

City of Madison

2018 Comprehensive Annual Financial Report

*As of and for the year ended
December 31, 2018*



CITY OF MADISON
Madison, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

As of and for the Year Ended
December 31, 2018

Prepared By:

FINANCE DEPARTMENT STAFF

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2018

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INTRODUCTORY SECTION



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June 19, 2019

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, 2018.

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, 2018 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.

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, 2018 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 252,546, 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 44,000 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, 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 public software development, biomedical research, and technology are becoming significant portions of a diverse local economy. Locally assessed real estate increased by 6.4% between 2018 and 2019.

The City's unemployment rate of 2.2% continues to be below the state and national rates of 3.0%, and 3.9% 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 affirmed the City's Aaa bond rating, the highest quality rating available, and revised the outlook to negative from stable.

In its rating letter, Moody's mentioned the City's diverse economy and long-standing stability provided by government and higher education presences. Moody's believes the City's credit profile is healthy and solid, but that general financial operations are exposed to near-term pressures facing the City's water system, given the City's close governing ties, limited revenue raising flexibility, and coterminous service area.

The City's debt profile is expected to remain manageable with 95.6% 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 | Municipal Court began to utilize new software in February 2019. |
| Public safety | Midtown Police Station opened in September 2018. In addition, Fire Station 14 opened December 2018. |
| Public works and transportation | Upgrades to Metro Transit located at the 1101 E. Washington bus garage facility have begun. The first phase of the roof is complete and construction of a new service lane has commenced. |
- The Streets Division transfer station at 121 E. Olin Avenue completed installation of a fabric-roofed building to facilitate better management of the collection cart inventory in July 2018.
- City Engineering reconstructed and resurfaced approximately twelve miles of streets during 2018. Minor surface maintenance was completed on approximately 95 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 2018, about 75% of the City's 800 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.
- Reconstruction of Monroe Street from Regent Street to Odana Road was completed in 2018. The project included a new plaza and utility replacements (sanitary, storm, and water). Furthermore, reconstruction of South Pleasant View Road from Valley View Road to Cross Country Road began in 2017, and continued through 2018. The project includes two new major intersections with Mid-Town Road and McKee Road. Construction is expected to be completed in fall of 2019.
- The Stormwater Utility progressed toward its total suspended solids (TSS) and total phosphorus (TP) reduction goals by obtaining multiple permits to begin construction of ponds and greenways in 2019. In 2018, the Utility constructed and began construction of several flood mitigation pipe upgrade projects.

Additionally, over 16,454 feet of sewer main was 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) was completed in August of 2018. In addition, the Capitol East Parking Ramp was completed during December, as construction of the Judge Doyle Square parking ramp continues well into fall of 2019.

Culture and recreation

Madison's first professional soccer team, Forward Madison FC, began its season at Breese Stevens Field in April 2019. The six-court tennis facility at Door Creek Park is scheduled to be complete in 2019, and a new two-court facility will soon be under construction at Northland Manor. Forest Hill Cemetery continues to see improvements to its roads, irrigation and storm water systems. Further, ten playgrounds at Brittingham Dog Park are currently being replaced, and land was acquired for the Ice Age Trail on Madison's west side. The Olbrich Botanical Garden's expansion is expecting to be complete by fall 2019, which will include a dedicated learning center and new greenhouse.

Lastly, the Madison Public Library system (which includes nine libraries) plans to be electronically connected via high-speed fiber optic infrastructure when the new Pinney Library opens spring 2020.

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, 2017. A facsimile of the certificate is included on the following page. This was the tenth 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.

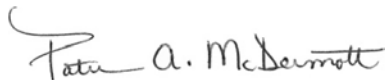
A Certificate of Achievement is valid annually. The City believes that its current CAFR meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2018 CAFR to the GFOA to determine its eligibility for award.

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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

MEMBERS OF THE COMMON COUNCIL

Name

Barbara Harrington-McKinney, Council Vice President	Alder, District #1
Patrick W. Heck	Alder, District #2
Lindsay Lemmer	Alder, District #3
Michael Verveer	Alder, District #4
Shiva Bidar, Council President	Alder, District #5
Marsha A. Rummel	Alder, District #6
Donna V. Moreland	Alder, District #7
Avra Reddy	Alder, District #8
Paul E. Skidmore	Alder, District #9
Zachary Henak	Alder, District #10
Arvina Martin	Alder, District #11
Syed Abbas	Alder, District #12
Tag Evers	Alder, District #13
Sheri Carter	Alder, District #14
Grant A. Foster	Alder, District #15
Michael J. Tierney	Alder, District #16
Samba Baldeh	Alder, District #17
Rebecca Kemble	Alder, District #18
Keith Furman	Alder, District #19
Christian A. Albouras	Alder, District #20

ELECTED OFFICIALS

Satya Rhodes-Conway	Mayor
Daniel P. Koval	Municipal Judge

CITY STAFF ISSUING REPORT

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

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

NONELECTED OFFICIALS

Mayoral Assistants

Mary Bottari
Katie Crawley
Leslie Orrantia
Linda Vakunta
Cam McLay

Deputy Mayor
Deputy Mayor
Deputy Mayor
Deputy Mayor
Deputy Mayor

Common Council

Kwasi Obeng

Chief of Staff

Michelle Drea
Michael May
Maribeth Witzel-Behl
David Schmiedicke
David Gawenda
Norman Davis
Tresa Fuchs-Martinez
Steven Davis
Harper Donahue, IV
Sarah Edgerton
Gregory Mickells
Gregg McManners
Michael Koval
Janel Heinrich
Rob Phillips
Mahanth Joishy
Eric Knepp
Charles Romines
Yang Tao
Sabrina Tolley
Charles Kamp
Tom Heikkinen
Nan Fey (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
City Traffic Engineer
Parking Division 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

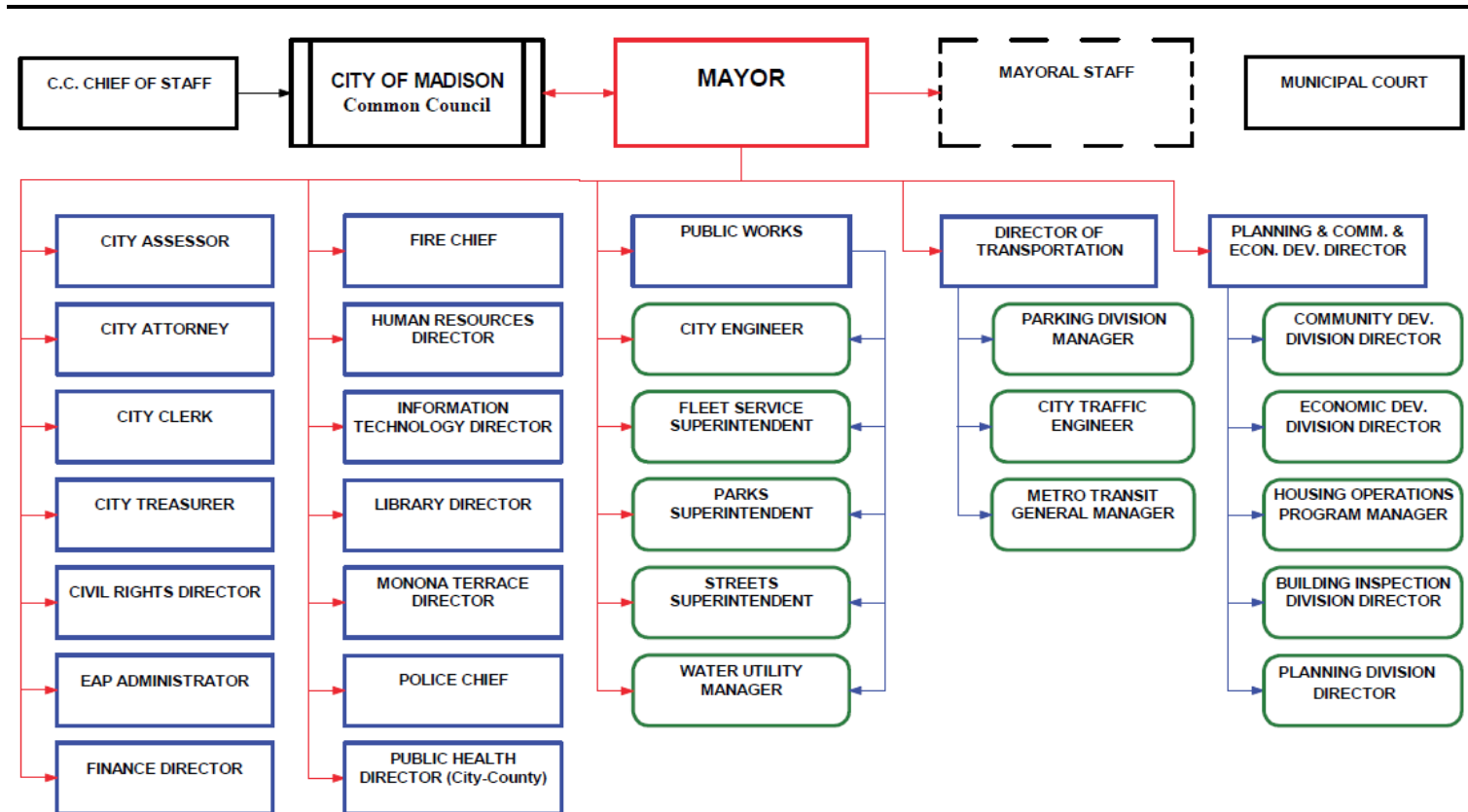
James O'Keefe

Matthew Mikolajewski

Tom Conrad (acting)
George Hank
Heather Stouder
Thomas Lynch

CITY OF MADISON

ORGANIZATION OF CITY OF MADISON GOVERNMENT



FINANCIAL SECTION

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, 2018, 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 60 percent, 60 percent and 27 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, 2018 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.

Emphasis of Matter

As discussed in Note I, the City of Madison adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

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 19, 2019, 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 19, 2019

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, 2018, with comparative data for the fiscal year ended December 31, 2017. 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 \$2.7 billion, and total liabilities slightly more than \$1.0 billion, deferred inflows of resources at roughly \$366.3 million, and deferred outflows of resources at approximately \$93.4 million, the total net position of the City of Madison increased by about \$4.4 million from the previous year to over \$1.4 billion. Of this amount, approximately \$1.3 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 \$40.0 million for 2018. Just over \$172.7 million was held for restricted purposes with a little under \$4.9 million as a deficit unrestricted net position. The unrestricted net position is generally used to meet the City's ongoing obligations to residents and creditors. Noteworthy, the governmental activities unrestricted net position deficit was largely due to adding approximately \$48.0 million more in liabilities including about \$40.0 million for noncurrent obligations largely due to implementing GASB-75.
- The primary government reported a little over \$256.9 million in program revenues to cover approximately \$541.3 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 of about \$317.7 million, including a surplus of over \$33.2 million .
- As of December 31, 2018 the governmental funds reported combined ending fund balances of over \$221.8 million. This amount is broken down as follows: nearly \$38.0 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 roughly \$42.5 million for specific purposes with just under \$135.1 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, noncurrent receivables, inventories, prepaid items, and trust activities which totaled approximately \$6.2 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 \$49.3 million of unassigned fund balance remained within the general fund or approximately 15.7% of the adopted 2019 general fund expenditures, which exceeds the City's stated target ratio of 15.0%. The City budgeted to generate fund balance in the 2019 Adopted Operating Budget. This decision was implemented in order to more closely reach the City's unassigned fund balance target of 15%. As planned, the Water Utility borrowed 10-year revenue-supported promissory notes in December of 2018, to repay the general fund for a prior year interfund loan of nearly \$6.1 million, largely incurred for operational revenue losses in 2017.

FINANCIAL HIGHLIGHTS (continued)

Additionally, the Water Utility continued to remit payments totaling \$765,000 for its prior noncurrent advance to the general fund. Final payment is expected to be paid in full to the general fund by the close of fiscal year 2019.

While the unassigned fund balance was nearly 16.0% of the adopted 2019 general fund expenditures, a little more than \$813,000 was recorded at year-end for a noncurrent advance to the golf enterprise fund from the general fund that is the result of cumulative cash shortfalls during the past few years. It is not anticipated that the golf courses will be able to repay the entire amount within the subsequent fiscal year.

Additionally, the general fund unassigned fund balance increased by just over \$850,000, as assignments for encumbrances, compensated absences, and a premium stabilization fund for employee insurances decreased by the close of the year. As an example, encumbrances were at their lowest since prior to 1996 at \$110,463. However, the increase of \$850,000 to the unassigned fund balance was largely offset by restricting long-term loan amounts totaling just over \$822,100, previously recorded as deferred inflows of resources.

- Room tax revenues transferred to the general fund were up by \$722,379, or 15.6% from 2017, due to an increase in the city's room tax rate from 9 percent to 10 percent, effective January 1, 2018. Thirty percent of room tax revenues are transferred to the general fund; the remaining 70 percent is held in the room tax fund for expenditure at the direction of the city's Room Tax Commission. Intergovernmental revenues increased from the prior year by about \$685,000, largely due to increased state payments for computer reimbursements totaling nearly \$390,000. Further, general fund licenses and permits exceeded budget by just under \$880,000 during the year, and were higher than the prior year by nearly \$200,000. However, fines and forfeitures were below budget by almost \$675,000, and were lower than prior year actuals by approximately \$250,000.
- Investment income exceeded the final adopted budget at just under \$1.5 million, and was almost \$2.0 million more when compared to 2017. Investment income revenues include any to-market adjustments for the City's investment portfolio and life insurance reserves at year-end, which when computed totaled an investment loss of about \$450,000.
- In addition, while the unassigned fund balance for all governmental funds increased in total by nearly \$11.5 million from the prior year, or by approximately 43.5%, it was reduced 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 \$12.3 million by year-end, compared to \$13.1 million the prior year.
- Outstanding General Obligation bonds and notes as of December 31, 2018, totaled over \$484.7 million (excluding the joint venture), with approximately \$438.5 million related to governmental activities. Business-type activities closed the year with over \$308.7 million in revenue bond and general obligation debt.
- At December 31, 2018, the City reported an asset of more than \$50.1 million, for its proportionate share of the Wisconsin Retirement System's net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. The City recognized a pension expense of nearly \$22.3 million, or approximately \$11.6 million less than what was recorded in the prior year.

FINANCIAL HIGHLIGHTS (continued)

- Net differences between projected and actual earnings on pension plan investments, largely contributed to a roughly \$63.5 million change from a net pension liability in 2017, to a net pension asset by the close of 2018. Noteworthy, prior to January 1, 2018, the City recorded loan receivables and deferred inflows from resources when the City entered into loan agreements to provide businesses and individuals with pass through federal and state funding. To more consistently report loans within all fund types, the City changed its accounting policy at the beginning of the year, to record loans receivable and to restrict fund balance. Therefore, the general, capital projects, and nonmajor governmental fund balances were restated at the start of the year totaling nearly \$28.3 million.
- Additionally, net position as of the beginning of the year was also restated in the statement of net position to account for the implementation of GASB Statement 75-*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For the governmental activities, this restatement only affects the government-wide statements, which use a full accrual basis of accounting approach. For the business-type activities, the government-wide and fund statements for the enterprise funds are affected by the restatement, as both statements follow the full accrual basis of accounting approach.

The City worked closely with actuaries to implement GASB-75 at year-end. Other post-employment benefits accrued liability was nearly \$65.3 million; an increase of approximately 74.0%, from \$37.6 million the prior year. This new obligation was based on an actuarial valuation as of January 1, 2018, which indicated the actuarial determined accrued liability for benefits was slightly over \$67.4 million amortized over 30 years. Of this amount, approximately 59.2%, or just about \$39.9 million was related to an implicit rate subsidy associated with allowing current and projected future retirees to purchase health insurance at the same blended premium rate as active employees. The explicit rate subsidy or the difference between the amounts required by the retiree based on the blended premium rate, and the actual cash contributed by the City, was nearly \$27.5 million or roughly 40.8% for 2018.

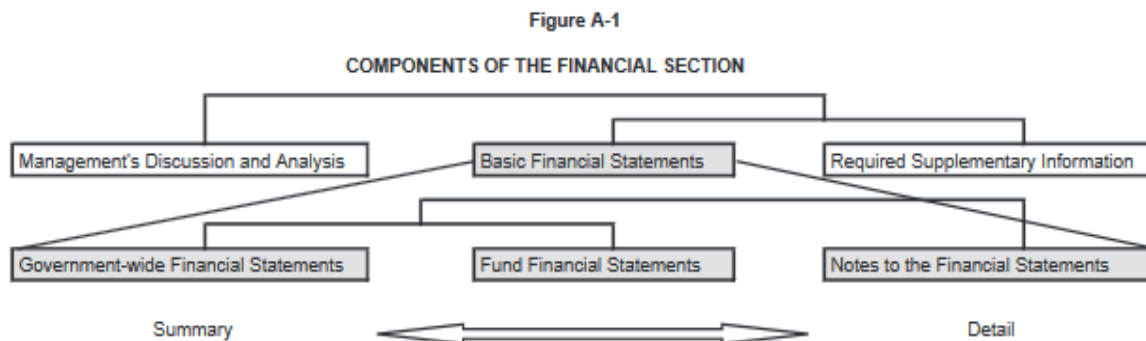
- The City of Madison achieved its Aaa bond rating from the Moody's Investors Service. The City has maintained its Aaa bond rating annually since 1973, or for the past 45 years.

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.

Government-Wide Financial Statements (continued)



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

Further explanation of the basic financial statement sections follows:

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 74 and 75 require the other post-employment benefits 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 2018, but will not be collected until 2019, for pension related, and other post-employment benefits amounts.

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

Both of the *government-wide financial statements* distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as *governmental activities*, from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges, called *business-type activities*.

The governmental activities of the City of Madison include; general government, public safety, public works and transportation, planning and development, culture and recreation, and interest and fiscal charges.

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

Government-Wide Financial Statements (continued)

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

The discretely presented component units are; the Community Development Authority (CDA) of the City of Madison which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID); the Olbrich Botanical Society and Olbrich Botanical Society Foundation (OBS and OBSF); and the Madison Public Library Foundation, Inc. (MPLF); and the Madison Parks Foundation (MPF). These entities are described in Note IV-J page 77 following the financial statements.

Fund Financial Statements

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

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

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

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

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

Data from the other governmental funds are combined into a single, aggregated presentation. Disaggregated fund data for these other five governmental funds is provided in the form of combining statements in the supplementary information section beginning on page 144.

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 13 of this report.

Fund Financial Statements (continued)

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 152.

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 156 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 23 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 27 of this report.

Supplementary Information

Compliance with the City's annual operating budget for the year ended December 31, 2018 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 begins on page 135.

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 142-169 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.

Fund Financial Statements (continued)

The statistical section beginning on 170 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, 2018, and 2017, are summarized in the table below. While the change in net position improved by just over \$33.2 million during the year, beginning net position was restated by over \$28.8 million because of GASB-75 implementation, leaving a total net position increase of just under \$4.4 million, to over \$1.4 billion by the close of the year, or a little less than 2.4%. The upward change in net position is mostly attributable to the City generating approximately \$256.9 million in program revenues, recognizing a little over \$317.6 million in total general revenues and transfers, to support expenses that increased by almost \$9.6 million from the prior year, to over \$541.3 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. The net investment in capital assets comprises the majority or roughly 88.2% 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	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and Other Assets	\$ 660,148	\$ 629,337	\$ 159,809	\$ 123,981	\$ 819,957	\$ 753,318
Capital Assets (net)	<u>1,058,351</u>	<u>1,020,971</u>	<u>824,539</u>	<u>746,290</u>	<u>1,882,890</u>	<u>1,767,261</u>
Total Assets	<u>\$ 1,718,499</u>	<u>\$ 1,650,308</u>	<u>\$ 984,348</u>	<u>\$ 870,271</u>	<u>\$ 2,702,847</u>	<u>\$ 2,520,579</u>
Deferred Outflows of Resources	<u>\$ 73,014</u>	<u>\$ 80,985</u>	<u>\$ 20,380</u>	<u>\$ 23,867</u>	<u>\$ 93,394</u>	<u>\$ 104,852</u>
Liabilities:						
Current Liabilities	\$ 70,300	\$ 62,554	\$ 35,633	\$ 31,073	\$ 105,933	\$ 93,627
Noncurrent Liabilities	<u>563,392</u>	<u>522,925</u>	<u>336,516</u>	<u>284,835</u>	<u>899,908</u>	<u>807,760</u>
Total Liabilities	<u>\$ 633,692</u>	<u>\$ 585,479</u>	<u>\$ 372,149</u>	<u>\$ 315,908</u>	<u>\$ 1,005,841</u>	<u>\$ 901,387</u>
Deferred Inflows of Resources	<u>\$ 345,016</u>	<u>\$ 294,994</u>	<u>\$ 21,288</u>	<u>\$ 9,353</u>	<u>\$ 366,304</u>	<u>\$ 304,347</u>
Net Position:						
Net investment in capital assets	\$ 722,844	\$ 713,628	\$ 533,375	\$ 494,387	\$ 1,256,219	\$ 1,208,015
Restricted	143,528	142,807	29,207	12,788	172,735	155,595
Unrestricted (deficit)	<u>(53,568)</u>	<u>(5,615)</u>	<u>48,709</u>	<u>61,702</u>	<u>(4,859)</u>	<u>56,087</u>
Total Net Position	<u>\$ 812,804</u>	<u>\$ 850,820</u>	<u>\$ 611,291</u>	<u>\$ 568,877</u>	<u>\$ 1,424,095</u>	<u>\$ 1,419,697</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	83%	97%	155%	175%	104%	118%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	-5%	-1%	12%	19%	0%	5%

Approximately 12% or over \$172.7 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.

The year concluded, with the primary government's total net position at a deficit of just under \$4.9 million. It is important to note, that a little over \$48.7 million of the unrestricted net position is 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 2018, for both governmental and business-type activities by 104%. However, unrestricted net position was at a deficit of approximately 5.0% of total liabilities and deferred inflows for governmental activities. The same measure was 12% for business-type activities, and totaled 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	
	2018	2017	2018	2017	2018	2017
Revenue:						
Program revenues:						
Charges for services	\$ 45,792	\$ 47,320	\$ 129,223	\$ 129,019	\$ 175,015	\$ 176,339
Operating grants and contributions	20,187	15,801	29,437	29,384	49,624	45,185
Capital grants and contributions	15,202	21,290	17,076	16,336	32,278	37,626
General revenues:						
Property Taxes	261,594	238,966	-	-	261,594	238,966
Intergovernmental revenues not restricted to specific programs	25,393	25,915	-	-	25,393	25,915
Investment income	5,854	4,473	1,818	1,870	7,672	6,343
Other	22,615	20,295	379	1,145	22,994	21,440
Total revenues	<u>\$ 396,637</u>	<u>\$ 374,060</u>	<u>\$ 177,933</u>	<u>\$ 177,754</u>	<u>\$ 574,570</u>	<u>\$ 551,814</u>
Expenses:						
General government	\$ 38,195	\$ 37,777	\$ -	\$ -	\$ 38,195	\$ 37,777
Public safety	145,499	145,486	-	-	145,499	145,486
Public works and transportation	91,619	78,568	-	-	91,619	78,568
Planning and development	41,666	44,592	-	-	41,666	44,592
Culture and recreation	43,670	45,818	-	-	43,670	45,818
Interest and fiscal charges	8,582	9,022	-	-	8,582	9,022
Water	-	-	32,191	31,574	32,191	31,574
Sewer	-	-	38,805	36,428	38,805	36,428
Stormwater	-	-	14,675	13,334	14,675	13,334
Parking	-	-	10,406	10,102	10,406	10,102
Transit	-	-	61,746	64,999	61,746	64,999
Convention Center	-	-	11,170	10,947	11,170	10,947
Golf courses	-	-	3,125	3,127	3,125	3,127
Total expenses	<u>\$ 369,231</u>	<u>\$ 361,263</u>	<u>\$ 172,118</u>	<u>\$ 170,511</u>	<u>\$ 541,349</u>	<u>\$ 531,774</u>
Excess before transfers	27,406	12,797	5,815	7,243	33,221	20,040
Transfers	(45,640)	(11,681)	45,640	11,681	-	-
Change in net position	(18,234)	1,116	51,455	18,924	33,221	20,040
Net position, beginning of year (as restated)	831,037	849,704	559,836	549,953	1,390,873	1,399,657
Net position, end of year	<u>\$ 812,803</u>	<u>\$ 850,820</u>	<u>\$ 611,291</u>	<u>\$ 568,877</u>	<u>\$ 1,424,094</u>	<u>\$ 1,419,697</u>

Statement of Activities (continued)

Property tax general revenues and charges for services program revenues financed over 80.0% 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 16.4% 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 2018 decreased net position by more than \$18.2 million. Total revenues exceeded total expenses by over \$27.4 million; however approximately \$45.6 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 in total, by only \$7,805 from the prior year as follows:
 1. Cable Franchise Fees were down by about \$65,500,
 2. Clerk's licenses, including animal tags, were up by nearly \$96,000,
 3. Municipal Court collections were lower by about \$29,500,
 4. Miscellaneous charges for web services increased by almost \$6,800,
- Public safety decreased by approximately \$850,000 from 2017:
 1. Ambulance conveyance fees collected during the year were down by nearly \$2.8 million when compared to the prior year, given the City's change in third party providers during the first half of 2018,
 2. Parking violations were also down by about \$200,000,
 3. The remaining difference of about \$2.1 million was due to changes between year-end, unavailable revenue accruals (\$400,000 current year, compared to nearly \$2.6 million from the prior year) mostly related to timing for ambulance fees, and grant revenue recognitions,
- Public works and transportation increased by over \$5.8 million for the following:
 1. Building permit revenues were up by \$77,000,
 2. Street occupancy permits improved by \$21,000,
 3. Billings for engineering services were down totaling about \$115,000 for the year; however traffic engineering services for private development work was up by approximately \$15,000,
 4. Landfill remediation fees increased by just over \$215,000,
 5. Other governmental revenues for capital cost sharing construction projects and design work increased by over \$4.5 million, for CTH M, CTH V, CTH PD, and Pleasant View Road,
 6. Moreover, the difference of about \$1.1 million more for conversion entries required for unavailable revenue accruals largely related to special assessment collections, and timing for deferred revenues for larger capital projects,
- Planning and development program revenues decreased from the prior year by over \$6.7 million for the following:
 1. Dwelling and non-dwelling rents increased by \$255,000,
 2. Impact fee revenues were down by over \$4.8 million as they were largely spent down in 2017,

