	<u>2013</u>
Public safety				
Fire				
Fire stations	13	13	13	12
Public works and transportation				
Metro Transit				
Shelters	208	208	208	208
Buses (incl. Paratransit)	232	232	231	228
Fleet Services				
Vehicles	1,169	1,166	1,278	1,152
Parking Utility				
Ramps	5	5	5	5
Surface lots	7	7	7	7
Parking Spaces	5,506	5,589	5,426	5,548
Traffic Engineering				
Miles of Streets	795	785	780	777
Water Utility				
Water main (miles)	884	867	859	854
Hydrants	8,956	8,882	8,751	8,669
Valves	25,126	21,525	21,114	20,804
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	957,562	943,507	936,975	831,296
Parks				
Parks	275	274	270	261
Acreage of Parks (rounded to nearest 100th)	6,000	6,000	6,000	6,002
Beaches	12	12	12	12
Shelters	22	21	21	20
Recreational Facilities	1	1	1	1
Municipal Pool				
Pool facilities	1	1	1	1
Golf Enterprise				
Golf courses	4	4	4	4

Source: 2007 - 2015 Madison Measures & Departmental Annual Reports

¹ - Beginning in 2016, the source for the data is Departmental Annual Reports and Departmental Databases.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
12	12	12	12	12	11
211	211	210	210	124	124
228	229	204	204	224	223
1,144	1,144	1,090	1,146	1,106	1,073
5	5	5	5	5	5
7	7	7	7	3	3
6,300	6,300	6,300	6,300	5,220	5,220
773	772	769	766	765	763
850	847	843	839	837	834
8,615	8,555	8,482	8,383	8,343	8,309
20,564	20,332	20,065	19,678	19,466	19,190
9	9	9	9	9	9
863,645	841,929	929,682	1,034,933	1,035,479	1,047,602
260	260	260	260	260	255
6,000	6,000	6,000	6,000	6,000	6,000
12	12	13	13	13	13
20	20	18	18	18	18
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4