Governmental Activities (continued)

3. Less federal and state dollars were received for revolving loan programs totaling about \$920,000 for the year,
 4. CDBG program income, appreciation payments, and principal and interest for loans were down by over \$1.2 million,
- Culture and recreation increased by just about \$275,000 from the prior year for the following:
 1. Urban forestry special charges were up by nearly \$205,000,
 2. Parks use, dog and other permits increased by \$75,000,
 3. Cemetery and mausoleum fees were up by \$10,000; however, these revenues were offset by lower library charges for services of about \$15,000,

Operating grants and contributions:

- Public safety increased by just over \$1.0 million during the year due to:
 1. State Fire Insurance Dues were up by \$65,000,
 2. Fire Hazmat grants increased by \$40,000,
 3. Fire received almost \$900,000 for SAFER grants to help fund staffing for the new Fire Station 14 on the city's southeast side,
- Public works and transportation was up by approximately \$700,000 for the following:
 1. More revenues were provided by the State for highway aids, of nearly \$815,000,
 2. Roughly, \$110,000 less was contributed from the federal government for traffic pedestrian safety this year compared to 2017,
- Planning and development increased by just over \$3.5 million during 2018, largely due to:
 1. Increased federal funding for community development housing initiatives totaling approximately \$2.4 million,
 2. The difference of about \$1.1 million more for conversion entries required for unavailable revenue accruals for loans,
- Culture and recreation decreased by a little more than \$450,000 as library donations and other small contributions received were lower than what was provided in 2017,
- Interest and fiscal charges decreased as the debt service and tax incremental funds earned less interest rebate from the federal government of approximately \$85,000 during the year,

Capital grants and contributions:

- There were no general government or public safety capital contributions received during 2018,
- Public works and transportation increased slightly from the prior year, by a little under \$225,000. Special assessment revenues were up by about \$700,000, and timing for revenue recognition, which collectively totaled nearly \$465,000 less from that of the prior year, was for deferred special assessments not collected in 2018,
- Planning and development capital contributions decreased by approximately \$5.3 million, as a result of revenue recognition timing from that of the prior year, for Community Development loans and state grants. Additionally, loans are no longer classified as deferred inflows of resources, but were classified as restricted fund balance at year-end,
- Culture and recreation capital funding decreased from the prior year, by approximately \$950,000, due to completion of the Central and Skate Parks in 2017,

Governmental Activities (continued)

Expenses:

- General government expenses increased by approximately \$420,000 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 down by just over \$705,000,
 2. Other post-employment benefits up by about \$38,000,
 3. Compensated absences decreased by \$170,000,
 4. Expenses were higher for salary and benefits totaling approximately \$1.2 million, due to cost of living increases, and filling more prior year vacant positions,
 5. Interdepartmental billings increased by \$100,000 largely from community development to municipal court to help fund support services,

- Public safety expenses increased by approximately \$15,000 when compared to 2017, including required conversion entries to full accrual from modified accrual fund statements. The fund statement change between years was just over \$5.6 million, and the conversion entries in aggregate, netted to a decrease of about the same or \$5.6 million. The following list identifies larger changes in total between years:
 1. Salaries and overtime wages were higher by about \$3.4 million for both the fire and police departments,
 2. Benefits were up including those for annual retirements, health insurance, pensions, and FICA, totaling approximately \$1.8 million,
 3. Supplies and purchased service expenses were up over \$600,000,
 4. Pension expenses when converting from a net pension liability to a net pension asset decreased by about \$5.8 million,

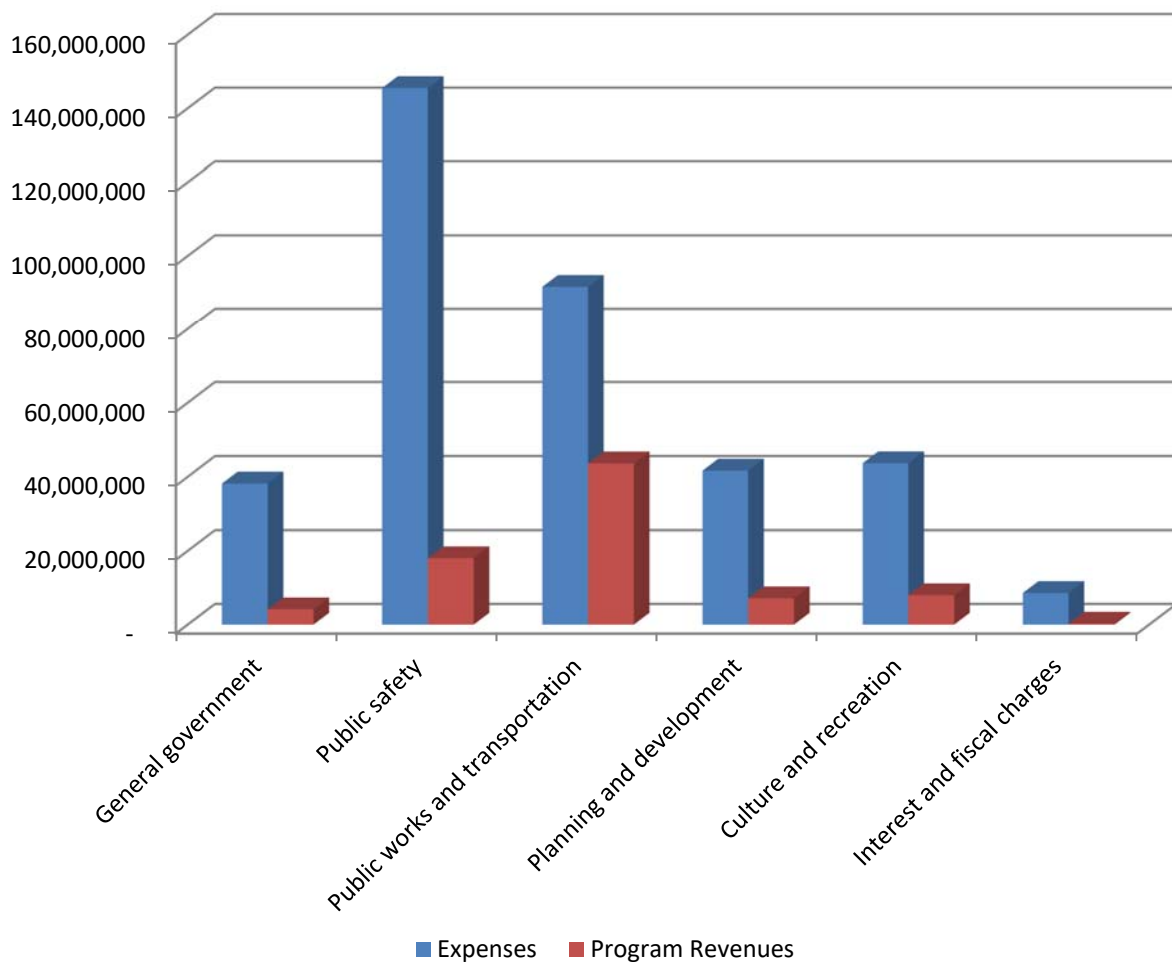
- Public works and transportation expenses between years, netted to an increase of nearly \$13.1 million, which is largely due to the increases between the fund statements and the conversion entries required for full accrual reporting. The most notable were the following:
 1. Pension-related expenses were less by almost \$860,000,
 2. Compensated absence expenses were higher by just over \$200,000,
 3. Salaries and benefits were about \$700,000 more than the prior year, largely due to cost of living increases,
 4. More was spent for maintenance of sidewalks, crack repair and chip sealing, resurfacing, undergrounding, and traffic calming totaling over \$5.6 million during the year,
 5. Approximately \$1.5 million was spent for Madison Municipal Building furnishings, \$1.4 million for CTH M, and almost \$2.7 million more of other operational and maintenance expenses that were not capitalized during the year,
 6. Depreciation expense was roughly \$1.9 million more than the prior year,

- Planning and development expenses decreased by over \$2.9 million in 2018, when netted against the conversion entries required for full accrual reporting. The most significant were the following:
 1. Tax Increment Districts (TIDs #32, #27, #43), closed and refunded roughly \$9.5 million to overlying jurisdictions,
 2. Tax Increment District (TID #25), provided over \$18.0 million to the Judge Doyle Square construction project,
 3. Pension-related expenses were less by just over \$490,000,
 4. Compensated absences were also lower by \$95,000,
 5. Capital contributions as a result of the conversion entries were nearly \$29.8 million more when compared to the prior year,

Governmental Activities (continued)

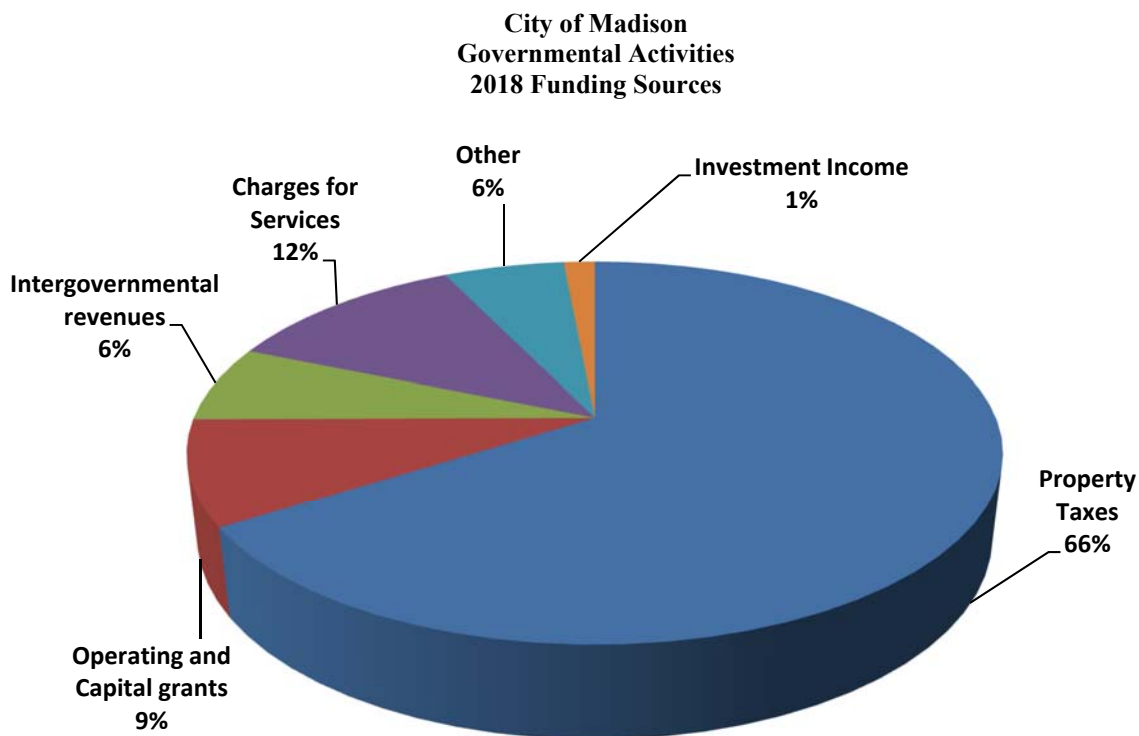
- Culture and recreation expenses were lower by more than \$2.1 million due to the following:
 1. Pension-related and other post-employment benefit expenses decreased by over \$1.0 million,
 2. Depreciation and asset disposals were less by nearly \$165,000,
 3. Maintenance and capital outlay expenses were lower than the prior by over \$2.3 million, as Central Park and the Garver site remediation projects were completed in 2017,
 4. Salaries were higher by \$700,000 due to cost of living increases,
 5. Supplies and purchased services also increased by over \$400,000,
 6. Interdepartmental charges from fleet services were higher by nearly \$200,000 for the year,
- Interest and fiscal charges between years changed slightly, or by about \$440,000 as required interest paid, issuance costs for debt, and amortization for premiums and/or discounts were fairly similar to that of the prior year.

**City of Madison
Expenses and Program Revenues-Governmental Activities**



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 66% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 15%, 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 \$51.5 million including transfers netting over \$45.6 million for 2018. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled over \$54.5 million, with roughly \$12.4 million of tax levy support provided to the Transit Utility, and approximately \$5.1 million of room tax revenues funded Convention Center continuing operations and capital project improvements. The governmental activities transferred capital assets to the utilities totaling over \$36.8 million largely for parking utility ramps. Beginning net position was also restated because of GASB-75 implementation totaling over \$9.0 million.

The business-type activities remitted payments in lieu of taxes (PILOT) to the general fund totaling just under \$8.9 million. Total revenues exceeded expenses by approximately \$5.8 million prior to any transfer of funds activity by the close of 2018. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 59.

Program revenues for business-type activities increased from the prior year to over \$175.7 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate over \$2.4 million more than the prior year, in charges for services revenues to support operating expenditures.

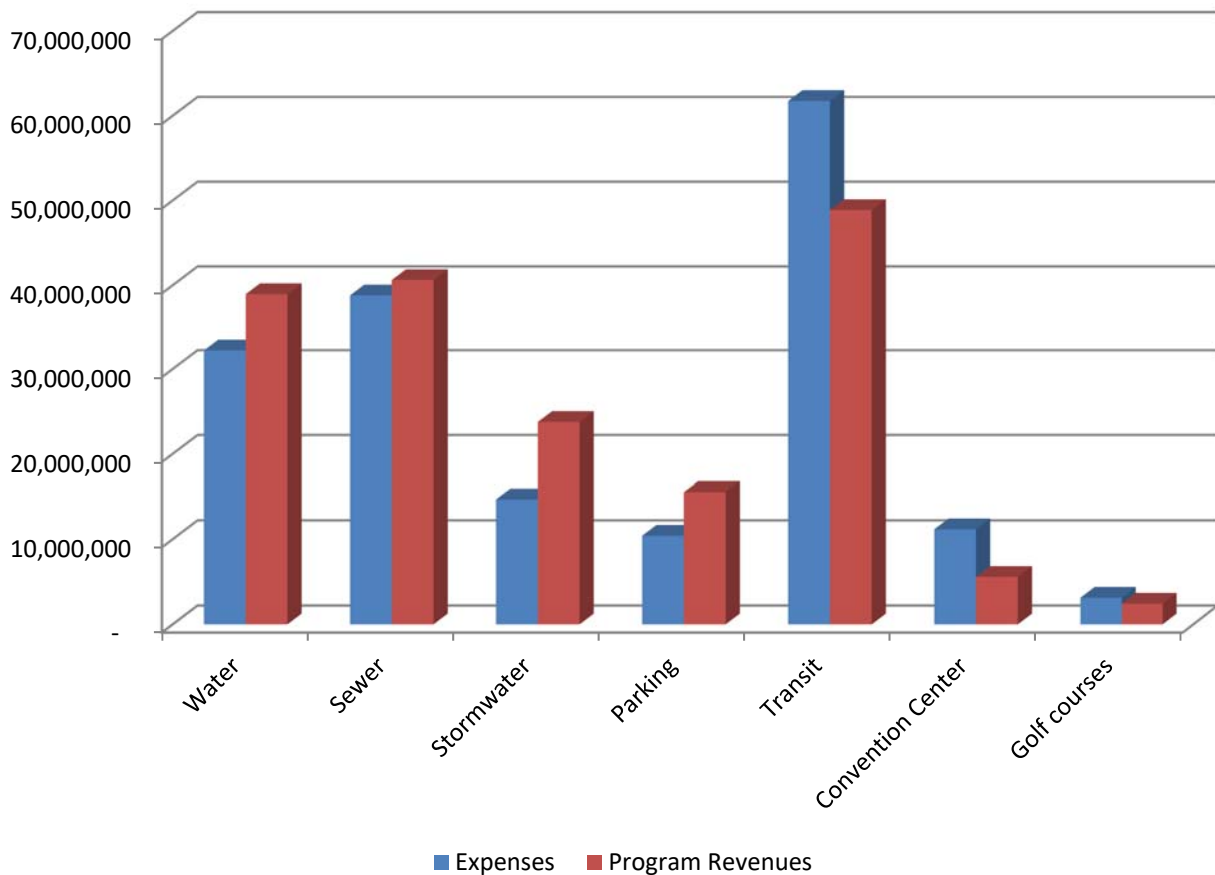
- Water Utility's rate increase was approved October of 2018, for 30.6% by the Public Service Commission. The rate increase covered fiscal years 2016-2018, and was projected to generate approximately \$10.4 million more annually from usage charges for services. The utility recorded an additional \$600,000 in operating revenues, as the new rate was effective on the December municipal services bill.

Business-type Activities (continued)

- Sewer Utility’s volume and demand charge rates increased by 3.1% on average for 2018, up from 6.4% in 2017,
- Stormwater Utility impervious, pervious, and customer charge rates increased on average by 2.7% for 2018, compared to the increase of 1.9% in 2017.
- Parking Utility’s rates increased on average by 20% on June 1, 2018. However, total operating revenues decreased by approximately \$500,000 when compared to the prior year. Special event revenues were down by about \$100,000, metered parking spaces were temporary removed for a private construction project downtown that resulted in a loss of approximately \$100,000, and flood emergency parking in some garages netted a revenue loss of \$105,000 during the year.

Total operating expenses for the business-type activities increased by just over \$1.6 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.

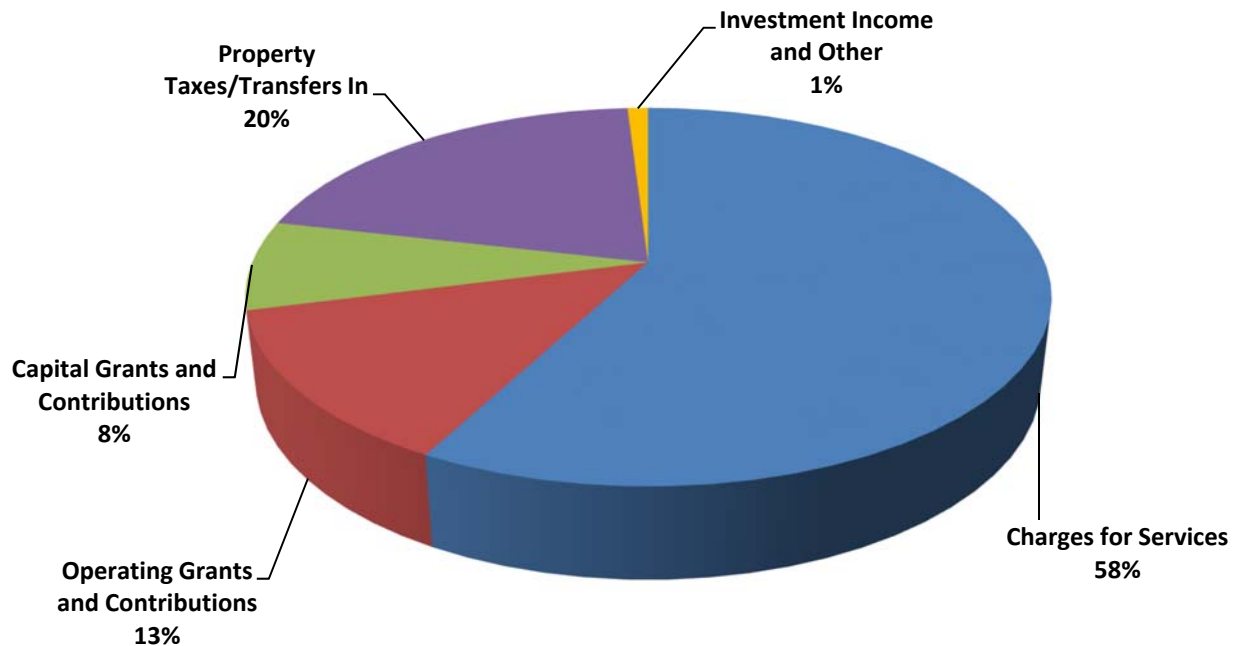
**City of Madison
Expenses and Program Revenues-Business-Type Activities**



As would be expected for business-type activities, charges for services are the primary revenue source, at 58% of the total. State and federal aids and grants continue to be an important revenue source at 21%. Transfers from the primary government are comprised of property taxes and minor investment income representing 21% of business-type revenues.

Business-type Activities (continued)

**City of Madison
Business-Type Activities
2018 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:

	Fund Balance 2018	Fund Balance 2017	Increase (Decrease)
Major and Nonmajor Funds:			
General*	\$ 62,356,891	\$ 59,020,111	\$ 3,336,780
Library	725,177	775,625	(50,448)
Debt Service	22,277,365	21,315,788	961,577
Capital Projects*	68,882,625	104,656,700	(35,774,075)
Other Nonmajor Governmental*	<u>67,591,634</u>	<u>58,756,602</u>	<u>8,835,032</u>
Total	<u>\$ 221,833,692</u>	<u>\$ 244,524,826</u>	<u>\$ (22,691,134)</u>

*Beginning fund balance restated as of 1/01/2018

Governmental Funds (continued)

As of December 31, 2018, the City of Madison's governmental funds reported combined ending fund balances of approximately \$221.8 million, a decrease of nearly \$22.7 million from the prior year.

Of this total, just under \$6.3 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 mostly from advances to the Golf enterprise fund, and to the Community Development Authority, noncurrent receivables for the Overture Center's portion of prior pension service costs, inventories, prepaid health insurance and flex spending deductions for January 2019 premiums, and trust activities.

About \$135.1 million of the governmental fund balance is restricted for specific legal requirements and other commitments such as debt service payments, unspent borrowing proceeds, long-term loans, advances, tax increments generated to cover capital outlay for subsequent year expenditures, and for distributions to other taxing jurisdictions.

Nearly \$42.5 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 \$38.0 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 a little over 47.4% 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 \$62.4 million represented just over 26.6% of roughly \$234.3 million in 2018 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while approximately \$49.3 million unassigned balance represented just over 21.0% 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 2019 general fund budget authorized expenditures of \$314,362,879.

The general fund 2018 unassigned fund balance was at 15.7% of the subsequent year's budget, which increased from last year's percentage of 14.2%, higher than the historical target due to the following:

- The Water Utility fund repaid an interfund loan to the general fund of \$6.1 million, financed by long-term promissory notes issued in December of 2018.
- During 2018, city management assigned roughly \$850,000 less than the prior year, for life and disability stabilization of premium funds of approximately \$277,000; decreases in encumbrances of about \$223,000; and lower compensated absences reserves of just over \$350,000.
- Additionally, the 2019 Operating Budget added to fund balance. This strategy was planned to increase the unassigned fund balance above the stated target of 15%.

Governmental Funds (continued)

- Beginning of the year fund balance was restated to recognize revenue previously reported as unavailable due to a change in an accounting policy related to loans receivable totaling about \$822,100 for the year.
- The investment's book, par, and market values were tracked throughout 2018. The City's investment portfolio, and premium stabilization fund for life and disability benefits, both incurred rather small losses, or mark-to-market adjustments of over \$400,000. This adjustment was netted against the general fund income earnings of about \$3.8 million at year-end.
- State Highway aid and recycling revenues increased by about \$815,000 to roughly \$11.7 million in 2018. Additionally, state shared, computer reimbursements, and expenditure restraint revenues increased by almost \$570,000 from the prior year, totaling just under \$16.6 million. However, state payments for municipal services decreased by almost \$800,000 from the prior year due to decreases in eligible city costs, to nearly \$8.0 million. Collectively, revenue categories for license and permitting fees, intergovernmental, and investment income were all favorable by just under \$2.7 million when compared to the final amended budgeted in 2018. Total actual fund revenues exceeded budgeted levels with an ending positive variance of about \$2.7 million, largely due to investment earnings of just under \$1.5 million, license and permit fee revenues of almost \$880,000, and intergovernmental revenues higher than anticipated by just over \$335,000.
- Total expenditure variances ended the year favorably at approximately \$1.0 million, and less than 0.4% from the final amended budget, due to a mild November and December winter season, for a total expenditure savings of just over \$420,000 in the Streets Division. Traffic engineering incurred about \$115,000 less in fleet maintenance charges, about \$62,000 less in electricity charges due to LED light usage, and approximately \$50,000 in salary savings due to position vacancies. Additionally, the Community Development Division did not spend about \$240,000 for childcare program expenditures, as it works to better focus this funding to assist families. Further, about \$190,000 was not spent for community agency contracts in 2018; however, these encumbrances will carryforward into the subsequent period to be spent during the year.

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

The fund balance was reasonably consistent when compared to the prior year, with a slight decrease of a little more than \$50,000, largely due to increased expenditures for employee compensation, and benefits.

The *debt service* fund had a total fund balance of nearly \$22.3 million at year-end. The fund balance change, or increase of nearly \$1.0 million, was due to about \$250,000 recorded during the year, for interest credit rebates. Approximately \$560,000 was returned to this fund for 2016 unspent proceeds from capital projects for arbitrage compliance. This fund also advanced \$800,000 to the Community Development Authority (CDA) for the Villager debt payment of (\$750,000) and (\$50,000) for redevelopment.

Additionally, the City issued approximately \$85.9 million in tax-exempt promissory notes with a true interest cost of 2.61%, to finance various city capital projects; along with another \$10.0 million in tax-exempt bonds with a true interest cost of 3.21%, for street infrastructure; as well as just under \$12.7 million in taxable general obligation notes at a true interest cost of 3.39%, for economic development within the tax incremental financing districts. The premiums received as a result of general obligation borrowing totaled approximately \$4.7 million which represents about 5% of the par value of the tax-exempt debt.

Governmental Funds (continued)

Further, the City paid principal and interest expenditures of nearly \$75.9 million during the year, up by \$10.2 million from the prior year of almost \$65.7 million.

New this year, the City issued 10-year tax-exempt promissory notes sold in \$500 increments through Neighborly Securities in October of 2018, totaling approximately \$880,000, to help finance renovating the Olbrich Botanical Gardens. Over 80% of the notes were purchased by city residents.

See Note IV-F beginning on page 63 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. Noteworthy, beginning fund balance was restated to recognize revenue previously reported as unavailable due to a change in an accounting policy related to loans receivable totaling \$1.0 million during the year.

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 11 opened special assessment districts in 2018, up to 700 from 689 in 2017. Additionally, the ending receivable balance increased by nearly \$1.2 million from the prior year. Delinquent special assessments increased by about \$118,500 during the year, to approximately \$892,000. Of the approximately \$35.8 million change, or decrease to the capital projects fund balance noted above, the special assessments fund balance decreased by a little over \$260,000 by year-end, largely due to transfers made to the other capital projects fund, and investment income earnings lower by almost \$100,000 which totaled just over \$557,000 when compared to \$652,000 in 2017.

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 \$12.3 million by the close of 2018.

The City currently had 16 active districts during the year. The districts generated in total, over \$30.5 million in tax increments of which, a little more than \$14.9 million, was transferred to the Affordable Housing special revenue fund, largely from TID #32 closure, or about \$13.4 million. The districts borrowed roughly \$7.6 million for developer loans within TID #46 (Research Park), and TID #44 (Royster Clark), with a little more than \$3.4 million of that amount disbursed during the year. Nearly \$5.0 million of TID #25 (Wilson Street Corridor) 1999C Series lease revenue bonds were refunded, which resulted in \$300,000 of savings (representing approximately 5.7% of remaining debt service) to the district over the remaining debt term. Approximately \$875,000 was received for state computer reimbursements, and a little less than \$860,000 was earned for investment income. Additionally, TID #27 (West Broadway), TID #32 (State Street), and TID #43 (Park and Drake) all closed during the year, and refunded approximately \$9.5 million to overlying tax jurisdictions including about \$3.5 million to the City. Approximately \$2.3 million of this amount was transferred to the other capital projects funds for the Public Market and Bridge Lake Point Community Center construction. Further, TID #35 (Todd Drive) donated \$500,000 to TID #38 (Badger Ann Park).

The net change in fund balance for the TIDs in total decreased by more than \$33.8 million by the end of the year. The districts paid nearly \$13.5 million for principal and interest on long-term debt, and spent nearly \$31.0 million for capital improvements. These included \$18.0 million for Judge Doyle parking, \$1.3 million for Wilson Street, \$8.0 million for the Capital East Ramp on Livingston Street, and \$3.6 million for continued street reconstruction.

Governmental Funds (continued)

The following is a listing of noteworthy TID projects active during 2018:

- Wilson Street Corridor-TID #25
- State Street Bike and Pedestrian access-TID #32
- Upper State Street Corridor-TID #32
- Outer Capital Loop (Southeast)-TID #32
- Railroad Crossing-TID #36
- East Washington Avenue-TID #36
- 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 acquisition or construction of equipment, facilities, and infrastructure. The fund balance also decreased by about \$1.7 million from the prior year, largely due to increased investments in capital infrastructure which totaled more than \$105.3 million in 2018, when compared to roughly \$81.5 million in 2017. Significant capital expenditures were as follows: \$14.4 million for the Madison Municipal Building renovation, \$6.8 million for Fire Station 14, and \$6.5 million for the Midtown Police Station, \$1.7 million for the Olbrich Botanical Gardens, for major street projects: \$10.1 million for CTH M, and \$8.9 million for Monroe Street reconstructions. The City also contributed \$4.0 million to the Parking Utility towards a new Capital East Parking Ramp on South Livingston Street. Revenues for the other capital projects fund are mostly general obligation debt, transfers in from other governmental funds, and intergovernmental cost sharing revenues, which totaled approximately \$102.0 million in 2018.

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. It is important to note, that the other nonmajor governmental fund balances were restated as of the beginning of the year, due to a reclassification of long-term loan receivables from unavailable revenues in the prior year, to restricted fund balance at the end of this year. The restatement totaled approximately \$26.5 million.

The accumulated fund balances for the special revenue funds increased to almost \$67.6 million, or by just over \$8.8 million at year-end. The Affordable Housing special revenue funds, received roughly \$14.9 million from three TID closures in 2018, (as described above, most notable from TID #32 at \$13.4 million). Of this amount, approximately \$2.0 million was loaned to provide low-income housing rentals to city residents in 2018. Developer paid impact fees funds, for public charges for services, totaled \$2.2 million for the year, but were down by \$4.4 million, or almost 67%, from the prior year.

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.

Proprietary Funds (continued)

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

	Net Position 2018	Net Position (restated) 2017	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 123,955,945	\$ 123,506,212	\$ 449,733
Sewer Utility	117,451,408	115,080,357	2,371,051
Stormwater Utility	233,306,756	216,812,177	16,494,579
Metro Transit Utility	28,786,097	29,289,590	(503,493)
Nonmajor Enterprise	<u>114,430,298</u>	<u>81,789,027</u>	<u>32,641,271</u>
Total	<u>\$ 617,930,504</u>	<u>\$ 566,477,363</u>	<u>\$ 51,453,141</u>

The net position of the *enterprise-type* proprietary funds at the end of 2018 totaled just under \$618.0 million, up approximately \$51.5 million from the previous year.

The Water Utility's total revenues increased by about \$200,000 or 0.5% 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 with the final rate order effective November 1, 2018. The utility was authorized an overall rate increase of 30.6%, or \$10.4 million in future operating revenues with an 8.0% rate of return. The utility's last rate change was approved on September 29, 2015. The utility is currently ranked sixth for residential rates, out of 80 utilities classified as AB with customers over 4,000 in Wisconsin. In 2018, the utility received 609 new applications for service or down 0.5% from the prior year.

Operation and maintenance, depreciation, and tax expenses were up by approximately \$101,000 for 2018, utility staff very closely monitored costs during the year, to coincide with quarterly revenue projections. Depreciation was up by \$604,000 or 8.7% from that of the prior year.

Furthermore, the Water Utility added a net \$16.1 million of plant in service in 2018. Of this amount, approximately \$3.8 million was contributed by developers, contractors, and received by special assessments. Capital projects paid for by the utility, included approximately \$13.3 million for new and replacement water mains, \$9.9 million for new Unit Well #31 and reservoir, a new Blackhawk reservoir, \$644,000 for various unit well rehabilitations, flow and magnetic meter additions, variable frequency drives, and \$570,000 for the continued meter program.

Rate increases of approximately 3.1% for the Sewer Utility, and 2.7% for the Stormwater Utility were in effect as of May 1, 2018. These increases helped to keep the net positions positive for both funds. The Sewer Utility generated income before capital contributions of nearly \$1.8 million. In addition, the utility added \$5.3 million in public projects for the following: \$646,000 for Schenk and Richard, \$522,000 Glenview and Joylynn, and \$405,000 for Westview Hills with resurfacing. Approximately, \$1.1 million was added for equipment during the year. Revenue bonds were issued totaling \$12.5 million in 2018.

The Stormwater Utility had income before contributions totaling over \$1.6 million at year-end. The utility also added \$12.0 million in public projects to plant from construction in progress, which included: \$2.0 million for Verona Road (Phases 1-3), \$1.7 million for McKee Road (CTH PD), and \$1.5 million for the Willow Creek Treatment structure. The utility also replaced equipment totaling approximately \$1.0 million largely for a Vactor and Wheeled Excavator shared with the Sewer Utility. Additionally, land was contributed to the utility totaling \$1.9 million during the year. Lastly, the utility recorded just over \$14.8 million in capital contributions.

Proprietary Funds (continued)

The net position for the Metro Transit Utility decreased by a little more than \$503,000 by the end of the year. Employee compensation and benefits accounted for 78.2% of total operating expenses excluding depreciation, and were over budget by about \$1.4 million at year-end. However, savings from paratransit purchased services of over \$1.9 million more than offset increases to salary and benefit expenses. The City increased its operating subsidy to the utility by almost \$500,000 to nearly \$12.4 million by the close of 2018. Passenger revenues were close to budget totaling about \$14.3 million, and intergovernmental revenues were lower than the prior year, primarily due to the phase in of Family Care, a state human services delivery model change that eliminated \$3.9 million in federal Medicaid waiver funding to the utility.

In 2018, Metro's bus ridership was 13.2 million, up about 3.3% from the prior year; this increase is most likely attributable to fuel prices over \$2.50 per gallon. Metro Transit has been declining requests for additional peak hour services for about four years from a growing number of private sector, academic, and municipal sources largely because Metro is unable to add service due to bus storage limitations associated with adding to the bus fleet. Metro is planning to expand services to the City of Sun Prairie residents starting in 2019, which can be accommodated by retaining older buses and due to service changes associated with Madison Metropolitan School District middle school routes.

In an attempt to reduce overcrowding on buses and demands for new peak hours services, Metro continues to focus on building a satellite facility to address capacity needs. Currently, City staff are negotiating for a portion of the vacant Oscar Mayer headquarters, warehouse and production site near Aberg Avenue and the North Transfer Point. Metro's current bus garage existing at 1101 East Washington Avenue, received a new roof in 2018, and has begun to ready the garage for electric buses, move the service lane to improve efficiency, and is undertaking other fire, health and safety upgrades.

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 three of the four transfer points declined in 2018 by about 21%. This effort will continue to be a top management area of focus.

Lastly, due to implementing GASB-75 the utility restated beginning fund balance totaling almost \$4.6 million as of 01/01/2018.

The nonmajor enterprise funds include the Parking Utility, Convention Center, and Golf courses. The net position for the Parking Utility increased by about 40.0%, or just over \$34.2 million by the close of the fiscal year; the utility remains debt free, and collected just over \$15.5 million from customers to fund operating expenses that totaled nearly \$10.4 million. Much of the increase in net position is due to the utility receiving almost \$29.8 million in capital contributions largely for the Judge Doyle Parking Garage and Capital East Ramp on South Livingston Street.

The Convention Center's net position decreased by just over \$720,000, or about 2.5% for 2018, largely due to capital improvements to buildings and equipment totaling \$412,000 for a fire alarm and \$160,000 for a surveillance system. During the year, the room tax subsidy for operations and capital contributions totaled around \$5.1 million, up from the prior year by over \$715,000.

Golf Courses net position decreased by nearly \$865,000 (including pilot payments to the general fund) from last year, due to experiencing an operating loss before transfers and capital contributions of about \$681,000 caused by a wet summer resulting in a total revenue loss of about \$400,000, or roughly 14.1% when compared to 2017. Pilot payments transferred to the general fund totaled nearly \$200,000 for the year. City management will be closely monitoring operational results and considering other financial options for the golf enterprise fund in the near future.

Proprietary Funds (continued)

The net position of the City's three *internal service-type* proprietary funds outlined below, increased in total to \$955,245 from the prior year, to a positive total net position of over \$5.8 million by close of the fiscal year.

Approximately \$1.4 million was transferred to Fleet Services from the general fund, to replace police vehicles during 2018. This funding source helped to keep a positive net position within the fund, to just over \$834,000 for the year.

Furthermore, the insurance fund experienced over \$1.4 million in claims during the year; while the Worker's Compensation fund paid about \$3.3 million. The Worker's Compensation fund also incurred a roughly \$440,000 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 2018	Net Position (restated) 2017	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ 834,320	\$ (37,374)	\$ 871,694
City Insurance	364,045	904,702	(540,657)
Worker's Compensation	<u>4,624,677</u>	<u>4,000,469</u>	<u>624,208</u>
Total	<u>\$ 5,823,042</u>	<u>\$ 4,867,797</u>	<u>\$ 955,245</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 135, the original 2018 general fund budget authorized expenditures of approximately \$296.8 million funded by anticipated revenues of slightly over \$297.0 million.

During the year, the Common Council authorized additional expenditures of \$575,200 from budgeted reserves, for an amended budget amount of a little more than \$297.4 million.

The City ended the year with favorable general fund final budget variances for both expenditures and revenues totaling just over \$3.7 million. Expenditures deviated from the budget by approximately \$1.0 million, with revenues exceeding budget by just under \$2.7 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 \$420,000; along with nearly \$385,000 in expenditure savings for both the traffic and engineering departments; just over \$200,000 in community agency contracts that will carry into 2019; with a slight savings of about \$175,000 in general government expenditures; however, police overtime and fire benefit costs were higher than anticipated by about \$330,000 at year-end.

The revenue variances were favorable by nearly \$2.7 million. Intergovernmental revenues were up in total, by over \$335,000 when compared to the budget, primarily due to additional payments for state computer reimbursements totaling nearly \$390,000. Additionally, licenses and permit revenues were favorable by just over \$875,000 (\$370,000 building permits and \$340,000 for street occupancy and openings). The general fund received nearly \$3.5 million in investment income as interest rates rose from about 1.0% at the beginning of the year, to over 2.0% by the close of the year.

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, 2018 of over \$2.7 billion.

Roughly 70% 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 under \$859.0 million, or approximately 31.3% of the historical asset cost. Depreciation expense by function totaled just under \$68.0 million for both governmental and business-type activities. Net of accumulated depreciation, the City's investment in capital assets totaled nearly \$1.9 billion as of December 31, 2018.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 211,394	\$ 202,241	\$ 66,941	\$ 64,298	\$ 278,335	\$ 266,539
Construction in Progress	46,211	56,779	49,857	28,482	96,068	85,261
Land Improvements	36,216	31,934	-	-	36,216	31,934
Buildings	228,042	180,583	-	-	228,042	180,583
Machinery and Equipment	156,606	147,727	-	-	156,606	147,727
Intangibles	13,849	13,660	-	-	13,849	13,660
Infrastructure	911,159	896,772	-	-	911,159	896,772
Plant in Service	-	-	1,021,213	953,288	1,021,213	953,288
Subtotal	\$ 1,603,477	\$ 1,529,696	\$ 1,138,011	\$ 1,046,068	\$ 2,741,488	\$ 2,575,764
Less Accumulated Depreciation	(545,127)	(508,725)	(313,472)	(299,778)	(858,599)	(808,503)
Total net capital assets	<u>\$ 1,058,350</u>	<u>\$ 1,020,971</u>	<u>\$ 824,539</u>	<u>\$ 746,290</u>	<u>\$ 1,882,889</u>	<u>\$ 1,767,261</u>

Some notable additions to the City's capital assets during 2018 included (in millions):

- Water pumping, treatment, transmissions, distributions, and sanitary sewers \$33.4
- Buildings, building improvements in CIP 29.4
- Infrastructure Street Network in Construction in Progress (CIP) 27.0
- Infrastructure Street Network in service 20.0
- Major motor equipment fleet and vehicle additions 11.6
- Land and land improvements 10.0
- Traffic signals, and street lights 5.5
- Bridge Network in service and CIP 4.7
- Bike paths in service and CIP 2.0

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 55.

CAPITAL ASSETS AND LONG TERM DEBT (continued)

On December 31, 2018, the City of Madison had \$751,422,674 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	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 438,492,158	\$ 406,399,901	\$ 46,255,016	\$ 41,340,518	\$ 484,747,174	\$ 447,740,419
Revenue Bonds	-	-	262,480,000	220,260,000	262,480,000	220,260,000
Capital Leases	3,170,000	4,181,585	1,025,500	1,765,500	4,195,500	5,947,085
Total	\$ 441,662,158	\$ 410,581,486	\$ 309,760,516	\$ 263,366,018	\$ 751,422,674	\$ 673,947,504

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 \$487,061,000 or 33.9% of the maximum legal limit of \$1,436,370,390.

During 2018, the primary government issued new debt for the following dates, types, amounts and ratings:

Date	Type of Debt	Amount	Moody's Rating
11/1/2018	General Obligation Notes	\$ 85,870,000	Aaa
11/1/2018	General Obligation Notes-Taxable	12,655,000	Aaa
11/1/2018	General Obligation Bonds	10,000,000	Aaa
11/1/2018	General Obligation Notes-Neighborly Securities	876,000	Aaa
12/20/2018	Revenue Bonds-Water Utility	30,765,000	Aa2
12/20/2018	Revenue Notes-Water Utility	9,390,000	Aa2
12/20/2018	Revenue Bonds-Sewer Utility	12,500,000	Aa2
		<u>\$ 162,056,000</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 63.

CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

Financial Outlook

The 2019 budget adopted by the Madison Common Council in November 2018, authorized an increase in total budgeted expenditures of just over \$17.2 million, funded by a 4.7% increase in the property tax levy, an increase in other revenue sources of just under \$5.1 million, with no application of fund balance. City management is projecting 2019 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 2019, suggests the general and library funds revenues will be at a surplus of about \$600,000 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 \$1.0 million, from that of the prior year, to about \$15.5 million. However, fines and forfeitures will be about 6.7% lower than budgeted for a total of \$6.5 million. Licenses and permits are projected to be down collectively by \$355,000 or by 4.8%.

These estimated revenue shortfalls will be somewhat offset by the City receiving a one-time TIF equity payment, due to a sale of a property in the Wingra tax increment district (TID 42) totaling approximately \$1.9 million. Investment income is expected to be higher given rates are over 2.0% and are trending upward. Interest income revenues were increased by over \$2.6 million, as part of the 2019 Adopted Operating Budget, as well as increases for intergovernmental revenues such as computer reimbursements of \$500,000, personal property exempt aids of \$1.2 million, and payments for municipal services up by about \$300,000. Ambulance conveyance revenues remained the same as the prior year, at \$7.8 million.

The 2019 Adopted Budget for general and library fund expenditures totals \$332,066,444. Some agencies are projecting deficits such as Fire, Police, Metro Transit, Streets, and Golf totaling at this time, approximately \$5.8 million. While it's early in the year, projected deficits will be funded using direct appropriations and the contingent reserve of nearly \$5.1 million collectively. This category of spending includes appropriations that are not assigned to specific agencies. Other savings within smaller agencies may be used to offset other remaining projected deficits and/or revenue losses.

Additionally, city management may begin to defer new initiatives and positions to 2020, and will continue to closely monitor expenditure and expense overruns quarterly during the 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 2.2%, below the state average rate of 3.0% and national rate of 3.9%.

The City's population increased to 252,546 from 250,703 as estimated by the Wisconsin State Department of Administration.

Locally assessed real estate value increased by approximately 6.4% between 2018 and 2019. Commercial property increased by 6.5% while total residential assessments increased by 6.3%. New construction was up from \$604.3 million in 2017 to \$606.3 million in 2018.

The average single family home assessment increased by about 6.4% from \$284,868 to \$300,967. 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. Finance Department staff can be reached by telephone at 608-266-4671 or e-mail at finance@cityofmadison.com.

CITY OF MADISON

STATEMENT OF NET POSITION
As of December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 224,919,119	\$ 72,939,328	\$ 297,858,447	\$ 17,693,212
Receivables (net)				
Taxes	270,210,551	-	270,210,551	-
Accounts	5,333,661	9,651,772	14,985,433	414,526
Special assessments	15,456,032	12,866,593	28,322,625	289,215
Accrued interest	1,693,877	-	1,693,877	37,722
Accrued revenue	491,577	6,023	497,600	-
Long-term loans	29,874,150	-	29,874,150	275,088
Other	16,546,584	-	16,546,584	-
Pledge receivable	-	-	-	320,591
Internal balances	10,161,589	(10,161,589)	-	-
Due from other governmental units	11,890,293	7,356,187	19,246,480	219,741
Due from component units	20,286	-	20,286	-
Inventories	3,209,039	1,176,279	4,385,318	130,345
Prepaid items	2,130,135	996,180	3,126,315	1,641,357
Advances to component unit	7,529,295	-	7,529,295	-
Lease receivable	3,170,000	-	3,170,000	-
Lease receivable from primary government	-	-	-	4,195,500
Other Assets				
Net non-utility property	-	690,873	690,873	-
Prepaid expenses - land lease	-	20,322	20,322	-
Beneficial interest in assets held by MCF	-	-	-	6,120,616
Other	-	656,321	656,321	333,951
Restricted Assets				
Cash and investments	13,726,797	53,322,077	67,048,874	7,101,300
Net pension asset	39,969,297	10,176,517	50,145,814	481,564
Investment in Wisconsin Municipal Mutual Insurance Co.	3,815,820	-	3,815,820	-
Other	-	-	-	435,312
Property held for future use/resale	-	112,087	112,087	550,000
Capital Assets				
Land	211,394,490	66,941,344	278,335,834	11,087,393
Construction in progress	46,211,277	49,857,446	96,068,723	612,831
Land improvements	36,215,823	-	36,215,823	-
Buildings	228,042,382	-	228,042,382	-
Machinery and equipment	156,606,126	-	156,606,126	-
Intangibles	13,849,367	-	13,849,367	-
Infrastructure	911,158,759	-	911,158,759	-
Plant in service	-	1,021,212,537	1,021,212,537	108,661,820
Accumulated depreciation/amortization	(545,126,965)	(313,472,281)	(858,599,246)	(59,017,462)
Total Assets	<u>1,718,499,361</u>	<u>984,348,016</u>	<u>2,702,847,377</u>	<u>101,584,622</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	1,528,538	1,528,538	-
Pension related amounts	<u>73,013,942</u>	<u>18,851,091</u>	<u>91,865,033</u>	<u>892,616</u>
Total Deferred Outflows of Resources	<u>73,013,942</u>	<u>20,379,629</u>	<u>93,393,571</u>	<u>892,616</u>

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
LIABILITIES				
Accounts payable	\$ 32,186,506	\$ 10,892,953	\$ 43,079,459	\$ 489,199
Accrued payroll and payroll taxes	11,023,427	3,067,831	14,091,258	1,702,673
Other accrued liabilities and deposits	24,270,664	1,289,737	25,560,401	-
Due to other governmental units	44,388	-	44,388	-
Due to primary government	-	-	-	20,286
Payable from Restricted Assets				
Accrued liabilities	-	3,682,528	3,682,528	-
Current maturities of revenue bonds	-	13,575,000	13,575,000	-
Other liabilities	-	1,543,780	1,543,780	-
Other liabilities	54,628	320,182	374,810	1,020,042
Advances from primary government	-	-	-	7,529,295
Unearned revenues	2,719,910	1,260,844	3,980,754	755,555
Noncurrent Liabilities				
Other post-employment benefits	49,024,760	16,233,556	65,258,316	570,966
Due within one year	72,625,632	10,934,201	83,559,833	1,994,934
Due in more than one year	441,741,708	309,347,988	751,089,696	10,532,403
Total Liabilities	<u>633,691,623</u>	<u>372,148,600</u>	<u>1,005,840,223</u>	<u>24,615,353</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes/assessments for subsequent year	261,080,707	-	261,080,707	289,215
Pension related amounts	79,651,108	19,868,504	99,519,612	937,576
Other post-employment benefits related amounts	4,286,298	1,419,320	5,705,618	49,920
Total Deferred Inflows of Resources	<u>345,018,113</u>	<u>21,287,824</u>	<u>366,305,937</u>	<u>1,276,711</u>
NET POSITION				
Net investment in capital assets	722,844,218	533,375,162	1,256,219,380	41,519,484
Restricted for				
Debt service	17,648,002	17,543,840	35,191,842	-
Equipment replacement	-	1,486,898	1,486,898	-
Loan programs	33,813,966	-	33,813,966	-
Library	1,272,334	-	1,272,334	3,677,046
Park purposes	596,257	-	596,257	7,033,346
Impact fees	12,098,693	-	12,098,693	-
Other grants	841,676	-	841,676	-
Other restricted special revenue funds	1,486,543	-	1,486,543	-
TID activities	31,539,581	-	31,539,581	-
Trust purposes - expendable	3,544,586	-	3,544,586	-
Trust purposes - nonexpendable	716,466	-	716,466	-
Pensions	39,969,297	10,176,517	50,145,814	481,564
Unrestricted (deficit)	<u>(53,568,052)</u>	<u>48,708,804</u>	<u>(4,859,248)</u>	<u>23,873,734</u>
TOTAL NET POSITION	<u>\$ 812,803,567</u>	<u>\$ 611,291,221</u>	<u>\$ 1,424,094,788</u>	<u>\$ 76,585,174</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 38,195,056	\$ 4,166,311	\$ 1,268
Public safety	145,499,533	14,159,152	3,829,236
Public works and transportation	91,619,298	17,443,301	11,681,106
Planning and development	41,665,883	3,307,780	3,792,267
Culture and recreation	43,669,631	6,715,572	629,101
Interest and fiscal charges	8,581,608	-	253,808
Total Governmental Activities	<u>369,231,009</u>	<u>45,792,116</u>	<u>20,186,786</u>
Business-type Activities			
Water	32,190,652	35,099,182	-
Sewer	38,804,951	37,923,065	2,077,458
Stormwater	14,675,487	16,002,076	-
Parking utility	10,406,064	15,527,351	-
Transit	61,746,157	16,654,793	27,359,426
Convention center	11,169,804	5,582,570	-
Golf courses	3,124,969	2,434,016	-
Total Business-type Activities	<u>172,118,084</u>	<u>129,223,053</u>	<u>29,436,884</u>
Total Primary Government	<u>\$ 541,349,093</u>	<u>\$ 175,015,169</u>	<u>\$ 49,623,670</u>
Component Units			
CDA (Housing)	\$ 27,234,903	\$ 7,826,746	\$ 16,760,077
Business Improvement District	552,059	470,544	29,106
Olbrich Foundation (Parks)	2,357,904	1,503,567	831,169
Library Foundation	1,798,088	167,810	2,654,824
Parks Foundation	357,359	74,772	219,199
Total Component Units	<u>\$ 32,300,313</u>	<u>\$ 10,043,439</u>	<u>\$ 20,494,375</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 (loss)			
Interest on capital leases			
Miscellaneous			
Gain on sale of assets			
Transfers - Internal			
Total General Revenues and Transfers			
Change in net position			
NET POSITION - Beginning (as restated)			
NET POSITION - ENDING			

Net (Expense) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
\$ -	\$ (34,027,477)	\$ -	\$ (34,027,477)	\$ -
-	(127,511,145)	-	(127,511,145)	-
14,503,458	(47,991,433)	-	(47,991,433)	-
56,366	(34,509,470)	-	(34,509,470)	-
642,552	(35,682,406)	-	(35,682,406)	-
-	(8,327,800)	-	(8,327,800)	-
<u>15,202,376</u>	<u>(288,049,731)</u>	<u>-</u>	<u>(288,049,731)</u>	<u>-</u>
3,849,748	-	6,758,278	6,758,278	-
612,779	-	1,808,351	1,808,351	-
7,760,967	-	9,087,556	9,087,556	-
-	-	5,121,287	5,121,287	-
4,852,159	-	(12,879,779)	(12,879,779)	-
-	-	(5,587,234)	(5,587,234)	-
-	-	(690,953)	(690,953)	-
<u>17,075,653</u>	<u>-</u>	<u>3,617,506</u>	<u>3,617,506</u>	<u>-</u>
<u>\$ 32,278,029</u>	<u>(288,049,731)</u>	<u>3,617,506</u>	<u>(284,432,225)</u>	<u>-</u>
\$ -	-	-	-	(2,648,080)
-	-	-	-	(52,409)
-	-	-	-	(23,168)
-	-	-	-	1,024,546
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,388)</u>
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,762,499)</u>
	213,268,863	-	213,268,863	-
	17,779,030	-	17,779,030	-
	30,545,605	-	30,545,605	-
	19,280,303	-	19,280,303	-
	25,393,200	-	25,393,200	-
	5,854,258	1,817,938	7,672,196	(401,380)
	-	-	-	210,148
	2,783,864	371,411	3,155,275	37,332
	551,145	7,968	559,113	-
	<u>(45,640,707)</u>	<u>45,640,707</u>	<u>-</u>	<u>-</u>
	<u>269,815,561</u>	<u>47,838,024</u>	<u>317,653,585</u>	<u>(153,900)</u>
	(18,234,170)	51,455,530	33,221,360	(1,916,399)
	<u>831,037,737</u>	<u>559,835,691</u>	<u>1,390,873,428</u>	<u>78,501,573</u>
	<u>\$ 812,803,567</u>	<u>\$ 611,291,221</u>	<u>\$ 1,424,094,788</u>	<u>\$ 76,585,174</u>

See accompanying notes to financial statements.

CITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>General</u>	<u>Library</u>
ASSETS		
Cash and investments	\$ 73,440,507	\$ 1,289,225
Receivables		
Taxes	224,186,106	17,703,565
Accounts	4,293,286	11,946
Accrued revenue	170,983	23,425
Special assessments	-	-
Accrued interest	494,287	-
Long-term loans	830,704	-
Other receivables	16,546,000	584
Due from component units	20,286	-
Due from other funds	489,505	-
Due from other governmental units	527,061	-
Advances to other funds	1,578,340	-
Advances to component unit	238,000	-
Leases receivable	-	-
Inventories	560,568	-
Prepaid items	1,894,844	109,153
Restricted cash and investments	-	-
TOTAL ASSETS	<u>\$ 325,270,477</u>	<u>\$ 19,137,898</u>

Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
\$ 9,567,109	\$ 91,747,119	\$ 26,338,772	\$ 202,382,732
-	24,158,081	4,162,799	270,210,551
-	806,342	-	5,111,574
-	-	297,169	491,577
-	15,456,032	-	15,456,032
-	1,163,500	36,090	1,693,877
1,758,542	1,009,530	26,275,374	29,874,150
-	-	-	16,546,584
-	-	-	20,286
-	-	654,434	1,143,939
-	7,726,153	3,637,079	11,890,293
3,732,916	1,037,932	-	6,349,188
7,291,295	-	-	7,529,295
-	3,170,000	-	3,170,000
-	1,771,501	-	2,332,069
-	43,644	41,903	2,089,544
-	-	12,729,453	12,729,453
<u>\$ 22,349,862</u>	<u>\$ 148,089,834</u>	<u>\$ 74,173,073</u>	<u>\$ 589,021,144</u>

See accompanying notes to financial statements.

CITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	General	Library
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 4,961,167	\$ 230,019
Accrued liabilities	10,255,284	470,427
Deposits	5,827,506	-
Due to other governmental units	43,301	-
Due to other funds	-	-
Advances from other funds	-	-
Other liabilities	54,628	-
Unearned revenues	-	-
Total Liabilities	21,141,886	700,446
Deferred Inflows of Resources		
Unavailable revenues	17,639,543	8,710
Property taxes for subsequent year	224,132,157	17,703,565
Total Deferred Inflows of Resources	241,771,700	17,712,275
Fund Balances		
Nonspendable		
Noncurrent advances to other funds	813,340	-
Advances to component units	238,000	-
Noncurrent receivables	64,245	-
Inventories	560,568	-
Prepaid items	1,894,844	109,153
Trust activities	-	-
Restricted	822,139	616,024
Committed	-	-
Assigned	8,645,543	-
Unassigned (deficit)	49,318,212	-
Total Fund Balances	62,356,891	725,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 325,270,477	\$ 19,137,898

Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
\$ 72,497	\$ 25,866,475	\$ 622,052	\$ 31,752,210
-	136,744	160,972	11,023,427
-	-	4,304	5,831,810
-	1,087	-	44,388
-	3,388,527	-	3,388,527
-	-	582,294	582,294
-	-	-	54,628
-	786,173	1,933,737	2,719,910
<u>72,497</u>	<u>30,179,006</u>	<u>3,303,359</u>	<u>55,397,194</u>
-	29,783,218	3,278,080	50,709,551
-	19,244,985	-	261,080,707
-	<u>49,028,203</u>	<u>3,278,080</u>	<u>311,790,258</u>
-	-	-	813,340
-	-	-	238,000
-	-	-	64,245
-	1,771,501	-	2,332,069
-	43,644	41,903	2,089,544
-	-	716,466	716,466
22,277,365	56,983,503	54,397,788	135,096,819
-	-	12,435,477	12,435,477
-	21,407,705	-	30,053,248
-	(11,323,728)	-	37,994,484
<u>22,277,365</u>	<u>68,882,625</u>	<u>67,591,634</u>	<u>221,833,692</u>
<u>\$ 22,349,862</u>	<u>\$ 148,089,834</u>	<u>\$ 74,173,073</u>	<u>\$ 589,021,144</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, 2018

Total Fund Balances - Governmental Funds	\$ 221,833,692
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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.	1,026,112,896
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Internal service funds are reported in the statement of net position as governmental funds:	12,462,325
---	------------

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.	50,709,551
---	------------

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	39,443,696
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The other postemployment liability does not relate to current financial resources and is not reported in the governmental funds.	(47,594,594)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	72,041,931
--	------------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(78,624,750)
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Deferred inflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds	(4,161,256)
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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>(479,419,924)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 812,803,567</u>
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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, 2018

	General	Library	Debt Service
REVENUES			
Taxes	\$ 214,650,234	\$ 17,779,030	\$ -
Special assessments		-	-
Intergovernmental	37,280,604	130,553	241,690
Licenses and permits	7,897,702	-	-
Fines and forfeitures	6,360,901	-	-
Intergovernmental charges for services	-	-	-
Public charges for services	13,334,323	1,183,369	-
Investment income	3,462,791	-	870,035
Miscellaneous	1,176,552	552,235	-
Total Revenues	<u>284,163,107</u>	<u>19,645,187</u>	<u>1,111,725</u>
EXPENDITURES			
Current			
General government	25,964,541	-	-
Public safety	131,741,893	-	-
Public works	36,914,468	-	-
Planning and development	22,060,875	-	-
Culture and recreation	17,598,272	16,027,937	-
Capital Outlay	-	359,101	-
Debt Service			
Principal retirement	-	-	58,613,024
Interest and fiscal charges	-	-	12,075,870
Total Expenditures	<u>234,280,049</u>	<u>16,387,038</u>	<u>70,688,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,883,058</u>	<u>3,258,149</u>	<u>(69,577,169)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	1,043,850
Capital Lease Proceeds			
Premium on debt issued	-	-	4,759,354
Sale of capital assets	45,705	-	-
Transfers in	20,319,278	20,000	64,735,542
Transfers out	(66,911,261)	(3,328,597)	-
Total Other Financing Sources (Uses)	<u>(46,546,278)</u>	<u>(3,308,597)</u>	<u>70,538,746</u>
Net Change in Fund Balances	3,336,780	(50,448)	961,577
FUND BALANCES - Beginning of Year (as restated)	<u>59,020,111</u>	<u>775,625</u>	<u>21,315,788</u>
FUND BALANCES - END OF YEAR	<u>\$ 62,356,891</u>	<u>\$ 725,177</u>	<u>\$ 22,277,365</u>

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 30,545,605	\$ 17,898,932	\$ 280,873,801
4,294,695	-	4,294,695
1,338,463	7,160,245	46,151,555
-	325,829	8,223,531
-	-	6,360,901
4,998,982	-	4,998,982
585,304	7,368,570	22,471,566
1,703,609	1,297,500	7,333,935
903,830	224,922	2,857,539
<u>44,370,488</u>	<u>34,275,998</u>	<u>383,566,505</u>
3,272,901	6,567,103	35,804,545
893,278	3,565,600	136,200,771
10,372,744	836,796	48,124,008
10,970,346	7,821,806	40,853,027
2,479,806	271,151	36,377,166
120,228,376	-	120,587,477
4,971,585	-	63,584,609
328,933	-	12,404,803
<u>153,517,969</u>	<u>19,062,456</u>	<u>493,936,406</u>
<u>(109,147,481)</u>	<u>15,213,542</u>	<u>(110,369,901)</u>
86,631,370	-	87,675,220
3,960,000	-	3,960,000
-	-	4,759,354
758,008	9,089	812,802
12,623,759	15,820,047	113,518,626
<u>(30,599,731)</u>	<u>(22,207,646)</u>	<u>(123,047,235)</u>
<u>73,373,406</u>	<u>(6,378,510)</u>	<u>87,678,767</u>
<u>(35,774,075)</u>	<u>8,835,032</u>	<u>(22,691,134)</u>
<u>104,656,700</u>	<u>58,756,602</u>	<u>244,524,826</u>
<u>\$ 68,882,625</u>	<u>\$ 67,591,634</u>	<u>\$ 221,833,692</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, 2018

Net change in fund balances - total governmental funds	\$ (22,691,134)
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	120,587,477
Less: Some items reported as capital outlay but not capitalized	(10,698,082)
Add: Contributed assets	9,561,570
Depreciation is reported in the government-wide statements	(37,359,734)
Net book value of disposals	(8,027,734)
Net capital asset contributions by governmental activities to business-type activities	(36,830,056)
Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	2,728,116
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	(91,635,220)
Principal repaid	63,584,609
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	(471,880)
Disability benefits	93,276
Post-employment benefits	(3,442,082)
Police and fire pension	55,021
Accrued interest on debt	(228,224)
Net pension asset/liability	49,817,384
Deferred outflows of resources related to pensions	(7,776,197)
Deferred inflows of resources related to pensions	(45,746,201)
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	(4,759,354)
Amortization of discount and premium	4,051,419
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.	<u>952,856</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (18,234,170)</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
ASSETS			
Current Assets			
Cash and investments	\$ 3,036,712	\$ 19,717,833	\$ 5,021,473
Customer accounts receivable (net)	8,058,158	115,979	14,366
Accrued revenue	-	400	800
Due from other funds	942,944	4,641,420	1,801,754
Due from other governmental units	-	82,696	473,276
Inventories	714,523	-	-
Special assessments receivable	182,709	-	-
Other assets	244,492	-	-
Prepaid items	183,467	38,353	80,670
Restricted cash and investments	12,772,842	-	-
Total Current Assets	<u>26,135,847</u>	<u>24,596,681</u>	<u>7,392,339</u>
Noncurrent Assets			
Property held for future use	112,087	-	-
Restricted Assets			
Cash and investments	27,218,541	6,942,002	4,844,912
Net pension asset	1,594,540	592,870	855,330
Investment in mutual insurance company	-	-	-
Capital Assets			
Land	3,120,940	2,588,896	51,729,964
Construction work in progress	2,767,186	7,980,178	14,038,956
Plant in service (at cost)	385,044,469	162,475,944	236,981,656
Total Capital Assets	<u>390,932,595</u>	<u>173,045,018</u>	<u>302,750,576</u>
Less: Accumulated depreciation/amortization	<u>(88,306,628)</u>	<u>(32,327,399)</u>	<u>(49,172,256)</u>
Net Capital Assets	<u>302,625,967</u>	<u>140,717,619</u>	<u>253,578,320</u>
Other Property and Investments			
Special assessments receivable	3,705,482	6,566,262	2,412,140
Preliminary survey and investigation	411,829	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	690,873	-	-
Total Other Property and Investments	<u>4,808,184</u>	<u>6,566,262</u>	<u>2,412,140</u>
Total Noncurrent Assets	<u>336,359,319</u>	<u>154,818,753</u>	<u>261,690,702</u>
Total Assets	<u>362,495,166</u>	<u>179,415,434</u>	<u>269,083,041</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on advanced refunding	1,528,538	-	-
Deferred outflows related to pension	2,989,450	1,094,036	1,543,791
Total Deferred Outflows of Resources	<u>4,517,988</u>	<u>1,094,036</u>	<u>1,543,791</u>

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 5,162,479	\$ 40,000,831	\$ 72,939,328	\$ 22,536,387
948,297	514,972	9,651,772	222,087
-	4,823	6,023	-
-	-	7,386,118	743,506
6,800,215	-	7,356,187	-
311,814	149,942	1,176,279	876,970
-	-	182,709	-
-	-	244,492	-
557,770	135,920	996,180	40,591
328,513	-	13,101,355	-
<u>14,109,088</u>	<u>40,806,488</u>	<u>113,040,443</u>	<u>24,419,541</u>
-	-	112,087	-
1,215,267	-	40,220,722	997,344
5,440,545	1,693,232	10,176,517	525,601
-	-	-	3,815,820
2,604,992	6,896,552	66,941,344	2,570,970
74,500	24,996,626	49,857,446	2,417,204
<u>114,891,062</u>	<u>121,819,406</u>	<u>1,021,212,537</u>	<u>83,273,872</u>
117,570,554	153,712,584	1,138,011,327	88,262,046
(72,971,622)	(70,694,376)	(313,472,281)	(56,023,683)
<u>44,598,932</u>	<u>83,018,208</u>	<u>824,539,046</u>	<u>32,238,363</u>
-	-	12,683,884	-
-	-	411,829	-
20,322	-	20,322	-
-	-	690,873	-
<u>20,322</u>	<u>-</u>	<u>13,806,908</u>	<u>-</u>
<u>51,275,066</u>	<u>84,711,440</u>	<u>888,855,280</u>	<u>37,577,128</u>
<u>65,384,154</u>	<u>125,517,928</u>	<u>1,001,895,723</u>	<u>61,996,669</u>
-	-	1,528,538	-
<u>10,134,380</u>	<u>3,089,434</u>	<u>18,851,091</u>	<u>972,011</u>
<u>10,134,380</u>	<u>3,089,434</u>	<u>20,379,629</u>	<u>972,011</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,548,994	\$ 6,420,178	\$ 379,697
Accrued liabilities	423,863	141,473	405,532
Due to other funds	5,141,530	-	-
Deposits	-	134,900	21,100
Claims payable	-	-	-
Current portion of general obligation long-term debt	-	-	5,860,837
Current portion of capital lease	-	-	-
Current portion of advances from other funds	872,022	-	-
Current portion of accrued compensated absences	352,782	342,135	435,550
Unearned revenues	-	153,891	-
Liabilities Payable from Restricted Assets			
Accrued liabilities	3,525,495	157,033	-
Current maturities of revenue bonds	9,255,000	4,320,000	-
Other	-	-	-
Total Current Liabilities	<u>21,119,686</u>	<u>11,669,610</u>	<u>7,102,716</u>
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	27,316,421
Revenue bonds, including unamortized premium	212,924,105	48,286,786	-
Capital lease	-	-	-
Accrued compensated absences	<u>2,028,589</u>	<u>575,952</u>	<u>758,686</u>
Total Long-Term Debt	<u>214,952,694</u>	<u>48,862,738</u>	<u>28,075,107</u>
Other Noncurrent Liabilities			
Other post-employment benefits	2,504,210	1,243,475	286,525
Advances from other funds	1,167,090	-	-
Unearned revenues	-	-	-
Noncurrent liabilities payable from restricted assets	-	-	-
Other	<u>44,030</u>	<u>-</u>	<u>-</u>
Total Other Noncurrent Liabilities	<u>3,715,330</u>	<u>1,243,475</u>	<u>286,525</u>
Total Liabilities	<u>239,787,710</u>	<u>61,775,823</u>	<u>35,464,348</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	3,050,553	1,173,521	1,830,677
Other post-employment benefits related amounts	<u>218,946</u>	<u>108,718</u>	<u>25,051</u>
Total Deferred Inflows of Resources	<u>3,269,499</u>	<u>1,282,239</u>	<u>1,855,728</u>
NET POSITION			
Net investment in capital assets (deficit)	104,786,488	89,519,864	225,245,974
Restricted for debt service	12,167,902	5,375,938	-
Restricted for equipment replacement	1,486,898	-	-
Restricted for pension	1,594,540	592,870	855,330
Unrestricted (deficit)	<u>3,920,117</u>	<u>21,962,736</u>	<u>7,205,452</u>
TOTAL NET POSITION	<u>\$ 123,955,945</u>	<u>\$ 117,451,408</u>	<u>\$ 233,306,756</u>

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 1,629,305	\$ 914,779	\$ 10,892,953	\$ 434,296
1,568,055	528,908	3,067,831	440,103
-	-	5,141,530	743,506
-	1,133,737	1,289,737	-
-	-	-	14,814,895
1,732,731	99,311	7,692,879	5,902,850
-	765,000	765,000	-
330,332	50,755	1,253,109	-
897,015	448,840	2,476,322	189,790
975,877	110,754	1,240,522	-
-	-	3,682,528	-
-	-	13,575,000	-
328,513	-	328,513	-
<u>7,461,828</u>	<u>4,052,084</u>	<u>51,405,924</u>	<u>22,525,440</u>
10,456,720	788,996	38,562,137	31,484,755
-	-	261,210,891	-
-	260,500	260,500	-
3,962,414	1,988,819	9,314,460	553,877
<u>14,419,134</u>	<u>3,038,315</u>	<u>309,347,988</u>	<u>32,038,632</u>
9,852,442	2,346,904	16,233,556	1,430,166
2,195,950	1,150,745	4,513,785	-
20,322	-	20,322	-
1,215,267	-	1,215,267	-
276,152	-	320,182	-
<u>13,560,133</u>	<u>3,497,649</u>	<u>22,303,112</u>	<u>1,430,166</u>
<u>35,441,095</u>	<u>10,588,048</u>	<u>383,057,024</u>	<u>55,994,238</u>
10,429,930	3,383,823	19,868,504	1,026,358
861,412	205,193	1,419,320	125,042
<u>11,291,342</u>	<u>3,589,016</u>	<u>21,287,824</u>	<u>1,151,400</u>
32,718,435	81,104,401	533,375,162	(556,786)
-	-	17,543,840	-
-	-	1,486,898	-
5,440,545	1,693,232	10,176,517	525,601
(9,372,883)	31,632,665	55,348,087	5,854,227
<u>\$ 28,786,097</u>	<u>\$ 114,430,298</u>	<u>617,930,504</u>	<u>\$ 5,823,042</u>
		(6,639,283)	
		<u>\$ 611,291,221</u>	

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
OPERATING REVENUES-USAGE CHARGES	\$ 35,099,182	\$ 37,923,065	\$ 16,002,076
OPERATING EXPENSES			
Operation and maintenance	17,928,862	32,313,830	9,516,846
Depreciation	7,548,684	2,428,947	3,802,285
Total Operating Expenses	<u>25,477,546</u>	<u>34,742,777</u>	<u>13,319,131</u>
Operating Income (Loss)	<u>9,621,636</u>	<u>3,180,288</u>	<u>2,682,945</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	413,102	549,674	256,333
Interest and amortization	(6,624,262)	(1,512,078)	(1,025,341)
Issuance costs	(118,898)	(112,507)	-
Reimbursement of operating loss from government agencies	-	-	-
Gain (Loss) on sale of assets	-	(332,958)	(90,806)
Special assessments	-	2,077,458	-
Noncapitalized infrastructure improvements	-	(2,096,044)	(239,800)
Intergovernmental Revenue	-	-	-
Miscellaneous revenues	71,843	122,244	34,348
Miscellaneous expenses	(162,604)	-	-
Total Nonoperating Revenue (Expenses)	<u>(6,420,819)</u>	<u>(1,304,211)</u>	<u>(1,065,266)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>3,200,817</u>	<u>1,876,077</u>	<u>1,617,679</u>
TRANSFERS			
Transfers in	181,148	75,369	53,380
Transfers out	(6,985,603)	(193,174)	(10,000)
Net Transfers	<u>(6,804,455)</u>	<u>(117,805)</u>	<u>43,380</u>
Income (Loss) Before Contributions	(3,603,638)	1,758,272	1,661,059
CAPITAL CONTRIBUTIONS	3,849,748	612,779	7,760,967
CAPITAL CONTRIBUTIONS- MUNICIPAL	-	-	7,072,553
CAPITALIZED TAX EQUIVALENT	<u>203,623</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	449,733	2,371,051	16,494,579
NET POSITION – Beginning of Year (as restated)	<u>123,506,212</u>	<u>115,080,357</u>	<u>216,812,177</u>
NET POSITION – END OF YEAR	<u>\$ 123,955,945</u>	<u>\$ 117,451,408</u>	<u>\$ 233,306,756</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

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit</u>	<u>Nonmajor</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service</u>
			<u>Funds</u>
\$ 16,654,793	\$ 23,543,937	\$ 129,223,053	\$ 23,141,149
54,584,003	21,628,579	135,972,120	17,366,044
6,786,877	2,953,120	23,519,913	5,892,516
<u>61,370,880</u>	<u>24,581,699</u>	<u>159,492,033</u>	<u>23,258,560</u>
<u>(44,716,087)</u>	<u>(1,037,762)</u>	<u>(30,268,980)</u>	<u>(117,411)</u>
-	598,829	1,817,938	11,348
(433,853)	(82,912)	(9,678,446)	(1,128,996)
-	-	(231,405)	-
27,359,426	-	27,359,426	-
-	7,968	(415,796)	459,581
-	-	2,077,458	-
-	-	(2,335,844)	-
-	-	-	19,976
65,413	77,563	371,411	992,789
-	-	(162,604)	-
<u>26,990,986</u>	<u>601,448</u>	<u>18,802,138</u>	<u>354,698</u>
<u>(17,725,101)</u>	<u>(436,314)</u>	<u>(11,466,842)</u>	<u>237,287</u>
12,369,449	5,220,601	17,899,947	1,354,707
-	(1,900,519)	(9,089,296)	(636,749)
<u>12,369,449</u>	<u>3,320,082</u>	<u>8,810,651</u>	<u>717,958</u>
(5,355,652)	2,883,768	(2,656,191)	955,245
4,852,159	-	17,075,653	-
-	29,757,503	36,830,056	-
-	-	203,623	-
(503,493)	32,641,271	51,453,141	955,245
<u>29,289,590</u>	<u>81,789,027</u>	<u>566,477,363</u>	<u>4,867,797</u>
<u>\$ 28,786,097</u>	<u>\$ 114,430,298</u>	<u>\$ 617,930,504</u>	<u>\$ 5,823,042</u>
		\$ 51,453,141	
		2,389	
		<u>\$ 51,455,530</u>	

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 34,292,058	\$ 37,518,744	15,846,035
Customer deposits returned	-	-	-
Paid to suppliers for goods and services	(9,482,872)	(27,416,527)	(3,268,315)
Paid to employees for services	(6,577,865)	(3,889,000)	(6,037,217)
Net Cash Flows From Operating Activities	<u>18,231,321</u>	<u>6,213,217</u>	<u>6,540,503</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds	(89,122)	-	-
Interest paid on advances from other funds	(53,815)	-	-
Transfers from other funds	181,148	75,369	53,380
Transfers to other funds - tax equivalent	(6,771,980)	(181,148)	-
Transfers to other funds	(10,000)	(12,026)	(10,000)
Special assessments received related to laterals	-	604,204	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(2,096,044)	(239,800)
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>(13,668,136)</u>	<u>(1,609,645)</u>	<u>(196,420)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(6,890,000)	(3,545,000)	(5,379,583)
Interest paid	(6,365,178)	(1,594,893)	(1,063,906)
Long-term debt issued	40,155,000	12,500,000	7,318,470
Acquisition and construction of capital assets	(18,216,498)	(13,211,012)	(9,082,915)
Proceeds from sale of property	-	-	-
Debt premium received	1,843,375	857,892	-
Issuance costs	(118,898)	(112,507)	-
Contribution in aid of construction	(14,311)	214,294	-
Transfers in - city	-	-	-
Capital contributions-federal and state	-	-	(72,251)
BAB interest rebate received	139,305	115,155	28,613
Special assessments received	666,197	478,177	619,547
Net Cash Flows From Capital and Related Financing Activities	<u>11,198,992</u>	<u>(4,297,894)</u>	<u>(7,632,025)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities purchased	(13,662,522)	-	-
Marketable securities sold	10,633,222	-	-
Investment income	413,102	549,674	256,333
Net Cash Flows From Investing Activities	<u>(2,616,198)</u>	<u>549,674</u>	<u>256,333</u>
Net Change in Cash and Cash Equivalents	13,145,979	855,352	(1,031,609)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>13,701,492</u>	<u>25,804,483</u>	<u>10,897,994</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 26,847,471</u>	<u>\$ 26,659,835</u>	<u>9,866,385</u>

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit</u>	<u>Nonmajor</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service</u>
			<u>Funds</u>
\$ 18,751,009	\$ 23,729,878	\$ 130,137,724	\$ 24,314,349
-	(68,617)	(68,617)	-
(24,742,458)	(7,902,768)	(72,812,940)	(12,964,359)
(29,705,878)	(13,918,786)	(60,128,746)	(3,940,579)
<u>(35,697,327)</u>	<u>1,839,707</u>	<u>(2,872,579)</u>	<u>7,409,411</u>
(300,791)	767,125	377,212	-
(103,517)	-	(157,332)	-
10,889,415	5,220,601	16,419,913	153,673
-	-	(6,953,128)	-
-	(1,900,519)	(1,932,545)	(636,749)
-	-	604,204	-
(250,391)	-	(250,391)	-
-	-	(2,335,844)	-
-	-	(765,000)	-
-	-	(6,159,367)	(204,905)
24,858,700	-	24,858,700	-
<u>35,093,416</u>	<u>4,087,207</u>	<u>23,706,422</u>	<u>(687,981)</u>
(1,480,034)	(784,615)	(18,079,232)	(5,312,060)
(302,568)	(86,248)	(9,412,793)	(1,096,497)
3,953,536	546,724	64,473,730	8,342,121
(9,386,493)	(3,079,267)	(52,976,185)	(6,051,423)
-	7,968	7,968	471,184
-	-	2,701,267	-
-	-	(231,405)	-
-	-	199,983	1,201,034
1,480,034	-	1,480,034	-
4,852,159	-	4,779,908	-
-	-	283,073	-
-	-	1,763,921	-
<u>(883,366)</u>	<u>(3,395,438)</u>	<u>(5,009,731)</u>	<u>(2,445,641)</u>
-	-	(13,662,522)	-
-	-	10,633,222	(146,758)
-	598,829	1,817,938	11,348
<u>-</u>	<u>598,829</u>	<u>(1,211,362)</u>	<u>(135,410)</u>
(1,487,277)	3,130,305	14,612,750	4,140,379
<u>8,193,536</u>	<u>36,870,526</u>	<u>95,468,031</u>	<u>18,396,008</u>
\$ 6,706,259	\$ 40,000,831	\$ 110,080,781	\$ 22,536,387

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Income (loss) from operations	\$ 9,621,636	\$ 3,180,288	\$ 2,682,945
Adjustments to reconcile income (loss) to net cash flows from operating activities			
Nonoperating income (loss)	(230,066)	4,818	5,735
Depreciation	7,548,684	2,428,947	3,802,285
Depreciation charged to other accounts	1,032,196	-	-
Change in assets, deferred inflows, liabilities, and deferred outflows			
Accounts receivable	(1,663,806)	(13,656)	25,072
Other current assets	(10,662)	-	-
Accrued revenue	-	103	-
Due from other governmental units	-	(437,819)	-
Due from other funds	329,648	-	(187,848)
Inventories	64,370	-	-
Prepaid items and other assets	-	6,541	(3,413)
Accounts payable	239,094	734,734	178,739
Accrued liabilities	-	-	-
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	1,161	(48,534)
Customer Deposits	-	-	-
Accrued compensated absences	220,374	17,797	-
Due to other funds	778,227	-	-
Other post-employment benefits	1,949,776	990,352	221,618
Pension related deferrals and liabilities	(1,648,150)	(700,049)	(136,096)
Unearned revenue	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 18,231,321</u>	<u>\$ 6,213,217</u>	<u>\$ 6,540,503</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 3,036,712	\$ 19,717,833	\$ 5,021,473
Restricted cash and investments - statement of net position	39,991,383	6,942,002	4,844,912
Less: Noncash equivalents	<u>(16,180,624)</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 26,847,471</u>	<u>\$ 26,659,835</u>	<u>\$ 9,866,385</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Municipality, customer and developer financed additions to capital assets	<u>\$ 3,598,132</u>	<u>\$ 543,987</u>	<u>\$ 13,507,751</u>
Capital additions assessed to customers	<u>\$ 1,128,456</u>	<u>\$ -</u>	<u>\$ -</u>
Special assessments levied to customers or revised	<u>\$ (162,724)</u>	<u>\$ 152,640</u>	<u>\$ 924,744</u>
Loss on early retirement of assets	<u>\$ -</u>	<u>\$ (332,958)</u>	<u>\$ (90,806)</u>

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit</u>	<u>Nonmajor</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service</u>
			<u>Funds</u>
\$ (44,716,087)	\$ (1,037,762)	\$ (30,268,980)	\$ (117,411)
65,413	77,563	(76,537)	1,012,765
6,786,877	2,953,120	23,519,913	5,892,516
-	-	1,032,196	-
1,385,564	(109,874)	(376,700)	35,393
-	-	(10,662)	-
-	-	103	-
-	-	(437,819)	-
-	-	141,800	-
31,165	2,281	97,816	239,803
34,751	(1,086)	36,793	5,568
(272,478)	(20,486)	859,603	(114,535)
(218,183)	-	(218,183)	-
30,266	-	30,266	-
-	1,726	(45,647)	468,320
-	(68,617)	(68,617)	-
-	(37,485)	200,686	(160,927)
-	(259,484)	518,743	-
712,538	1,611,344	5,485,628	779,673
463,115	(1,284,592)	(3,305,772)	(631,754)
(268)	13,059	12,791	-
<u>\$ (35,697,327)</u>	<u>\$ 1,839,707</u>	<u>\$ (2,872,579)</u>	<u>\$ 7,409,411</u>
\$ 5,162,479	\$ 40,000,831	\$ 72,939,328	\$ 22,536,387
1,543,780	-	53,322,077	997,344
-	-	(16,180,624)	(997,344)
<u>\$ 6,706,259</u>	<u>\$ 40,000,831</u>	<u>\$ 110,080,781</u>	<u>\$ 22,536,387</u>
<u>\$ -</u>	<u>\$ 29,757,503</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of December 31, 2018

	Agency Funds	Investment Trust
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 252,243,148	\$ 5,594,186
Taxes receivable	162,420,359	-
Total Assets	<u>414,663,507</u>	<u>5,594,186</u>
LIABILITIES		
Due to other governmental units	<u>414,663,507</u>	<u>-</u>
NET POSITION		
Held in trust for pool participants	<u>-</u>	<u>5,594,186</u>
TOTAL NET POSITION	<u><u>\$ -</u></u>	<u><u>\$ 5,594,186</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, 2018

	Fiduciary Fund Type
	<u>Investment Trust</u>
ADDITIONS	
Investments from school	\$ 492,007,547
Investment income	<u>1,415,412</u>
Net increase in net position from additions	493,422,959
DEDUCTIONS	
Distributions to school	<u>(496,012,012)</u>
Total Decrease	(2,589,053)
NET POSITION - Beginning	<u>8,183,239</u>
NET POSITION - ENDING	<u><u>\$ 5,594,186</u></u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2018

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
ASSETS				
Cash and investments	\$ 5,354,040	\$ 7,394,213	\$ 4,944,959	\$ 17,693,212
Receivables				
Accounts (net)	404,862	-	9,664	414,526
Special assessments	-	-	289,215	289,215
Accrued interest	37,722	-	-	37,722
Long-term loans	275,088	-	-	275,088
Pledge receivable	-	5,750	314,841	320,591
Due from other governmental units	204,886	14,855	-	219,741
Inventories	-	130,345	-	130,345
Prepaid items	1,599,860	25,503	15,994	1,641,357
Lease receivable from primary government	4,195,500	-	-	4,195,500
Beneficial interest in assets held by MCF	-	101,004	6,019,612	6,120,616
Other assets	333,951	-	-	333,951
Restricted assets				
Cash and investments	2,839,784	4,213,314	48,202	7,101,300
Net pension asset	481,564	-	-	481,564
Other	180,341	254,971	-	435,312
Property held for resale	550,000	-	-	550,000
Capital assets				
Land	11,087,393	-	-	11,087,393
Construction in progress	612,831	-	-	612,831
Capital assets being depreciated	108,661,820	-	-	108,661,820
Less: Accumulated depreciation	<u>(59,017,462)</u>	<u>-</u>	<u>-</u>	<u>(59,017,462)</u>
Total Assets	<u>77,802,180</u>	<u>12,139,955</u>	<u>11,642,487</u>	<u>101,584,622</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>892,616</u>	<u>-</u>	<u>-</u>	<u>892,616</u>
Total Deferred Outflows of Resources	<u>892,616</u>	<u>-</u>	<u>-</u>	<u>892,616</u>
LIABILITIES				
Accounts payable	281,936	95,142	112,121	489,199
Accrued liabilities	1,686,357	-	16,316	1,702,673
Due to primary government	-	-	20,286	20,286
Current maturities of long-term debt	1,904,173	-	-	1,904,173
Current maturities of compensated absences	90,761	-	-	90,761
Advance from primary government	7,529,295	-	-	7,529,295
Revenue bonds payable	3,190,000	-	-	3,190,000
Mortgage notes	2,932,323	-	-	2,932,323
Other loans	3,965,834	-	-	3,965,834
Unamortized premium	90,190	-	-	90,190
Compensated absences	354,056	-	-	354,056
Other post-employment benefits	570,966	-	-	570,966
Unearned revenues	747,644	7,911	-	755,555
Other liabilities	<u>1,020,042</u>	<u>-</u>	<u>-</u>	<u>1,020,042</u>
Total Liabilities	<u>24,363,577</u>	<u>103,053</u>	<u>148,723</u>	<u>24,615,353</u>
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	-	-	289,215	289,215
Pension related amounts	937,576	-	-	937,576
Other post-employment benefits related amounts	<u>49,920</u>	<u>-</u>	<u>-</u>	<u>49,920</u>
Total Deferred Inflows of Resources	<u>987,496</u>	<u>-</u>	<u>289,215</u>	<u>1,276,711</u>
NET POSITION				
Net investment in capital assets	41,519,484	-	-	41,519,484
Restricted for:				
Library	-	-	3,677,046	3,677,046
Parks	-	5,939,167	1,094,179	7,033,346
Pensions	481,564	-	-	481,564
Unrestricted	<u>11,342,675</u>	<u>6,097,735</u>	<u>6,433,324</u>	<u>23,873,734</u>
TOTAL NET POSITION	<u>\$ 53,343,723</u>	<u>\$ 12,036,902</u>	<u>\$ 11,204,549</u>	<u>\$ 76,585,174</u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended December 31, 2018

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position			Totals
					CDA	Olbrich Society and Foundation	Nonmajor Component Units	
CDA	\$ 27,234,903	\$ 7,826,746	\$ 16,760,077	\$ -	\$ (2,648,080)	\$ -	\$ -	\$ (2,648,080)
Olbrich Society and Foundation	2,357,904	1,503,567	831,169	-	-	(23,168)	-	(23,168)
Nonmajor Component Units	2,707,506	713,126	2,903,129	-	-	-	908,749	908,749
Total Component Units	\$ 32,300,313	\$ 10,043,439	\$ 20,494,375	\$ -	(2,648,080)	(23,168)	908,749	(1,762,499)
General Revenues								
Investment income (loss)					296,862	(454,916)	(243,326)	(401,380)
Interest on capital leases					210,148	-	-	210,148
Miscellaneous					32,802	4,530	-	37,332
Total General Revenues					539,812	(450,386)	(243,326)	(153,900)
Change in Net Position					(2,108,268)	(473,554)	665,423	(1,916,399)
NET POSITION - Beginning of Year (as restated)					55,451,991	12,510,456	10,539,126	78,501,573
NET POSITION - END OF YEAR					\$ 53,343,723	\$ 12,036,902	\$ 11,204,549	\$ 76,585,174

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, 2018

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, 2018

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. J. 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, 2018. 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. J. 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, 2018. 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. J. 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, 2018. The BID does not issue separate financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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. J. 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, 2018. 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. J. 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, 2018. 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

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

The City reports the following major 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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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, 2018, there were \$2,723,334 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water utility, sewer utility, stormwater utility, parking utility, transit utility, convention center, and golf courses are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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.
- 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 (cont.)

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, 2018, 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, 2018, the MMSD had a balance of \$5,594,186 which is reported in the Investment Trust fund.

See Note IV. A. for further information.

2. Receivables

Property Tax

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

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	March 31, 2019
Third installment due	May 31, 2019
Fourth installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

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.

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 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.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchase method of accounting. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$50,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. 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/amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation/amortization reflected in the statement of net position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation/amortization.

The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

6. Deferred Outflows of Resources

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

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation pay and comp time are also recorded as a liability.

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

The City provides post-employment 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, 2018 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

8. Long-Term Obligations/Conduit Debt (cont.)

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 \$49,140,000 made up of three issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$190,119,858 made up of six issues.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

11. Pension

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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.)

12. Other Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City OPEB Plan and additions to/deductions from the City OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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	\$ 208,823,520
Construction in progress	43,794,073
Land improvements	36,143,833
Buildings	225,171,408
Machinery and equipment	76,394,743
Intangible assets	13,729,842
Infrastructure	911,158,759
Less: Accumulated depreciation	<u>(489,103,282)</u>
Combined Adjustment for Capital Assets	<u>\$ 1,026,112,896</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	\$ 401,104,553
Compensated absences	43,932,907
Accrued interest	3,183,856
Unamortized debt premium and discount	27,638,472
Disability benefits	238,284
Police and fire pension	151,852
Capital leases	<u>3,170,000</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 479,419,924</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018

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	\$ 105,841,332	\$ 18,437,564	Custodial credit
U.S. agencies implicitly guaranteed	85,268,567	85,268,567	Credit, custodial credit, concentration of credit, interest rate
U.S. agencies explicitly guaranteed	4,972,099	4,972,099	Custodial credit, interest rate
U.S. treasuries	21,329,965	21,329,965	Custodial credit, interest rate
State and local bonds	6,464,443	6,464,443	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	4,763,823	4,763,823	Credit, custodial credit, concentration of credit, interest rate
Mutual funds – Other than bonds	397,042	397,042	N/A
Mutual funds – money market	336,069,110	336,069,110	Credit
Mutual funds – stocks	1,100,732	1,100,732	N/A
LGIP	53,696,355	53,696,355	Credit
Deposit with WMMIC	997,345	997,345	Credit, interest rate
Hartford Life – pooled funds	2,424,325	2,424,325	Credit, interest rate
Petty cash	189,593	-	N/A
Total Cash and Investments	\$ 628,514,731	\$ 540,921,370	
Reconciliation to financial statements			
Per statement of net position	\$ 297,858,447		
Per statement of net position – restricted	67,048,874		
Per statement of net position – fiduciary funds	257,837,334		
Per statement of net position – applicable component units:			
CDA	8,193,824		
Less: Component units of CDA	(2,423,898)		
BID	150		
Total Cash and Investments	\$ 628,514,731		

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, the banks had pledged various government securities in the amount of \$30,000,000 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. \$8,550,000 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, 2018			Total
	Level 1	Level 2	Level 3	
Corporate notes and bonds	\$ -	\$ 4,763,823	\$ -	\$ 4,763,823
State and local bonds	-	299,443	-	299,443
Commercial paper	-	5,000,000	-	5,000,000
Mutual funds – other than bonds	-	397,042	-	397,042
Mutual funds – money market	43,162,038	292,907,072	-	336,069,110
Mutual funds – stocks	1,100,732	-	-	1,100,732
U.S. agencies – explicitly guaranteed	-	4,972,099	-	4,972,099
U.S. agencies – implicitly guaranteed	-	85,268,567	-	85,268,567
U.S. treasuries	21,329,965	-	-	21,329,965
Totals	<u>\$ 65,592,735</u>	<u>\$ 393,608,046</u>	<u>\$ -</u>	<u>\$ 459,200,781</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, the City's deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ <u>423,529</u>
Uninsured and Uncollateralized	\$ <u>423,529</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, 2018, the City's investments were exposed to custodial credit risk as follows:

U.S. agencies – implicitly guaranteed	\$ 85,268,567
U.S. agencies – explicitly guaranteed	4,972,099
U.S. treasuries	21,329,965
Commercial paper	5,000,000
State and local bonds	6,464,443
Corporate notes and municipal bonds	<u>4,763,823</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 127,798,897</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, 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+	\$ 54,189
	A2	A	245,055
	A2	A-	10,233
	A3	A+	99,839
	A3	BBB+	49,640
	Aa1	AA+	699,763
	Aa2	AA	544,225
	Aa3	AA-	395,101
	AAA	AAA	2,033,619
	AAA		549,098
	BAA1	A	5,133
	BAA1	BBB+	14,210
	BAA2	BBB	4,878
	BAA2	BBB-	48,907
	BAA2	BBB+	5,015
	BA2	Bb+	4,918
U.S. agencies (implicitly guaranteed)	AAA	AA+	85,268,567
Mutual funds – money market	AAA	AAA	43,133,120
State and local bonds	Aa1		50,035
	Aa2		249,408

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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:

Wisconsin Municipal Mutual Insurance Company	\$ 997,345
Local Government Investment Pool	53,696,355
Hartford Life	2,424,325
Commercial paper	5,000,000
State and local bonds	6,165,000
Mutual funds – money market	<u>292,935,990</u>
 Total	 <u>\$ 494,683,968</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, 2018, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies – implicitly guaranteed	5.78%
Federal Home Loan Mortgage Corporation	U.S. agencies – implicitly guaranteed	5.03%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, the City's investments were as follows:

Investment Type	Fair Value	Maturity- N/A	Less than 3 months thru 3/31/19	3 months- 6 months thru 6/30/19	6 months- 1 year thru 12/31/19	1-5 years thru 12/31/23	6-20 years thru 12/31/38
U.S. agencies – implicitly guaranteed	\$ 85,268,567	\$ -	\$ 27,261,565	\$ 12,332,145	\$ 14,633,160	\$ 30,865,177	\$ 176,520
U.S. agencies – explicitly guaranteed	4,972,099	-	-	4,969,086	-	3,013	-
U.S. treasuries	21,329,965	-	10,020,008	-	4,578,883	5,664,273	1,066,801
State and local bonds	6,464,443	6,165,000	-	50,035	249,408	-	-
Commercial paper	5,000,000	-	5,000,000	-	-	-	-
Corporate notes and bonds	4,763,823	-	598,525	149,500	1,399,041	2,521,549	95,208
Deposit in WMMIC	997,345	997,345	-	-	-	-	-
Hartford Life – pooled funds	2,424,325	2,424,325	-	-	-	-	-
Totals	\$ 131,220,567	\$ 9,586,670	\$ 42,880,098	\$ 17,500,766	\$ 20,860,492	\$ 39,054,012	\$ 1,338,529

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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	\$ 17,309,384
Capital projects fund	17,629,062
Debt service fund	1,704,755
All other nonmajor governmental and internal service funds	23,724,411

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

Uncollectibles related to transit utility	\$ <u>23,183</u>
Total Uncollectibles of the Current Fiscal Year	\$ <u><u>23,183</u></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	\$ 3,466,678
Allowance for uncollectible court receivable	16,985,821
Allowance for other uncollectible	770,130
Nonmajor Funds	
Allowance for uncollectible loans	48,240,122

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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	\$ -	\$ 261,080,707	\$ 261,080,707
TID loan equity payment	16,546,000	-	16,546,000
Interest on investments	51,372	-	51,372
Loans	9,530	-	9,530
Ambulance receivable	246,382	-	246,382
Prepaid revenue	-	1,794,180	1,794,180
Other	12,039,693	-	12,039,693
Special assessments	16,979,325	-	16,979,325
Leases	3,170,000	-	3,170,000
Impact fees	294,971	-	294,971
Municipal court receivable	182,519	-	182,519
Accrued interest on loans	1,189,759	-	1,189,759
Grant revenue	-	925,730	925,730
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 50,709,551	\$ 263,800,617	\$ 314,510,168
Unearned revenue included in liabilities		\$ 2,719,910	
Unearned revenue included in deferred inflows		261,080,707	
Total Unearned Revenue for Governmental Funds		\$ 263,800,617	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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. |
| 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.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018:

	Restricted Assets
Principal and interest	\$ 12,772,842
Bond reserve account	23,937,952
Bond depreciation account	750,000
Construction	14,317,503
Retiree health insurance escrow	1,543,780
Impact fees	11,803,723
Grants deposit	925,730
Insurance deposit	997,344
Total Restricted Assets	\$ 67,048,874

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

Investment in Wisconsin Municipal Mutual Insurance Company	\$ 3,815,820
Net pension asset	50,145,814
Total Other Restricted Assets	\$ 53,961,634

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

	Restricted Assets
General Operating fund	\$ 524,500
Housing Vouchers	32,443
Monona Shores fund	65,060
Nonmajor funds	237,142
Component units of CDA	1,980,639
Total Cash and Investments	\$ 2,839,784

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

CDA 95-1 replacement reserve	\$ 180,341
Net pension asset	481,564
Total Other Restricted Assets	\$ 661,905

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 199,750,422	\$ 12,116,587	\$ (3,043,489)	\$ 208,823,520
Land – internal service	2,490,358	81,434	(822)	2,570,970
Construction in progress	53,545,447	34,880,727	(44,632,101)	43,794,074
Construction in progress – internal service	3,233,899	779,518	(1,596,213)	2,417,204
Total Capital Assets Not Being Depreciated	<u>259,020,126</u>	<u>47,858,266</u>	<u>(49,272,625)</u>	<u>257,605,767</u>
Capital assets being depreciated				
Land improvements	31,861,644	4,282,189	-	36,143,833
Land improvements – internal service	71,990	-	-	71,990
Buildings and improvements	177,854,050	47,317,358	-	225,171,408
Buildings and improvements – internal service	2,729,155	141,819	-	2,870,974
Machinery and equipment	72,279,735	5,320,859	(1,205,851)	76,394,743
Machinery and equipment – internal service	75,447,409	7,060,454	(2,296,480)	80,211,383
Intangible assets	13,540,339	189,503	-	13,729,842
Intangible assets – internal service	119,525	-	-	119,525
Roads	762,611,271	14,647,767	(1,713,334)	775,545,704
Bridges	47,587,972	2,084,391	-	49,672,363
Street lighting	31,504,537	1,774,476	(314,196)	32,964,817
Traffic signals	19,517,420	3,752,766	(6,731,075)	16,539,111
Fiber	8,925,186	-	-	8,925,186
Bike path	26,625,191	886,387	-	27,511,578
Total Capital Assets Being Depreciated	<u>1,270,675,424</u>	<u>87,457,969</u>	<u>(12,260,936)</u>	<u>1,345,872,457</u>
Total Capital Assets at Historical Cost	<u>1,529,695,550</u>	<u>135,316,235</u>	<u>(61,533,561)</u>	<u>1,603,478,224</u>
Less: Accumulated depreciation for				
Land improvements	(11,700,854)	(2,554,852)	-	(14,255,706)
Land improvements – internal service	(69,591)	(2,399)	-	(71,990)
Buildings and improvements	(73,350,001)	(7,079,052)	-	(80,429,053)
Buildings and improvements – internal service	(2,169,078)	(99,140)	-	(2,268,218)
Machinery and equipment	(50,568,938)	(6,241,344)	996,864	(55,813,418)
Machinery and equipment – internal service	(49,643,082)	(5,790,977)	1,870,109	(53,563,950)
Intangible assets	(8,328,690)	(608,465)	-	(8,937,155)
Intangible assets – internal service	(119,525)	-	-	(119,525)
Roads	(279,166,931)	(17,781,191)	1,008,767	(295,939,355)
Bridges	(6,523,353)	(651,373)	-	(7,174,726)
Street lighting	(13,659,370)	(831,983)	143,522	(14,347,831)
Traffic signals	(6,959,230)	(662,141)	2,831,058	(4,790,313)
Fiber	(2,027,346)	(392,808)	-	(2,420,154)
Bike path	(4,439,046)	(556,525)	-	(4,995,571)
Total Accumulated Depreciation	<u>(508,725,035)</u>	<u>(43,252,250)</u>	<u>6,850,320</u>	<u>(545,126,965)</u>
Net Capital Assets Being Depreciated	<u>761,950,389</u>			<u>800,745,492</u>
Net Capital Assets	<u>\$ 1,020,970,515</u>			<u>\$ 1,058,351,259</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Depreciation expenses were charged to functions as follows:

Governmental Activities	
General government	\$ 1,123,771
Public safety	3,221,389
Public works and transportation	26,432,580
Planning and development	207,875
Culture and recreation	6,374,119
Fleet services – internal service	5,892,516
Total	<u>\$ 43,252,250</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 64,298,538	\$ 2,743,050	\$ (100,244)	\$ 66,941,344
Construction in progress	28,481,906	78,419,101	(57,043,561)	49,857,446
Total Capital Assets Not Being Depreciated	92,780,444	81,162,151	(57,143,805)	116,798,790
Capital assets being depreciated/amortized				
Land improvements	12,313,763	91,826	-	12,405,589
Buildings and improvements	104,471,908	18,655,500	(40,495)	123,086,913
Machinery and equipment	107,788,410	9,080,873	(7,073,086)	109,796,197
Intangible assets	301,190	-	-	301,190
Infrastructure	215,746,919	12,770,778	(128,125)	228,389,572
Source of supply	10,698,888	2,489,452	-	13,188,340
Pumping	22,677,407	2,629,833	(508,078)	24,799,162
Water treatment	4,047,471	1,799,943	(42,499)	5,804,915
Transmission and distribution	280,577,020	22,145,999	(934,636)	301,788,383
Administration and general	42,528,290	3,033,401	(1,641,449)	43,920,242
Collection system	148,681,425	6,790,144	(1,203,121)	154,268,448
Collection system pumping	3,455,115	8,471	-	3,463,586
Total Capital Assets Being Depreciated/Amortized	953,287,806	79,496,220	(11,571,489)	1,021,212,537
Total Capital Assets at Historical Cost	1,046,068,250	160,658,371	(68,715,294)	1,138,011,327

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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/ amortization for				
Land improvements	\$ (11,181,065)	\$ (272,371)	-	\$ (11,453,436)
Buildings and improvements	(67,211,393)	(3,056,615)	6,749	(70,261,259)
Machinery and equipment	(64,979,998)	(7,236,993)	7,043,802	(65,173,189)
Intangible assets	(301,192)	-	-	(301,192)
Infrastructure	(42,791,948)	(2,991,793)	52,687	(45,731,054)
Source of supply	(5,765,101)	(272,547)	-	(6,037,648)
Pumping	(8,468,520)	(886,554)	483,550	(8,871,524)
Water treatment	(873,230)	(180,309)	43,002	(1,010,537)
Transmission and distribution	(55,439,802)	(5,701,599)	1,012,489	(60,128,912)
Administration and general	(13,104,977)	(1,840,158)	1,567,379	(13,377,756)
Collection system	(27,771,725)	(2,195,737)	799,562	(29,167,900)
Collection system pumping	(1,889,113)	(68,761)	-	(1,957,874)
Total Accumulated Depreciation/ Amortization	(299,778,064)	(24,703,437)	11,009,220	(313,472,281)
Net Capital Assets Being Depreciated/Amortized	653,509,742			707,740,256
Net Capital Assets	\$ 746,290,186			\$ 824,539,046

Depreciation/Amortization expense was charged to functions as follows:

Business-type Activities

Water utility	\$ 7,548,684
Sewer utility	2,428,947
Stormwater utility	3,802,285
Transit utility	6,786,877
Parking utility	922,137
Convention center	1,828,415
Golf courses	202,568
Total Business-type Activities Depreciation/Amortization Expense	\$ 23,519,913
Total Accumulated Depreciation/Amortization Additions	\$ 24,703,437

Depreciation/Amortization expense does not agree to the increases in accumulated depreciation/ amortization 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, 2018

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	\$ 11,222,749	\$ 290	\$ (135,646)	\$ 11,087,393
Construction in progress	994,807	663,254	(1,045,230)	612,831
Total Capital Assets Not Being Depreciated	12,217,556	663,544	(1,180,876)	11,700,224
Capital assets being depreciated				
Land improvements	1,706,258	16,275	-	1,722,533
Buildings and improvements	102,962,840	834,955	-	103,797,795
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,194,594	173,473	(270,512)	3,097,555
Total Capital Assets Being Depreciated	107,907,629	1,024,703	(270,512)	108,661,820
Total Capital Assets at Historical Cost	120,125,185	1,688,247	(1,451,388)	120,362,044
Less: Accumulated depreciation for				
Land improvements	(1,084,913)	(69,251)	-	(1,154,164)
Buildings and improvements	(52,361,584)	(2,842,182)	-	(55,203,766)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,739,482)	(146,622)	270,509	(2,615,595)
Total Accumulated Depreciation	(56,229,916)	(3,058,055)	270,509	(59,017,462)
Net Capital Assets	\$ 63,895,269			\$ 61,344,582

Depreciation expense was charged as follows:

CDA (Housing)	\$ 3,058,055
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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ 489,505	\$ -
Water utility	Capital projects	942,944	-
Sewer utility	Capital projects	1,295,790	-
Sewer utility	Water utility	3,345,630	-
Stormwater utility	Water utility	1,332,837	-
Stormwater utility	Capital projects	468,917	-
Total Major Funds		<u>7,875,623</u>	<u>-</u>
Other restricted funds	Capital projects	191,371	-
Other restricted funds	Water utility	463,063	-
Workers' Compensation	Insurance	743,506	-
Total Nonmajor Funds		<u>1,397,940</u>	<u>-</u>
Totals		<u>\$ 9,273,563</u>	<u>\$ -</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

Advances

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.

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	\$ 765,000	\$ -
General	Golf courses	813,340	813,340
Debt service	Water utility	818,474	711,452
Debt service	Transit utility	2,526,282	2,195,950
Debt service	Convention center	301,761	262,303
Debt service	Golf courses	86,399	75,102
Capital projects	Revolving loans	582,294	582,294
Capital projects	Water utility	<u>455,638</u>	<u>455,638</u>
Totals		<u>\$ 6,349,188</u>	<u>\$ 5,096,079</u>
General – primary government	CDA – component unit	\$ 238,000	\$ 238,000
Debt service – primary government	CDA – component unit	<u>7,291,295</u>	<u>6,600,783</u>
Totals		<u>\$ 7,529,295</u>	<u>\$ 6,838,783</u>

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	\$ 463,063
Less: Business-type activities	Governmental activities	(2,707,651)
Advances		
Governmental activities	Business-type activities	5,766,894
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	<u>6,639,283</u>
Total Government-wide Financial Statements		<u>\$ 10,161,589</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General	City Insurance	\$ 128,925	Transfer Revenue
General	Convention Center	338,200	PILOT
General	Golf Courses	198,015	PILOT
General	Other Restricted	9,876,089	Operating Costs
General	Parking Utility	1,364,304	PILOT
General	Permanent	192,609	Operating Costs
General	Water Utility	6,975,603	PILOT
General	Capital Projects	1,245,532	Refund
Library	Permanent	20,000	Operating Costs
Debt Service	Capital Projects	560,295	Close Projects
Debt Service	CDBG	11,041	Debt
Debt Service	Other Restricted	321,382	Debt
Debt Service	General	47,239,110	Debt
Debt Service	Other Restricted	130,261	Debt
Debt Service	Library	2,648,112	Debt
Debt Service	Revolving Loans	100,000	Debt
Debt Service	Capital Projects	13,725,340	Debt
Capital Projects	Other Restricted	6,294,642	Transfer Revenue
Capital Projects	General	5,287,309	Project Costs
Capital Projects	City Insurance	329,298	Transfer Revenue
Capital Projects	Library	680,485	Project Costs
Capital Projects	Sewer Utility	12,026	Project Costs
Capital Projects	Stormwater Utility	10,000	Project Costs
Capital Projects	Water Utility	10,000	Project Costs
Sewer Utility	City Insurance	5,700	Transfer Revenue
Sewer Utility	Other Restricted	69,669	Project Costs
Stormwater Utility	City Insurance	3,410	Transfer Revenue
Stormwater Utility	Other Restricted	49,970	Project Costs
Water Utility	Sewer Utility	181,148	Joint costs allocation
Transit Utility	General	12,369,449	Operating Costs
Total Major Funds		<u>110,377,924</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	Purpose
Other Restricted	Capital Projects	\$ 14,987,951	Affordable Housing Loans
Other Restricted	City Insurance	5,115	Transfer Revenue
Revolving Loans	CDBG	17,009	Operating Costs
Other Grants	General	809,972	Operating Costs
Convention Center	Other Restricted	5,124,974	Room Tax Revenue
Convention Center	City Insurance	4,773	Transfer Revenue
Parking Utility	City Insurance	329	Transfer Revenue
Parking Utility	General	85,000	Transfer Revenue
Golf Courses	City Insurance	5,525	Transfer Revenue
Fleet Service	City Insurance	153,673	Transfer Revenue
Fleet Service	General	1,120,421	Project Costs
Fleet Service	Capital Projects	80,613	Project Costs
Total Nonmajor Funds		22,395,355	
Total - Fund Financial Statements		132,773,279	
Less: Fund eliminations		(141,583,930)	
Less: Transfer capital assets from governmental activities to utilities		(36,830,056)	
Total		\$ (45,640,707)	
Transferred To	Transferred From	Amount	
Governmental activities	Business-type activities	\$ 8,908,148	
Business-type activities	Governmental activities	(54,548,855)	
Total Government-Wide Statement of Activities		\$ (45,640,707)	

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, 2018

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 372,042,357	\$ 87,675,220	\$ 58,613,024	\$ 401,104,553	\$ 62,011,875
General obligation debt – internal service	34,357,544	8,342,121	5,312,060	37,387,605	5,901,850
Add/Subtract Amounts For:					
Premium/Discount on debt	26,930,537	4,759,354	4,051,419	27,638,472	-
Sub-totals	<u>433,330,438</u>	<u>100,776,695</u>	<u>67,976,503</u>	<u>466,130,630</u>	<u>67,913,725</u>
Other Liabilities					
Vested compensated absences	43,461,027	4,138,947	3,667,067	43,932,907	3,663,670
Vested compensated absences – internal service	904,594	23,166	184,093	743,667	189,790
Worker’s comp disability and death benefits	331,560	-	93,276	238,284	45,103
Police and firemen’s pension	206,873	-	55,021	151,852	48,344
Capital leases	4,181,585	3,960,000	4,971,585	3,170,000	765,000
Total Other Liabilities	<u>49,085,639</u>	<u>8,122,113</u>	<u>8,971,042</u>	<u>48,236,710</u>	<u>4,711,907</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 482,416,077</u>	<u>\$ 108,898,808</u>	<u>\$ 76,947,545</u>	<u>\$ 514,367,340</u>	<u>\$ 72,625,632</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 41,340,518	\$ 11,818,730	\$ 6,904,232	\$ 46,255,016	\$ 7,692,879
Revenue bonds	220,260,000	52,655,000	10,435,000	262,480,000	13,575,000
Add Amounts for:					
Premium on debt	10,331,721	2,701,267	727,097	12,305,891	-
Sub-totals	<u>271,932,239</u>	<u>67,174,997</u>	<u>18,066,329</u>	<u>321,040,907</u>	<u>21,267,879</u>
Other Liabilities:					
Vested compensated absences	11,307,821	3,219,046	2,736,085	11,790,782	2,476,322
Capital leases	1,765,500	-	740,000	1,025,500	765,000
Total Other Liabilities	<u>13,073,321</u>	<u>3,219,046</u>	<u>3,476,085</u>	<u>12,816,282</u>	<u>3,241,322</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 285,005,560</u>	<u>\$ 70,394,043</u>	<u>\$ 21,542,414</u>	<u>\$ 333,857,189</u>	<u>\$ 24,509,201</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ 7,035,000	\$ 3,960,000	\$ 6,275,000	\$ 4,720,000	\$ 1,530,000
Mortgage note	3,638,037	-	447,188	3,190,849	258,526
Other loans/notes	3,792,447	400,000	110,966	4,081,481	115,647
Add/Subtract Amounts for					
Premium/discount on debt	58,100	72,295	40,205	90,190	-
Sub-totals	<u>14,523,584</u>	<u>4,432,295</u>	<u>6,873,359</u>	<u>12,082,520</u>	<u>1,904,173</u>
Other Liabilities:					
Vested compensated absences	511,654	35,494	102,331	444,817	90,761
Total Other Liabilities	<u>511,654</u>	<u>35,494</u>	<u>102,331</u>	<u>444,817</u>	<u>90,761</u>
Total Component Unit – CDA Long-Term Liabilities	<u>\$ 15,035,238</u>	<u>\$ 4,467,789</u>	<u>\$ 6,975,690</u>	<u>\$ 12,527,337</u>	<u>\$ 1,994,934</u>

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note V.A and information on the total OPEB liability is provided in Note V.D.

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, 2018, was \$1,436,370,390. Total general obligation debt at year end was:

Outstanding	\$ 484,747,174
Joint venture G.O. debt	2,313,826
Total	<u>\$ 487,061,000</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-18</u>
General obligation notes – Build					
America bonds	10-1-09	10-1-19	2.00 – 4.30%	\$ 53,925,000	\$ 5,390,000
General obligation notes	10-1-09	10-1-19	0.90 – 4.35	8,210,000	820,000
General obligation notes – RZED					
bonds	10-19-10	10-1-20	0.90 – 3.75	8,040,000	1,605,000
General obligation notes – Build					8,360,000
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	14,110,000
General obligation notes	10-19-10	10-1-20	0.65 – 3.50	6,080,000	1,210,000
General obligation notes	10-1-11	10-1-21	3.00 – 5.00	67,005,000	20,100,000
General obligation notes	10-1-11	10-1-21	0.45-2.70	13,130,000	3,930,000
General obligation notes	3-6-12	7-1-26	0.00	1,500,000	1,200,000
General obligation notes	10-1-12	10-1-22	2.00 – 4.00	39,655,000	15,860,000
General obligation notes	10-1-12	10-1-22	0.40 – 2.125	12,240,000	4,890,000
General obligation bonds	10-1-12	10-1-32	1.50 – 4.00	15,210,000	10,640,000
General obligation notes	10-1-13	10-1-23	1.50 – 4.00	57,265,000	28,625,000
General obligation notes	10-1-13	10-1-23	2.00 – 3.40	4,245,000	2,110,000
General obligation notes	10-1-14	10-1-24	2.00 – 5.00	51,655,000	30,990,000
General obligation notes	10-1-14	10-1-24	2.00 – 3.05	5,395,000	3,235,000
General obligation notes	10-22-15	10-1-25	3.00	65,565,000	39,760,000
General obligation notes	10-22-15	10-1-25	1.75 – 2.75	13,345,000	9,340,000
General obligation bonds	10-22-15	10-1-35	2.375 – 3.75	12,395,000	10,535,000
General obligation bonds	10-19-16	10-1-26	0.05 – 4.00	85,750,000	59,155,000
General obligation bonds	10-19-16	10-1-26	2.00	7,135,000	5,705,000
General obligation bonds	10-19-16	10-1-36	2.375 – 4.00	6,735,000	6,055,000
General obligation notes	10-19-17	10-1-27	2.00 – 4.00	76,900,000	69,210,000
General obligation notes	10-19-17	10-1-27	2.15 – 2.65	12,950,000	11,655,000
General obligation bonds	10-19-17	10-1-37	2.875 – 5.00	13,865,000	13,170,000
General obligation notes	11-1-18	10-1-28	3.00-4.00	85,870,000	85,870,000
General obligation notes	11-1-18	10-1-28	2.80-3.50	12,655,000	12,655,000
General obligation bonds	11-1-18	10-1-38	2.50-5.00	10,000,000	10,000,000
General obligation notes	11-1-18	10-1-28	2.00-3.05	876,000	876,000
Sub-Totals – General Obligation					487,061,000
Less: Business-type Activities General Obligation Debt					(46,255,016)
Less: Joint Venture General Obligation Debt					(2,313,826)
Total Governmental Activities General Obligation Debt					<u>\$ 438,492,158</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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
2019	\$ 67,913,725	\$ 14,327,959	\$ 7,692,879	\$ 1,578,765
2020	62,363,042	12,359,732	7,054,326	1,339,942
2021	57,388,880	10,138,551	6,642,459	1,073,602
2022	50,792,279	8,162,863	5,530,560	825,475
2023	46,329,135	6,346,422	5,220,593	615,369
2024-2028	132,430,097	12,827,504	14,114,199	976,425
2029-2033	13,775,000	2,494,919	-	-
2034-2038	7,500,000	633,669	-	-
Totals	<u>\$ 438,492,158</u>	<u>\$ 67,291,619</u>	<u>\$ 46,255,016</u>	<u>\$ 6,409,578</u>

Revenue Debt

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

	Sewer	Water
Original indebtedness		
Sewer	\$ 70,575,000	
Water		\$ 246,775,000
Years issued	2008-2018	2009-2018
Proceeds used for	Sewer plant	Water plant
Source of revenue	Landfill remediation and sewer charges	Water charges
Payable through	2033	2039
Percent of net revenues required to pay remaining debt service	63.4%	77%
Total principal and interest remaining	62,728,817	283,754,107
Principal and interest paid for the current year	5,139,893	13,246,118
Total customer net revenues for current year	6,189,090	17,583,422

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2018 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-18
<u>Water Utility</u>					
Revenue bonds	12-9-09	1-1-30	2.00 – 5.00%	\$ 48,540,000	\$ 35,520,000
Revenue bonds – Build America Bonds	11-10-10	1-1-31	0.90 – 5.25	13,250,000	9,300,000
Revenue bonds	12-22-11	1-1-32	2.00 – 4.00	19,370,000	14,750,000
Revenue bonds	12-19-12	1-1-33	2.00 – 4.00	21,095,000	16,725,000
Revenue bonds	12-18-13	1-1-34	3.00 – 5.00	24,335,000	20,680,000
Revenue bonds	12-17-15	1-1-36	3.00 – 5.00	41,610,000	38,555,000
Revenue bonds	12-28-16	1-1-37	1.24 – 3.82	38,420,000	36,255,000
Revenue bonds	12-20-18	1-1-39	4.00	30,765,000	30,765,000
Revenue bonds	12-20-18	1-1-28	3.00 – 3.55	9,390,000	9,390,000
				Total Water Utility	<u>211,940,000</u>
<u>Sewer Utility</u>					
Revenue bonds	12-1-08	12-1-23	3.00 – 4.85	11,195,000	4,605,000
Revenue bonds – Build America Bonds	12-29-10	12-1-25	0.80 – 4.90	13,135,000	6,600,000
Revenue bonds	11-15-12	12-1-27	2.00 – 3.00	9,500,000	6,095,000
Revenue bonds	12-1-14	12-1-29	2.50 – 5.00	9,645,000	7,670,000
Revenue bonds	10-28-16	12-1-31	2.50 – 5.00	14,600,000	13,070,000
Revenue bonds	12-20-18	12-1-33	3.25-4.00	12,500,000	12,500,000
				Total Sewer Utility	<u>50,540,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 262,480,000</u>

Community Development Authority – Component Unit

The CDA has pledged future lease revenues to repay lease revenue bonds issued in 2013 and 2018. 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 70% of net revenues. Total principal and interest remaining to be paid on the bonds is \$4,970,688. Principal and interest excluding refunded portion paid for the current year and total revenues were \$1,812,464 and \$1,777,650, respectively.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-18
Lease revenue bonds	1-1-13	3-1-20	3.00	\$ 5,245,000	\$ 1,550,000
Lease revenue refunding bonds	2-26-18	10-1-22	2.00-2.75	3,960,000	3,170,000
Total Revenue Debt – Component Unit – Enterprise					<u>\$ 4,720,000</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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
2019	\$ 13,575,000	\$ 9,566,506	\$ 1,530,000	\$ 112,853
2020	15,845,000	9,692,532	1,570,000	73,155
2021	16,445,000	8,993,970	800,000	42,540
2022	17,205,000	8,275,023	820,000	22,140
2023	17,865,000	7,521,963	-	-
2024-2028	87,580,000	26,619,171	-	-
2029-2033	65,730,000	10,884,376	-	-
2034-2038	26,055,000	2,405,783	-	-
2039	2,180,000	43,600	-	-
Totals	<u>\$ 262,480,000</u>	<u>\$ 84,002,924</u>	<u>\$ 4,720,000</u>	<u>\$ 250,688</u>

Current Refunding

On February 26, 2018, the CDA issued \$3,960,000 in revenue bonds with an average coupon rate of 2.5% to refund \$4,745,000 of outstanding with an average coupon rate of 7.12%. The net proceeds along with existing funds of the CDA were used to repay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$4,533,114 from 2018 through 2022. The cash flow requirements on the refunding bonds are \$4,219,804 from 2018 through 2022. The current refunding resulted in an economic (difference between the present values of the debt service payments on the old and new debt) of \$312,573.

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, 2018, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-18
Community Development Authority					
Housing mortgage note	6-1-92	6-1-22	4.00%	\$ 2,283,492	\$ 333,959
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	<u>2,643,823</u>
Total Mortgage Notes					<u>\$ 3,190,849</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Mortgage Note – Component Unit – Community Development Authority (cont.)

<u>Years</u>	Component Unit Mortgage Notes	
	Principal	Interest
2019	\$ 258,526	\$ 102,288
2020	267,999	92,815
2021	2,401,830	4,128
2022	49,427	567
2023	15,536	-
2024-2028	106,532	-
2029-2031	90,999	-
Totals	\$ 3,190,849	\$ 199,798

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	546,669
Promissory note	60,000
HOME loan	280,000
CDBG loan	400,000
WHEDA WRAP note	112,735
Impact C.I.L, LLC	1,071,750
Johnson Bank	769,327
Total	\$ 4,081,481

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Loans/Notes (cont.)

Community Development Authority – Component Unit (cont.)

<u>Years</u>	Other Loans/Notes	
	Principal	Interest
2019	\$ 95,461	\$ 35,086
2020	96,648	33,899
2021	98,085	32,461
2022	212,229	31,053
2023	100,968	29,578
2024-2028	392,708	123,366
2029-2033	236,651	74,416
2034-2037	195,981	16,325
Total	\$ 1,428,731	\$ 376,184

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 repayment schedules. These debts are subject to various redemption provisions.

Capital Leases

Refer to Note IV. G.

Other Debt Information

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

Compliance with Funding Requirements

The water and sewer utility is required to comply with various debt covenants as a result of issuing revenue bonds. One such requirement states that net revenues earned must be at least 1.25 times the highest combined annual principal and interest requirements on outstanding revenue bonds. The utilities did not meet this requirement in 2018.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

G. LEASE DISCLOSURES

The City as Lessee

The City leases various office space under lease agreements with expiration dates extending to December 2050. The following is a schedule by years of the future minimum rental payments required under these leases as of December 31, 2018:

<u>Year Ending December 31,</u>	
2019	\$ 1,095,692
2020	835,678
2021	681,296
2022	661,041
2023	569,974
2024-2050	<u>3,338,455</u>
Total Minimum Payments Required	<u>\$ 7,182,136</u>

Total rental expenses/expenditures under the above leases were \$1,680,826 in 2018.

The City as Lessor

The City leases all or portions of certain properties under several lease agreements with expiration dates extending to September 2116. The cost and net book value of the properties leased is \$8,259,658 and \$7,591,861, respectively.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018:

<u>Year Ending December 31,</u>	
2019	\$ 1,455,636
2020	965,462
2021	888,563
2022	817,025
2023	623,252
2024-2028	3,224,597
2029-2033	2,195,653
2034-2038	767,923
2039-2043	756,576
2044-2048	739,678
2049-2053	721,302
2054-2058	684,291
2059-2063	613,575
2043-2068	471,971
2069-2073	395,022
2074-2078	395,022
2079-2083	367,566
2083-2088	191,878
2089-2093	172,751
2094-2098	131,239
2099-2103	103,006
2104-2108	100,571
2109-2113	79,172
2114-2118	4,033
Total Future Minimum Rentals	<u>\$ 16,865,764</u>

Total rental revenues under the aforementioned leases were \$1,513,177 in 2018.

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.

In 2018, the Community Development Authority (CDA) borrowed \$3,960,000 in taxable redevelopment lease revenue bonds, series 2018A. The CDA is leasing a parking structure purchased with these revenue bonds to the City. The annual lease payments to be paid are the same as the CDA's annual debt service payments on the bonds. The transaction is being recorded as a capital lease.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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:

Business-type Activities	
2013 issue	<u>\$ 1,025,500</u>
Governmental Activities	
2018 issue	<u>\$ 3,170,000</u>

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

	Business-type Activities	
	2013 Issue	
	Principal	Interest
2019	\$ 765,000	\$ 35,025
2022	260,500	11,775
Totals	<u>\$ 1,025,500</u>	<u>\$ 46,800</u>
	Governmental Activities	
	2018 Issue	
	Principal	Interest
2019	\$ 765,000	\$ 77,828
2020	785,000	61,380
2021	800,000	42,540
2022	820,000	22,140
Totals	<u>\$ 3,170,000</u>	<u>\$ 203,888</u>

H. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 211,394,490
Construction in progress	46,211,277
Other capital assets, net of accumulated depreciation	800,745,492
Less: Capital related long-term debt outstanding (excluding unspent capital related debt proceeds)	(307,868,569)
Less: Unamortized premium and discount	(27,638,472)
Total Net Investment in Capital Assets	<u>\$ 722,844,218</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018 include the following:

	General Fund	Library	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable:						
Advances to other funds	\$ 813,340	\$ -	\$ -	\$ -	\$ -	\$ 813,340
Advances to component units	238,000	-	-	-	-	238,000
Noncurrent receivables	64,245	-	-	-	-	64,245
Inventories	560,568	-	-	1,771,501	-	2,332,069
Prepaid items	1,894,844	109,153	-	43,644	41,903	2,089,544
Trust activities	-	-	-	-	716,466	716,466
Restricted for:						
Library	-	616,024	-	-	656,310	1,272,334
Grants activities	-	-	-	-	279,724	279,724
Loans	822,139	-	-	-	30,706,830	31,528,969
Debt service	-	-	22,277,365	-	5,492,980	27,770,345
Parks	-	-	-	-	699,134	699,134
Impact fees	-	-	-	-	11,803,723	11,803,723
TID activities	-	-	-	32,898,907	-	32,898,907
Landfill	-	-	-	-	180,725	180,725
Trust activities	-	-	-	-	3,881,208	3,881,208
Capital projects	-	-	-	24,084,596	-	24,084,596
Other	-	-	-	-	159,792	159,792
Room tax	-	-	-	-	537,362	537,362
Committed for:						
Room tax	-	-	-	-	1,096,153	1,096,153
Loans	-	-	-	-	11,339,324	11,339,324
Assigned to:						
Capital projects	-	-	-	21,407,705	-	21,407,705
Encumbrances	110,463	-	-	-	-	110,463
Compensated absences	6,077,538	-	-	-	-	6,077,538
Premium stabilization	2,457,542	-	-	-	-	2,457,542
Unassigned (deficit)	49,318,212	-	-	(11,323,728)	-	37,994,484
Totals	\$ 62,356,891	\$ 725,177	\$ 22,277,365	\$ 68,882,625	\$ 67,591,634	\$ 221,833,692

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 66,941,344
Construction in progress	49,857,446
Other capital assets, net of accumulated depreciation	707,740,256
Less: Related long-term capital debt outstanding	(309,760,516)
Plus: Unspent capital related debt proceeds	29,373,985
Plus: Unamortized premium and loss	<u>(10,777,353)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 533,375,162</u></u>

I. RESTATEMENT OF NET POSITION/FUND BALANCE

Net position has been restated in the statement of net position to account for the implementation of GASB Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For the governmental activities, this restatement only affects the government-wide financial statements, which use a full accrual basis approach. For the business-type activities, the government-wide and fund statements for the enterprise funds are affected by this restatement, as both statements follow the full accrual basis approach.

The details of the restatements are as follows:

	Governmental Activities	Business-type Activities	Component Units	Water Utility	Sewer Utility	Storm Utility
Net Position – December 31, 2017 (as reported)	\$ 850,819,503	\$ 568,877,203	\$ 78,856,323	\$ 125,274,882	\$ 116,089,498	\$ 217,038,125
Add: Existing GASB 45 OPEB liability	29,208,243	7,437,343	224,843	773,380	253,123	64,907
Less: Total OPEB liability as restated by GASB 75	<u>(48,990,009)</u>	<u>(16,478,855)</u>	<u>(579,593)</u>	<u>(2,542,050)</u>	<u>(1,262,264)</u>	<u>(290,855)</u>
 Net Position – December 31, 2017 (as restated)	 <u><u>\$ 831,037,737</u></u>	 <u><u>\$ 559,835,691</u></u>	 <u><u>\$ 78,501,573</u></u>	 <u><u>\$ 123,506,212</u></u>	 <u><u>\$ 115,080,357</u></u>	 <u><u>\$ 216,812,177</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

I. RESTATEMENT OF NET POSITION/FUND BALANCE (cont.)

	Transit Utility	Nonmajor Enterprise Funds	Governmental Activities – Internal Service Funds	CDA
Net Position – December 31, 2017 (as reported)	\$ 33,885,728	\$ 83,230,642	\$ 5,544,038	\$ 55,806,741
Add: Existing GASB 45 OPEB liability	5,405,180	940,753	775,535	224,843
Less: Total OPEB liability as restated by GASB 75	(10,001,318)	(2,382,368)	(1,451,776)	(579,593)
Net Position – December 31, 2017 (as restated)	\$ 29,289,590	\$ 81,789,027	\$ 4,867,797	\$ 55,451,991

Fund balances for general fund, capital projects fund, and nonmajor governmental funds have been restated to recognize revenue previously reported as unavailable due to a change in an accounting policy related to loans receivable.

Details of the restatement are as follows:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund Balances – December 31, 2017 (as reported)	\$ 58,197,972	\$ 103,656,700	\$ 32,285,859
Add: Loan revenue	822,139	1,000,000	26,470,743
Fund Balances – December 31, 2017 (as restated)	\$ 59,020,111	\$ 104,656,700	\$ 58,756,602

J. 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, Inc. and Olbrich Botanical Society Foundation, Inc.; the Business Improvement District (BID) of the City of Madison; the Madison Public Library Foundation, Inc.; and the Madison Parks Foundation, Inc. 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

Major Component Unit of the City of Madison

Olbrich Botanical Society and Olbrich Botanical Society Foundation

Olbrich Botanical Society was incorporated as a not-for-profit organization, located in Madison, Wisconsin, 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 assets of Olbrich Botanical Society Foundation and generally accepted accounting principles recommend that consolidated financial statements be prepared as the two organizations are financially related and have common board members.

Basis of Presentation

The Society is required to report information regarding its financial position and activities according to the two classes of net position:

Net position without donor restrictions – Net position that is not restricted by donors. Designations are voluntary board-approved segregations of net position without donor restrictions for specific purposes, projects, or investments.

Net position with donor restrictions – Net position whose use have been limited by donor-imposed time restrictions or purpose restrictions, including 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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.)

Certificates of Deposit

Certificates of deposit are reflected in the financial statements at cost, which approximates fair value because of the short-term duration of these instruments. Certificates of deposit, which have maturities of longer than three months from the original acquisition date, are not considered to be cash equivalents for purposes of presenting cash flows.

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 net assets without donor restrictions in the accompanying consolidated statements of activities. Realized gains and losses or sales of investments are determined on the basis of specific identification of the security sold.

Estimates

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

Income Taxes

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

The Society must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not the position will be sustained. The Society does not believe there are any material uncertain tax positions and, accordingly, it did not recognize any liability for unrecognized tax benefits. For the year ended December 31, 2018, there were no interest or penalties recorded or included in the consolidated financial statements.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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.)

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.

Revenue Recognition

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 contributions with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net position with donor restrictions is reclassified as net position without donor restrictions 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 are considered to be contributions and are recognized as support in the period received. Dues are non-refundable.

Gift shop sales are recognized at the point of sale when the earnings process is complete.

Investment income is recorded in the period earned.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU No. 2014-9 establishes principles for recognizing revenue upon the transfer of promised goods and services to customers, in an amount that reflects the expected consideration received in exchange for those good or services. The ASU, and various amendments, are effective for the Society's fiscal year beginning after December 31, 2018. The amendments may be applied retrospectively to each prior period presented, or a cumulative effect adjustment may be recognized as of the date of initial application. The Society is currently assessing the effect that ASU No. 2014-09 will have on its results of operations, financial position, and cash flows.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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.)

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 and functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The expenses that are allocated primarily include salaries and employee benefits, which are allocated based on time and effort spent on program and supporting activities.

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 \$271,657 for the year ended December 31, 2018.

Financial Instruments

The Society follows the provisions of FASB Accounting Standards, Codification (ASC) Topic 820 *Fair Value Measurement and Disclosure*, which defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. The fair values of cash and cash equivalents, receivables, payables, accrued liabilities, and deferred revenue approximate the carrying value due to the immediate or short-term maturity of these financial instruments. The Society has no financial instruments for which the carrying value differs materially from fair value.

Recent Accounting Pronouncements

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The update is effective for fiscal years beginning after December 15, 2017, and address the complexity and understandability of net position classification, deficiencies in information about the liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Society has adjusted the presentation of these consolidated financial statements accordingly.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

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 2018. 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 \$14,855 at December 31, 2018, for funds the City collected on its behalf.

c. Investments

Investments at December 31, 2018 consisted of the following:

Mutual funds	\$	4,950,324
Common stocks		1,804,580
Money markets		<u>74,573</u>
Investments	\$	<u>6,829,477</u>

Investment loss for 2018 consisted of the following:

Interest and dividends	\$	203,314
Unrealized and realized loss		(631,141)
Madison Community Foundation (MCF) Activity		(2,207)
Investment advisory fees		<u>(24,882)</u>
Investment Loss	\$	<u>(454,916)</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, 2018

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

J. 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, 2018:

	2018			
	Fair Value	Level One	Level Two	Level Three
Equity mutual funds	\$ 2,270,970	\$ 2,270,970	\$ -	\$ -
Fixed income mutual funds	2,679,354	2,679,354	-	-
Common stocks	1,804,580	1,804,580	-	-
Money market funds	74,573	-	74,573	-
Beneficial interest in assets held by MCF	101,004	-	-	101,004
Total	\$ 6,930,481	\$ 6,754,904	\$ 74,573	\$ 101,004

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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, 2018:

Beginning Balance	\$	91,748
Contributions		14,000
Investment income		3,174
Realized gain		5,573
Unrealized gain		(9,825)
Distributions		(2,537)
Expenses and fees		(1,129)
		(1,129)
Ending Balance	\$	101,004

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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 \$21,497 in 2018.

e. Unconditional Promises to Give

Unconditional promises to give are expected to be collected as follows at December 31, 2018:

Receivable in less than one year	\$	137,750
Receivable in one to five years		113,750
Total Unconditional Promises to Give		251,500
Less 2.5% discount to net present value		(4,215)
Total Unconditional Promises to Give, Net	\$	247,285

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, 2018 are as follows:

	Special Events	Public Relations	Garden Conservatory Development	Education	Management and General	Fundraising and Development	Gift Shop
Advertising and promotion	\$ 9,582	\$ 188,970	\$ -	\$ 3,000	\$ -	\$ -	\$ -
Event supplies	11,405	-	800	-	-	-	-
Supporting services	4,828	4,828	-	4,828	6,759	12,554	4,828
Totals	\$ 25,815	\$ 193,798	\$ 800	\$ 7,828	\$ 6,759	\$ 12,554	\$ 4,828

The Society recognizes contribution support for certain services received at the fair value of those services. The total amount of those services was \$252,383 in 2018. The Society also recognized contribution support for donated materials received at the fair value of these materials. The total amount of those materials was \$7,885 in 2018.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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 27,123 hours of volunteer time provided by approximately 1,285 individuals during 2018 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 net position without donor restrictions at December 31, 2018:

Olbrich Botanical Society Foundation

Designated for education	\$ 35,436
Designated for orchid fund	36,703
Designated for general stewardship fund	876,174
Board designated endowment	<u>3,064,973</u>
Total Foundation	<u>4,013,286</u>

Designated for agency endowment at MCF	101,004
Designated for capital campaign	1,189,988
Undesignated	<u>793,457</u>
Total Society	<u>2,084,449</u>

Total Net Position Without Donor Restrictions	<u><u>\$ 6,097,735</u></u>
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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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.)

Net position with donor restrictions at December 31, 2018 was restricted for the following purposes:

Olbrich Botanical Society Foundation

Purpose-Restricted

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

Perpetual in Nature

Ursula Schmitt Speakers Fund	29,852
Dusso Conservatory Fund	11,500
Shirley Homburg Gift Shop Fund	221,453
Total Foundation	2,034,487

Olbrich Botanical Society

Purpose-Restricted

Horticulture	101,183
Education	10,996
Conservatory	5,058
Unconditional Promises to Give	5,750
Capital Campaign	3,745,686
Other	36,007
Total Society	3,904,680

Net Position with Donor Restrictions	\$ 5,939,167
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In 2018, no net position with donor restrictions was transferred from Olbrich Botanical Society to Olbrich Botanical Society Foundation.

Net position with donor restrictions was released from donor restrictions and expended for the following programs during 2018:

Education	\$ 32,866
Horticulture	1,110
Conservatory	451
Time restrictions	150
Other	24,090
Net Position Released from Restrictions	\$ 58,667

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

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.

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 \$250,452 at December 31, 2018. The Society has the option to take an annual distribution that represents 4.5% of the average value of the assets over a rolling twenty-quarter period. The Society received a distribution from the fund of \$11,343 during 2018. This amount is included in contributions on the statement of activities.

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 4.5% of the average value of the assets in the Fund over the previous 20 quarters.

Balance – beginning of year	\$	91,748
Agency Investment		
Contributions		14,000
Investment income		3,174
Realized gain		5,573
Unrealized gain (loss)		(9,825)
Distributions		(2,537)
Expenses and fees		(1,129)
		(1,129)
Balance – End of Year	\$	101,004

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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 net position with permanent donor restrictions (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 net position with donor restrictions 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, 2018 for those endowments under the control of the Society:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 262,805	\$ 262,805
Board-designated endowment funds	3,064,973	-	3,064,973
Totals	\$ 3,064,973	\$ 262,805	\$ 3,327,778

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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, 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ 3,631,293	\$ 262,805	\$ 3,894,098
Investment income (loss)	(373,781)	-	(373,781)
Contributions	33,000	-	33,000
Amounts appropriated for expenditure	(225,539)	-	(225,539)
Ending Balance	\$ 3,064,973	\$ 262,805	\$ 3,327,778

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 net position without donor restrictions. There were no such deficiencies as of December 31, 2018.

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, 2018

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

J. 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 2018, the board approved an appropriation of \$249,033 for 2019 which consists of 4.5% of the average of the investment balance for the preceding twelve quarters with the last quarter being September 2018.

l. Commitments

The Society has begun a capital campaign with an initial goal of raising \$5 million which has subsequently been increased to \$6 million. The Society has committed \$1 million from its operating reserves toward this fundraising goal. The Society contributed \$250,000 of this commitment during 2018, therefore, the remaining commitment at December 31, 2018 is \$500,000. The Society also contributed another \$152,697 of legacy funds from non-operating reserves to the capital campaign during 2018.

m. Related Party Transactions

Unconditional promises to give did not include any due from related parties for the capital campaign at December 31, 2018.

n. Liquidity and Availability of Financial Assets

The Society's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Year Ended December 31, 2018

Cash and cash equivalents	\$	564,736
Unconditional promises to give		5,750
Due from City of Madison		14,855
Investments held by Olbrich Botanical Society, Inc.		781,704
Less: Capital Campaign Fund Commitments		<u>(750,000)</u>
Total	\$	<u>617,045</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Pledges receivable are subject to implied time restrictions and the balance shown above represents amounts expected to be collected within one year of the statement of financial position date.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

n. Liquidity and Availability of Financial Assets (cont.)

As part of the Society's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Society invests cash in excess of cash flow requirements in various investments including mutual funds, common stocks, and money market funds. To the extent they are not restricted by donors or designated by the Board of Directors, certain investments can be liquidated at any time on the open market without significant penalty to meet cash needs if necessary.

As described in Note k., the Foundation makes an annual distribution of its net position to support general operations of the Society. In 2018, the board approved an appropriation of \$249,033 for 2019, which consists of 4.5% of the average of the investment balance for the preceding 12 quarters.

To help manage unanticipated liquidity needs, the Society also has board-designated endowment funds (see Notes g. and k.). Although the Society does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if necessary with the approval of both the Society and Foundation Boards of Directors.

o. Subsequent Events

Management has evaluated subsequent events through April 11, 2019, 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, 2018.

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 \$150.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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 two classes of net position: Net assets without donor restrictions and net position with donor restrictions. Net assets with donor restrictions has been limited by donors imposed time or purpose restrictions or is required to be maintained in perpetuity.

Included in net position without donor restriction is voluntary board-approved designations for specific purposes, projects, or investments.

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 are recognized when received.

Donor-restricted support is reported as an increase in net position with donor restrictions. 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), net position with donor restrictions is reclassified to net position without donor restrictions and reported in the statement of activities as net position released from restrictions.

Interest, dividends, external investment fees, gains and losses on investments are reported as an increase or decrease in net position without donor restrictions unless explicitly restricted by donors.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation of equipment is computed on the straight-line method based on an estimated useful life of five years. Furniture and equipment was \$11,326 and was fully depreciated as of December 31, 2018.

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>2018</u>
Monroe Street Library League	\$ 13,988
Friends of Lakeview Library	<u>34,214</u>
Totals	<u>\$ 48,202</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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 of 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, 2018.

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, 2018

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

J. 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.)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Each employee of the Foundation works in a primary program area. Salaries and benefits are allocated on the basis of estimates of time. Non-personnel expenses are attributed to individual programs or supporting function. In certain instances, a portion of the expenses is identifiable with a specific program, while the remaining amount is allocated to management and general and/or fundraising.

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.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Foundation's financial statements:

- > The temporarily restricted and permanently restricted net position classes have been combined into a single net position class called net position with donor restrictions.
- > The unrestricted net position class has been renamed net position without donor restrictions.
- > A new statement of functional expenses has been added to present an analysis of expenses by functional and natural classifications.
- > The classification has changed from unrestricted net position to net position with donor restrictions for the \$11,839 deficit on one endowment fund, which has an investment with a fair value of \$98,927 and an original gift amount of \$110,766, and the Foundation has disclosed how this underwater situation effects spending from the fund (Note f.).
- > The financial statements include a new disclosure about liquidity and availability of resources (Note j.).

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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.)

Subsequent Events

These financial statements have not been updated for subsequent events occurring after April 1, 2019, 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.

b. Promises to Give

Unconditional Promises to Give

Unconditional promises to give at December 31, 2018 consisted of the following:

Pinney Branch Capital Campaign	\$ 8,000
Bookmobile	268,000
Goodman South Madison Library renovations	<u>51,000</u>
Total Unconditional Promises to Give	327,000
Less: Discounts to net present value	<u>(12,159)</u>
Unconditional Promises to Give – Net	<u>\$ 314,841</u>

At December 31, 2018, \$129,750 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. In 2018, the renovations for the teen area of the Goodman South Madison Library were completed and the Foundation received and recorded \$65,400 as contribution revenue as the conditions were met. Renovations to the children's area of the Goodman South Madison Library totaling \$30,600 were completed and the Foundation received and recorded this amount as contribution revenue in 2018. As of December 31, 2018, conditional promises to give were \$59,400.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

c. Beneficial Interest in Assets Held by Madison Community Foundation (MCF)

The Foundation has established various agency endowments at MCF. The Foundation recognizes the fair value of contributions to the agency endowments as support when received. When the Foundation transfers the agency endowment funds (the Fund) to MCF, it recognizes the transfers as a decrease in cash and the balances are presented on the Statement of Financial Position as increases to beneficial interest in assets held by MCF.

Under the provisions of MCF's governing instruments and applicable regulations, the Board of Governors of MCF (the Board) have the power to modify any restriction or condition on, or direction as to, the timing, manner, or character of distributions for any specified charitable purposes or foundations if, in the judgment of the Board, such direction restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with any distribution policy adopted by MCF or with the charitable needs of the greater Madison community.

MCF will normally distribute part of the Fund to the Foundation at least annually so long as the Foundation maintains its Federal tax-exempt status. This distribution policy is subject to change by the Board. The purpose of these grants will be to enable the Foundation to carry out its charitable and exempt purposes. The percentage distribution is reviewed periodically by the Board and is applied to the average value of the assets in the Fund over the prior twenty quarters.

The balances of the individual agency endowments at December 31, 2018 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$ 61,612
Madison Library Foundation Endowment Fund	4,751,349
Print Books Purchase Fund	98,928
Judy P. Olson Book Discussion Kit Fund	13,365
Lakeview Library Endowment Fund	110,420
Monroe Street Branch Endowment Fund	23,269
Pinney Library Endowment Fund	49,790
Hawthorne Library Endowment Fund	21,380
South Madison Branch Endowment Fund	188,153
Sequoia Branch Endowment Fund	326,618
Central Library Endowment Fund	161,117
Alicia Ashman Library Endowment Fund	27,177
Meadowridge Branch Endowment Fund	<u>114,087</u>
Total Agency Endowments	<u>\$ 5,947,265</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

d. Fair Value Disclosure

Fair value of assets measured on a recurring basis at December 31, 2018, are as follows:

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
MCF Pass thru fund ¹	\$ 5,084	\$ -	\$ -	\$ 5,084
Beneficial interest in assets held at MCF ²	5,947,265	-	-	5,947,265
Unconditional promises to give, long-term, net ³	<u>185,091</u>	<u>-</u>	<u>185,091</u>	<u>-</u>
Totals	<u>\$ 6,137,440</u>	<u>\$ -</u>	<u>\$ 185,091</u>	<u>\$ 5,952,349</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, 2018

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

J. COMPONENT UNITS (cont.)

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

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

d. Fair Value Disclosure (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	\$ 6,972
Stock donations	1,054,050
Distributions	(1,045,398)
Administrative Fees	<u>(10,540)</u>
Ending Balance	<u>\$ 5,084</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	\$ 5,934,095
Net investment income	325,553
Transfers in	(196,410)
Withdrawals	<u>(115,973)</u>
Ending Balance	<u>\$ 5,947,265</u>

e. Net Position

Net Position Without Donor Restrictions

Net position without donor restrictions consists of net position available for operations of the Foundation and net position designated by the Foundation’s Board of Directors for the following purposes as of December 31, 2018:

Madison Public Library Foundation Endowment Fund	\$ 4,751,348
Program Venture Fund	70,000
Undesignated	<u>465,431</u>
Net Position Without Donor Restrictions	<u>\$ 5,286,779</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

e. Net Position (cont.)

Net Position with Donor Restrictions – Time or Use

Net assets with donor restrictions – time or use include net position set aside in accordance with donor restrictions as to time or use and is available for the following purposes as of December 31, 2018:

Ashman Branch	\$	14,604
Ashman Endowment		2,652
Book Festival		599,238
Central Branch		145
Central Endowment		10,273
General Library		433,582
Hawthorne Branch		1,128
Hawthorne Endowment		22,230
Judy P. Olson Book Discussion Kit Endowment		13,365
Lakeview Branch		518,861
Lakeview Endowment		110,880
Friends of Lakeview Library		34,214
Meadowridge Branch		22,103
Meadowridge Endowment		6,222
Monroe Branch		7,004
Monroe Endowment		3,688
Monroe Library League		13,988
Pinney Branch		(556)
Pinney Capital Campaign		727,204
Pinney Endowment		51,742
Proctor Endowment		5,041
Sequoya Branch		453
Sequoya Endowment		41,352
South Madison Branch		86,497
South Madison Endowment		28,275
		<hr/>
Net Position With Donor Restrictions	\$	<u>2,748,170</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, 2018

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

J. COMPONENT UNITS (cont.)

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

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

e. Net Position (cont.)

Net Position with Donor Restrictions – Perpetual Endowments

Net position with donor restrictions – perpetual endowments include net position set aside in perpetuity in accordance with donor restrictions as of December 31, 2018 consisted of the following:

Ashman Branch Endowment Fund	\$	36,470
Central Branch Endowment Fund		150,792
Elizabeth Moon Proctor Scholarship and Professional Development Fund		51,364
Meadowridge Branch Endowment Fund		108,920
Monroe Branch Endowment Fund		20,020
Print Books Endowment Fund		98,927
Sequoia Endowment		293,041
South Madison Branch Endowment Fund		<u>169,342</u>
Net Position With Donor Restrictions – Perpetual Endowments	\$	<u><u>928,876</u></u>

f. 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, is 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, 2018

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

J. COMPONENT UNITS (cont.)

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

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

f. 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 exist in one donor-restricted endowment fund, which was an original gift value of \$110,766, a current fair value of \$98,927 and a deficiency of \$11,839 as of December 31, 2018. These deficiencies resulted from unfavorable market fluctuations and continued appropriation of the fund for certain programs that was deemed prudent by the Board of Directors.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board appropriated for expenditure \$4,444 from the underwater endowment fund during the year, which represent approximately 4% of the fund.

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 asset composition by type of net position as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions – Time or Use</u>	<u>With Donor Restrictions – Perpetual Endowments</u>
Donor-restricted endowment funds	\$ -	\$ 296,677	\$ 928,876
Board-designated endowment funds	<u>4,751,348</u>	<u>-</u>	<u>-</u>
Total Funds	<u>\$ 4,751,348</u>	<u>\$ 296,677</u>	<u>\$ 928,876</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

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

f. Endowment (cont.)

Changes in endowment net position for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions – Time or Use	With Donor Restrictions – Perpetual Endowments
Endowment net position – beginning of year	\$ 4,746,124	\$ 291,246	\$ 917,592
Contributions	257,536	61,578	17,711
Net investment loss	(92,914)	(34,509)	(4,444)
Amounts appropriated for expenditure	(159,398)	(21,638)	(1,983)
 Endowment Net Position – End of Year	\$ 4,751,348	\$ 296,677	\$ 928,876

g. Mohaupt Fund for the Sequoia Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoia 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 \$3,829 during 2018. The Mohaupt Fund had a fair value of \$84,810 as of December 31, 2018.

h. 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 2018 was \$11,477.

i. Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2019. 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, 2018

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

J. COMPONENT UNITS (cont.)

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

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

j. Availability of Financial Assets and Liquidity

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose or time restrictions. It also receives gifts to establish endowments that will exist in perpetuity. When a donor's restrictions requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management and reserve and surplus policy, it strives to maintain an operating reserve equal to six months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and money market funds.

The following reflects the Foundation's financial assets as of December 31, 2018 reduced by amounts not available for general use because of donor-imposed restrictions or internal designations, within one year of the statement of financial position date.

Financial assets as of December 31, 2018	\$ 8,982,548
Less: Those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	(2,451,493)
Board designated endowment funds	(4,751,348)
Donor restricted endowment funds	<u>(1,225,553)</u>
Financial Assets Available to Meet Cash needs for General Expenditures Within One Year	<u>\$ 554,154</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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, Wisconsin 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 is classified and reported as follows:

Net position without donor restrictions — Consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Foundation and include those expendable resources which have been designated for special use by the Foundation's Board of Directors, if any.

Net position with donor restrictions — Consist of net position that are subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Foundation's choices of when to use these resources. Additionally, the investment held at Madison Community Foundation is considered to be restricted. See notes e. and 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. Unrealized gains and losses are included in the change in net position.

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, 2018

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

J. 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 that are restricted by the donor are reported as increases in net position without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted support is reported as an increase in net position with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net position with donor restrictions is reclassified to net position without donor restrictions and reported in the statement of activities as net position released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are directly charged to the functions they benefit when possible. Certain costs have been allocated among the programs and supporting activities. Allocated expenses include wages and benefits, professional services, and printing and copying costs. Wages and benefits 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 a number of employees per program. The costs of providing the various programs and other activities can be found in the schedule of functional expenses.

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, 2018

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

J. 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 April 16, 2019 the date of the financial statements were available.

Recently Issued Accounting Standards

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation adopted the provisions of this new standard during the year ended December 31, 2018. The Foundation has updated the presentation of its financial statements in accordance with the new standard and has applied the changes retrospectively to the comparative period. The new standard changes affect the Foundation’s financial statements as follows:

- > The unrestricted net position class has been renamed *net position without donor restrictions*.
- > The temporarily restricted and permanently restricted net position classes have been combined and the combined net position class has been named *net position with donor restrictions*.
- > The notes to the financial statements include a new disclosure describing the liquidity and availability of financial assets.
- > Disclosures related to the allocation of functional expenses have been expanded.

The changes have the following effect on net position at December 31, 2018.

	As Originally Presented	After Adoption of ASU 2016-14
Net Position Class	\$ 1,330,122	\$ -
Unrestricted net position		
Temporarily restricted net position	1,042,132	-
Permanently restricted net position	166,800	-
Net position without donor restrictions	-	1,330,122
Net position with donor restrictions	-	1,208,932
Total Net Position	\$ 2,539,054	\$ 2,539,054

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

Madison Parks Foundation, Inc. (MPF) (cont.)

b. Concentration of Credit Risk and Market Risk

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, 2018, 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, 2018, the Foundation held investments of \$2,239,353 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, 2018:

	Market	Cost
Cash	\$ 192,585	\$ 192,585
Equities	1,227,377	1,149,481
Fixed income	766,681	792,598
Real estate	52,710	63,093
Totals	\$ 2,239,353	\$ 2,197,757

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

Madison Parks Foundation, Inc. (MPF) (cont.)

c. Investments (cont.)

Investment income (loss) from these investments for the year ended December 31, 2018 is summarized as follows:

	2018
Interest and dividends	\$ 43,050
Net realized and unrealized losses	(168,792)
Investment expense	(21,566)
Total	\$ (147,308)

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 assets. 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, 2018</u>			
Cash	\$ 192,585	\$ 192,585	\$ -
Equities	1,227,377	1,227,377	-
Fixed income	766,681	766,681	-
Exchange-Traded Funds			
Real estate	52,710	52,710	-
Beneficial Interest in assets held by MCF	72,347	-	72,347
Totals	\$ 2,311,700	\$ 2,239,353	\$ 72,347

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. 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: No Level 2 inputs were available to the Foundation. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Level 1 Fair Value Measurements

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

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.

Level 3 Fair Value Measurements

The Foundation's beneficial interest in assets held by Madison Community Foundation ("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 are reported to the Foundation from MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

Madison Parks Foundation, Inc. (MPF) (cont.)

e. Beneficial Interests in Agency Endowment

According to professional standards, the Foundation recognizes the fair value of donations as contributions when received and when the Foundation transfers the funds to Madison Community Foundation ("MCF") it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in agency endowment. The Foundation acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Fund and normally makes an annual distribution to the Foundation that represents five percent of the average value of the assets in the Fund over the previous twelve quarters. The purpose of the distributions is to enable the Foundation to carry out its charitable and exempt purposes. The activity in the Fund at MCF was as follows for the year ended December 31, 2018:

	2018
Balance – January 1, 2018	\$ 76,800
Agency endowment return	
Contributions/Transfers	-
Investment income (loss)	(762)
Distributions from agency endowment	(2,933)
Expense and fees	(758)
Balance – December 31, 2018	\$ 72,347

f. Restricted Net Position

Net position with donor restrictions is available for the following purposes:

Time and purpose restrictions	\$ 551,753
City Endowment	100,059
MCF Endowment	72,347
Donated funds from City of Madison	370,020
Total	\$ 1,094,179

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

Madison Parks Foundation, Inc. (MPF) (cont.)

g. Cooperative Agreement

In 2013, the Foundation and the City of Madison (the "City") entered into an agreement to formally establish the Foundation as the City's official non-profit fundraising collaborator as it relates to the City's parks and open spaces. As part of the agreement, the City transferred \$660,136 to the Foundation for the benefit of the City's parks and the growth of the Foundation. Once transferred, these funds became the Foundation's assets; however, the Foundation must comply with any specific restrictions that were carried over from the City. Along with these restrictions, the funds spent by the Foundation shall be used to support projects that are approved by the City, other costs agreed upon by the City and the Foundation, and as payment for the Madison Parks Foundation Coordinator.

The Madison Parks Foundation Coordinator (the "Coordinator") was a position created by the City under the agreement to assist the Foundation with expanding its fundraising efforts to promote additional philanthropic opportunities benefiting Madison parks. The position is an interim position that will last no longer than four years, or whenever an Executive Director is hired by the Foundation, whichever comes first. The Coordinator reports directly to the City and is subject to all City rules of employment. Under the agreement, the Foundation is responsible for the reimbursement back to the City for the Coordinator's wages and benefits. In 2018, total wages and benefits reimbursed by the Foundation to the City totaled \$55,737. In July 2018, the Foundation and the City transitioned the Coordinator position to a full-time Executive Director position at the Foundation.

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 2018.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. 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 to provide ongoing investment income to support the Foundation’s exempt purpose. As required by GAAP, net assets associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions. The amount required to remain intact in perpetuity is \$90,000.

	<u>Net Position with Donor Restrictions</u>
Endowment net position, Beginning of year	\$ 107,625
Investment return:	
Unrealized loss	(9,098)
Investment Income	2,344
Contributions	-
Amount appropriated for expenditure	<u>(812)</u>
Endowment Net Position, End of Year	<u><u>\$ 100,059</u></u>

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, 2018

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

J. 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. Liquidity and Availability of Financial Assets

As part of the Foundation's liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of current needs in equity and fixed income investments, which can be sold and converted to cash when needed.

The following table reflects the Foundation's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year.

	December 31, 2018
	2018
Cash and cash equivalents	\$ 33,216
Investments	2,239,353
Total Financial Assets	2,272,569
Less: Those unavailable for general expenditure within one year due to:	
City endowment fund	(100,059)
Other donor-imposed restrictions	(921,773)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 1,250,737

j. 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. 2018-08, Not-for-Profit Entities (*Topic 958*): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

Madison Parks Foundation, Inc. (MPF) (cont.)

- j. Effect of New Accounting Standards on Current Period Financial Statements (cont.)
- > ASU No. 2014-09 (*Topic 606*): *Revenues from Customers*. For entities other than public businesses, certain not-for-profit entities, and certain employee benefit plans, the amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018.
 - > 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.

When they become effective, application of these standards may restate portions of the MPF financial statements.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before December 31, 2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant’s three highest years’ earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
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)
2017	2.0	4

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 \$18,126,312 in contributions from the City and \$169,849, in contributions from the CDA.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Contribution rates for the plan year reported as of December 31, 2018 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%

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

City Information

At December 31, 2018, the City reported an asset of \$50,145,814, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City’s proportion was 1.68891241%, which was an increase of 0.06885885% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$22,287,951.

At December 31, 2018, 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	\$ 63,708,869	\$ 28,774,528
Changes in assumptions	9,898,658	-
Net differences between projected and actual earnings on pension plan investments	-	68,968,662
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	776,422
Employer contributions subsequent to the measurement date	18,257,506	-
Totals	\$ 91,865,033	\$ 99,519,612

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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

CDA Information

At December 31, 2018, the CDA reported an asset of \$481,564, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the CDA’s proportion was 0.016219123%, which was an increase of .000001001% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the CDA recognized pension expense of \$212,937.

At December 31, 2018, 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	\$ 614,479	\$ 313,801
Changes in assumptions	104,324	-
Net differences between projected and actual earnings on pension plan investments	-	613,960
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,815
Employer contributions subsequent to the measurement date	173,813	-
Totals	\$ 892,616	\$ 937,576

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

City Information

\$18,257,506 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, 2019. Other amounts reported as deferred outflows of resources and deferred outflows (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 and Deferred Inflows of Resources (net)</u>
2019	\$ 5,169,503
2020	(702,132)
2021	(17,409,643)
2022	(13,089,802)
2023	119,989

CDA Information

\$173,813 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, 2019. 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 and Deferred Inflows of Resources (net)</u>
2019	\$ 43,646
2020	(5,928)
2021	(146,988)
2022	(110,516)
2023	1,013

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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, 2018

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 3.31%. 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	\$129,744,340	(\$50,145,814)	(\$186,867,895)
CDA’s proportionate share of the net pension (asset) liability	\$1,245,973	(\$481,564)	(\$1,794,547)

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, 2018, the City and CDA reported a payable to the pension plan 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 2018 was \$55,021. The present value of estimated future payments based on past service is \$151,852 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, 2018

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City purchases commercial insurance for health care and most property losses. The City is partially self-funded and participates in a public entity risk pool to provide coverage for losses for liability and transit property losses. However, other risks, such as workers compensation are accounted for and financed by the City in an internal service fund – the workers compensation fund. Settled claims have not exceeded the commercial coverage in any of the past three years.

Self Insurance

For workers compensation claims, the uninsured risk of loss is \$650,000 per incident for a policy year. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable to the workers compensation fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 15,522,010	\$ 14,308,411
Current year claims and changes in estimates	1,530,039	3,755,024
Claim payments	<u>(2,743,638)</u>	<u>(3,248,540)</u>
Unpaid Claims – End of Year	<u>\$ 14,308,411</u>	<u>\$ 14,814,895</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMI)

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation, which insures auto liability for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The City insures its transit systems' auto liability with TMI and is an owner of the corporation.

The City's auto liability insurance policy has a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Great American Reinsurance Group. In addition, the City's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

TMI also provided Transit with auto physical damage coverage for its buses with a total limit of \$78,200,000 and a \$5,000 deductible for collision and comprehensive coverage. TMI insures \$750,000 and reinsures the remainder of \$77,450,000 with Great American Insurance Group.

Management of TMI consists of a Board of Directors comprised of one representative for each member. The City does not exercise any control over the activities of the corporation beyond its representation on the Board of Directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the Board of Directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The City's share of this corporation is 40.70% 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, 2018, WMMIC was owned by twenty members.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 September of 2018 the Common Council approved a contract with New Flyer Corp. for the purchase of up to 72 buses over a five-year period.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 \$238,284 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	\$ 31,315,284
Nonmajor Governmental Funds	833,010

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan description. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. 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, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POST-EMPLOYMENT 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.

The City contributes to defined benefit post-employment 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.

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

City Information

Active plan members	2,864
Inactive plan members or beneficiaries currently receiving benefit payments	<u>803</u>
	<u><u>3,667</u></u>

CDA Information

Active plan members	31
Inactive plan members or beneficiaries currently receiving benefit payments	<u>4</u>
	<u><u>35</u></u>

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$65,258,316 and the CDA's total liability of \$570,966 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POST-EMPLOYMENT BENEFITS (cont.)

TOTAL OPEB LIABILITY (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.20%
Healthcare cost trend rates	8.00% Initially reduced by decrements to an ultimate of 4.5% after 8 years
Retirees' share of benefit-related costs	100%
Discount rate	4.11%

The discount rate was based on the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.

Other assumptions are based on a City-determined analysis of past trends and future expectations.

CHANGES IN THE TOTAL OPEB LIABILITY

	<u>City</u>	<u>CDA</u>
	<u>Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balances at January 1, 2018	\$ 67,443,205	\$ 590,083
Changes for the year:		
Service cost	4,672,941	40,885
Interest	2,516,975	22,021
Changes of benefit terms	-	-
Changes in assumptions	(1,341,239)	(11,735)
Differences between expected and actual experience	(5,179,468)	(45,317)
Benefit payments	(2,854,098)	(24,971)
Net changes	<u>(2,184,889)</u>	<u>(19,117)</u>
Balances at December 31, 2018	<u>\$ 65,258,316</u>	<u>\$ 570,966</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POST-EMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY (cont.)

Changes of assumptions and other inputs reflect a change in the discount rate from 4.50 percent in 2017 to 4.11 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City and CDA, as well as what the City and CDA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.11%) or 1-percentage-point higher (5.11%) than the current discount rate:

	1% Decrease (3.11%)	Discount Rate (4.11%)	1% Increase (5.11%)
City's Total OPEB liability	\$ 70,504,191	\$ 65,258,316	\$ 60,498,786
CDA's Total OPEB liability	616,865	570,966	529,324

Sensitivity of the City and CDA's total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City and CDA, as well as what the City and CDA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8% decreasing to 7%) or 1-percentage-point higher (8% increasing to 9%) than the current healthcare cost trend rates:

	1% Decrease (8.00%) Decreasing to 7.00%)	Healthcare Cost Trend Rates	1% Increase (8.00%) Increasing to 9.00%)
City Total OPEB liability	\$ 59,492,612	\$ 65,258,316	\$ 72,029,270
CDA Total OPEB liability	520,521	570,966	630,208

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

City Information

For the year ended December 31, 2018, the City recognized OPEB expense of \$6,375,205. At December 31, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

Differences between expected and actual experience	\$ 4,531,965
Changes of assumptions	1,173,653
Total	\$ 5,705,618

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POST-EMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (cont.)

City Information (cont.)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended December 31:	Deferred Inflows
2019	\$ 815,137
2020	815,137
2021	815,137
2022	815,137
2023	815,137
Thereafter	1,629,933

CDA Information

For the year ended December 31, 2018, the CDA recognized OPEB expense of \$55,776. At December 31, 2018, the CDA reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,652
Changes of assumptions	10,268
Total	\$ 49,920

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended December 31:	Deferred Inflows
2019	\$ 7,131
2020	7,131
2021	7,131
2022	7,131
2023	7,131
Thereafter	14,265

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

E. RELATED PARTIES

Related Parties – Primary Government

The City had the following related party transactions during 2018.

Name	Committee	Affiliated Organization	Amount
Craig Bartlett	Madison's Central Business Improvement District Board	Red Card Media	\$ 22,785
Mike Brassler	Triangle & Monona Bay Neighborhood Plan Ad Hoc	Meriter	93,783
Danielle Dieringer	Equal Opportunities Commission	YWCA Madison	487,414
Jason Ilstrup	Historic Preservation Plan Advisory Committee	Downtown Madison, Inc.	294,653
Katherine Kamp	City-County Homeless Issues Committee	Wisconsin Partnership for Housing Development	70,945
Alexis London	Triangle & Monona Bay Neighborhood Plan Ad Hoc	Bayview Foundation	111,784
Patrick McGowan	Madison's Central Business Improvement District Board	University Book Store	46,179
Oscar Mireles	Historic Preservation Plan Advisory Committee	Omega Schools	63,750
Megan Osowski	Landlord and Tenant Issues Committee	Tenant Resource Center	456,546
Garrett Peterson	Madison Food Policy Council/Urban Ag. Work Group	Community Groundworks	92,982
Dave Porterfield	Housing Strategy Committee	Movin Out Inc.	541,390
Hedi Rudd	Madison Food Policy Council	Center for Resilient Cities	61,814
Maeraj Sheikh	Madison Food Policy Council	Community Groundworks	92,982
Jesse Shields	Sustainable Madison Committee	Madison Gas & Electric Company	7,183,286
Christina Slattery	Historic Preservation Plan Advisory Committee	Mead & Hunt Inc.	690,339
Michael Vickerman	Sustainable Madison Committee	RENEW Wisconsin	56,713
Total			<u>\$10,367,345</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, 2018

NOTE V – OTHER INFORMATION (cont.)

F. JOINT OPERATIONS

Administrative offices and court facilities of the City are housed in a building that 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, 2018

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 \$4,238,064 to the PHMDC for 2018. 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, 2018 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, 2018 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, 2018

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 2018 were \$3,808,921. Total amount of loans disbursed during 2018 were \$4,106,000.

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

K. SUBSEQUENT EVENTS`

In April 2019, the City approved a construction contract in the amount of \$29,900,880 for a fleet/fire/radio shop facility.

In June 2019, the City authorized redemption of \$11,195,000 of sewer system revenue bonds, Series 2008B.

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 229,371,986	\$ 229,371,986	\$ 228,893,669	\$ (478,317)
Intergovernmental	36,944,438	36,944,438	37,280,604	336,166
Licenses and permits	7,021,620	7,021,620	7,897,702	876,082
Fines and forfeitures	7,035,000	7,035,000	6,360,901	(674,099)
Charges for services	10,355,000	10,355,000	13,334,323	2,979,323
Investment income	1,985,000	1,985,000	3,462,791	1,477,791
Miscellaneous	4,317,600	4,317,600	2,467,789	(1,849,811)
Total Revenues	<u>297,030,644</u>	<u>297,030,644</u>	<u>299,697,779</u>	<u>2,667,135</u>
EXPENDITURES				
Current				
General Government				
Common council	801,342	801,371	752,336	49,035
Mayor	1,522,274	1,572,274	1,521,933	50,341
Municipal court	-	125,000	239,992	(114,992)
Attorney	2,959,172	3,002,260	2,932,701	69,559
Assessor	2,597,181	2,597,181	2,656,307	(59,126)
Clerk	2,299,751	2,227,703	2,227,824	(121)
Treasurer	695,828	695,828	726,616	(30,788)
Finance	3,783,041	3,668,041	3,579,455	88,586
Information technology	6,557,385	6,437,817	6,371,483	66,334
Human resources	1,921,726	1,796,726	1,841,130	(44,404)
EAP	357,341	363,341	354,516	8,825
Department of Civil Rights	1,819,463	1,819,463	1,729,017	90,446
Total General Government	<u>25,314,504</u>	<u>25,107,005</u>	<u>24,933,310</u>	<u>173,695</u>
Public Safety				
Fire	51,167,864	52,667,864	52,774,900	(107,036)
Police	73,530,279	75,348,559	75,571,670	(223,111)
Public health	4,238,063	4,238,063	4,238,064	(1)
Total Public Safety	<u>128,936,206</u>	<u>132,254,486</u>	<u>132,584,634</u>	<u>(330,148)</u>
Public Works and Transportation				
Engineering	4,919,991	4,621,991	4,505,320	116,671
Streets	25,385,695	25,935,695	25,512,214	423,481
Transit utility	12,369,449	12,369,449	12,369,449	-
Transportation	100,000	100,000	106,774	(6,774)
Traffic engineering	6,201,209	6,201,486	5,933,731	267,755
Total Public Works and Transportation	<u>48,976,344</u>	<u>49,228,621</u>	<u>48,427,488</u>	<u>801,133</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (cont.)				
Planning and Development				
Office of the director of planning	\$ 738,229	\$ 738,229	\$ 681,995	\$ 56,234
Planning	3,166,014	3,260,570	3,185,915	74,655
Building inspection	4,564,439	4,614,439	4,534,746	79,693
Community development	11,918,876	12,278,693	12,074,167	204,526
Economic development	1,583,075	1,583,075	1,539,972	43,103
CDA housing operations	175,000	175,000	175,000	-
Total Planning and Development	<u>22,145,633</u>	<u>22,650,006</u>	<u>22,191,795</u>	<u>458,211</u>
Culture and Recreation				
Parks	13,573,966	13,584,033	13,644,041	(60,008)
Total Culture and Recreation	<u>13,573,966</u>	<u>13,584,033</u>	<u>13,644,041</u>	<u>(60,008)</u>
Miscellaneous	10,651,263	7,348,965	7,340,621	8,344
Total Miscellaneous	<u>10,651,263</u>	<u>7,348,965</u>	<u>7,340,621</u>	<u>8,344</u>
Debt Service	47,239,110	47,239,110	47,239,110	-
Total Expenditures	<u>296,837,026</u>	<u>297,412,226</u>	<u>296,360,999</u>	<u>1,051,227</u>
Net Change in Fund Balances	193,618	(381,582)	3,336,780	3,718,362
FUND BALANCES - Beginning of Year (as restated)	<u>59,020,111</u>	<u>59,020,111</u>	<u>59,020,111</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 59,213,729</u>	<u>\$ 58,638,529</u>	<u>\$ 62,356,891</u>	<u>\$ 3,718,362</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 17,779,030	\$ 17,779,030	\$ 17,779,030	\$ -
Intergovernmental	102,425	119,422	130,553	11,131
Public charges for services	1,176,439	1,176,439	1,183,369	6,930
Miscellaneous	<u>344,250</u>	<u>806,096</u>	<u>552,235</u>	<u>(253,861)</u>
Total Revenues	<u>19,402,144</u>	<u>19,880,987</u>	<u>19,645,187</u>	<u>(235,800)</u>
EXPENDITURES				
Current				
Culture and recreation	15,822,996	16,197,047	16,027,937	169,110
Capital Outlay	<u>951,036</u>	<u>1,086,036</u>	<u>359,101</u>	<u>726,935</u>
Total Expenditures	<u>16,774,032</u>	<u>17,283,083</u>	<u>16,387,038</u>	<u>896,045</u>
Excess of revenues over expenditures	<u>2,628,112</u>	<u>2,597,904</u>	<u>3,258,149</u>	<u>660,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	<u>(2,648,112)</u>	<u>(2,648,112)</u>	<u>(3,328,597)</u>	<u>(680,485)</u>
Total Other Financing Sources (Uses)	<u>(2,628,112)</u>	<u>(2,628,112)</u>	<u>(3,308,597)</u>	<u>(680,485)</u>
Net Change in Fund Balances	-	(30,208)	(50,448)	(20,240)
FUND BALANCES - Beginning of Year	<u>775,625</u>	<u>775,625</u>	<u>775,625</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 775,625</u>	<u>\$ 745,417</u>	<u>\$ 725,177</u>	<u>\$ (20,240)</u>

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, 2018

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
12/31/18	1.68891241%	\$ (50,145,814)	\$ 205,730,250	24.37%	102.93%
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, 2018

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
12/31/18	\$ 18,257,506	\$ 18,257,506	\$ -	205,699,683	8.88%
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, 2018

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
12/31/18	0.01621912%	\$ (481,564)	\$ 2,271,038	21.20%	102.93%
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, 2018

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
12/31/18	\$ 173,813	\$ 173,813	\$ -	\$ 2,301,605	7.55%
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

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
December 31, 2018

	2018	
	CITY	CDA
Total OPEB Liability		
Service cost	\$ 4,672,941	\$ 40,885
Interest	2,516,975	22,021
Changes of benefit terms	-	-
Differences between expected and actual experience	(5,179,468)	(45,317)
Changes of assumptions	(1,341,239)	(11,735)
Benefit payments	(2,854,098)	(24,971)
Net Change in Total OPEB Liability	(2,184,889)	(19,117)
Total OPEB Liability - Beginning	67,443,205	590,083
Total OPEB Liability - Ending	\$ 65,258,316	\$ 570,966
Covered payroll	\$ 194,757,906	\$ 2,750,141
Total OPEB liability as a percentage of covered payroll	33.51%	20.76%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms.

Changes of assumptions:

Actuarial Methodology - The actuarial cost method has been updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary in the December 31, 2018 valuation.

Discount Rate - The discount rate has been updated from 4.50% to 4.11% in the December 31, 2018 valuation.

Mortality Table - The mortality table from SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 has been updated to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.

Health Care and Subsidy Trend Rates - An update in the health care and subsidy trend rates from an initial rate of 7.50% decreasing by 0.05% annually to an ultimate rate of 4.50% to an initial rate of 8.00% decreasing by 0.05% annually to an ultimate rate of 4.50% for the December 31, 2018 valuation.

Valuation Date:

December 31, 2018 with no adjustments to the December 31, 2018 measurement date. Liabilities as of January 1, 2018 are based on actuarial valuation date of January 1, 2018 with no adjustments

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of salary
Amortization period	8 years
Asset valuation method	Not applicable
Inflation	2.70 percent
Healthcare cost trend rates	8 percent initial, decreasing 0.5 percent every year to an ultimate rate of 4.5 percent
Salary increases	3.20 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2017 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on RPH-2018 Total Dataset Mortality Table Fully generational using Scale MP-2018

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Other Information:

The City & CDA implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

See accompanying notes to required supplementary information and independent auditors' report.

CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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	\$ 284,208,812
Add: Operating Transfers In	20,319,278
Less: Operating Transfers Out	<u>(4,830,311)</u>
Total Revenues – Budgetary Basis	<u>\$ 299,697,779</u>
Total Expenditures – GAAP Basis	\$ 234,280,049
Add: Operating Transfers Out	66,911,261
Less: Operating Transfers In	<u>(4,830,311)</u>
Total Expenditures – Budgetary Basis	<u>\$ 296,360,999</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 \$110,463. 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.

S U P P L E M E N T A R Y I N F O R M A T I O N

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 323,531	\$ 323,531	\$ 241,690	\$ (81,841)
Investment income	350,000	350,000	870,035	520,035
Miscellaneous	-	183,146	-	(183,146)
Total Revenues	<u>673,531</u>	<u>856,677</u>	<u>1,111,725</u>	<u>255,048</u>
EXPENDITURES				
Debt Service				
Principal retirement	70,985,000	70,985,000	58,613,024	12,371,976
Interest and fiscal charges	<u>14,126,477</u>	<u>14,126,477</u>	<u>12,075,870</u>	<u>2,050,607</u>
Total Expenditures	<u>85,111,477</u>	<u>85,111,477</u>	<u>70,688,894</u>	<u>14,422,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,437,946)</u>	<u>(84,254,800)</u>	<u>(69,577,169)</u>	<u>14,677,631</u>
OTHER FINANCING SOURCES				
General obligation debt issued	-	-	1,043,850	1,043,850
Premium on debt issued	-	-	4,759,354	4,759,354
Transfers in	<u>84,264,800</u>	<u>84,264,800</u>	<u>64,735,542</u>	<u>(19,529,258)</u>
Total Other Financing Sources	<u>84,264,800</u>	<u>84,264,800</u>	<u>70,538,746</u>	<u>(13,726,054)</u>
Net Change in Fund Balances	(173,146)	10,000	961,577	951,577
FUND BALANCES - Beginning of Year	<u>21,315,788</u>	<u>21,315,788</u>	<u>21,315,788</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 21,142,642</u>	<u>\$ 21,325,788</u>	<u>\$ 22,277,365</u>	<u>\$ 951,577</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 30,575,043	\$ 30,575,043	\$ 30,545,605	\$ (29,438)
Special assessments	5,397,235	5,397,235	4,294,695	(1,102,540)
Intergovernmental	12,845,161	13,979,265	1,338,463	(12,640,802)
Intergovernmental charges for services	-	-	4,998,982	4,998,982
Public charges for services	410,000	410,000	585,304	175,304
Investment income	965,115	965,115	1,703,609	738,494
Miscellaneous	3,047,000	3,062,000	903,830	(2,158,170)
Total Revenues	<u>53,239,554</u>	<u>54,388,658</u>	<u>44,370,488</u>	<u>(10,018,170)</u>
EXPENDITURES				
Current				
General government	200,000	200,000	3,272,901	(3,072,901)
Public safety	420,000	420,000	893,278	(473,278)
Public works	10,143,410	10,143,410	10,372,744	(229,334)
Planning and development	1,687,000	1,687,000	10,970,346	(9,283,346)
Culture and recreation	1,240,000	1,240,000	2,479,806	(1,239,806)
Capital Outlay	136,842,516	153,806,977	120,228,376	33,578,601
Debt Service				
Principal retirement	700,000	700,000	4,971,585	(4,271,585)
Interest and fiscal charges	337,895	337,895	328,933	8,962
Total Expenditures	<u>151,570,821</u>	<u>168,535,282</u>	<u>153,517,969</u>	<u>15,017,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,331,267)</u>	<u>(114,146,624)</u>	<u>(109,147,481)</u>	<u>4,999,143</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	85,295,928	93,545,928	86,631,370	(6,914,558)
Sale of capital assets	25,000	25,000	758,008	733,008
Proceeds of capital lease	-	-	3,960,000	3,960,000
Transfers in	20,942,000	28,507,357	12,623,759	(15,883,598)
Transfers out	(28,789,538)	(28,789,538)	(30,599,731)	(1,810,193)
Total Other Financing Sources (Uses)	<u>77,473,390</u>	<u>93,288,747</u>	<u>73,373,406</u>	<u>(19,915,341)</u>
Net Change in Fund Balances	(20,857,877)	(20,857,877)	(35,774,075)	(14,916,198)
FUND BALANCES - Beginning of Year (as restated)	<u>104,656,700</u>	<u>104,656,700</u>	<u>104,656,700</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 83,798,823</u>	<u>\$ 83,798,823</u>	<u>\$ 68,882,625</u>	<u>\$ (14,916,198)</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, 2018

	Special Revenue		
	Community Development Block Grant	Revolving Loans	Other Grants
ASSETS			
Cash and investments	\$ 2,577,989	\$ 2,972,396	\$ 1,050,653
Room taxes receivable	-	-	-
Accrued revenue	-	-	-
Accrued interest	-	25,860	-
Long-term loans receivable	20,080,467	5,623,238	-
Due from other funds	-	-	-
Due from other governmental units	2,548,778	-	1,088,063
Prepaid items	4,690	1,301	30,116
Restricted cash and investments	925,730	-	-
TOTAL ASSETS	\$ 26,137,654	\$ 8,622,795	\$ 2,168,832
LIABILITIES			
Accounts payable	\$ 235,442	\$ 1,163	\$ 196,238
Accrued Liabilities	22,571	1,422	118,499
Deposits	-	-	-
Advance from other funds	-	582,294	-
Unearned revenues	925,730	-	1,008,007
Total Liabilities	<u>1,183,743</u>	<u>584,879</u>	<u>1,322,744</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	2,253,146	25,860	536,248
Total Deferred Inflows of Resources	<u>2,253,146</u>	<u>25,860</u>	<u>536,248</u>
FUND BALANCES			
Nonspendable	4,690	1,301	30,116
Restricted	22,696,075	8,010,755	279,724
Committed	-	-	-
Total Fund Balances	<u>22,700,765</u>	<u>8,012,056</u>	<u>309,840</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 26,137,654	\$ 8,622,795	\$ 2,168,832
	-	-	-

<u>Special Revenue</u>	Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Other Restricted Funds			
\$ 14,830,203	\$ 21,431,241	\$ 4,907,531	\$ 26,338,772
4,162,799	4,162,799	-	4,162,799
297,169	297,169	-	297,169
399	26,259	9,831	36,090
571,669	26,275,374	-	26,275,374
654,434	654,434	-	654,434
238	3,637,079	-	3,637,079
5,796	41,903	-	41,903
11,803,723	12,729,453	-	12,729,453
<u>\$ 32,326,430</u>	<u>\$ 69,255,711</u>	<u>\$ 4,917,362</u>	<u>\$ 74,173,073</u>
\$ 189,209	\$ 622,052	\$ -	\$ 622,052
18,480	160,972	-	160,972
4,304	4,304	-	4,304
-	582,294	-	582,294
-	1,933,737	-	1,933,737
<u>211,993</u>	<u>3,303,359</u>	<u>-</u>	<u>3,303,359</u>
<u>462,826</u>	<u>3,278,080</u>	<u>-</u>	<u>3,278,080</u>
<u>462,826</u>	<u>3,278,080</u>	<u>-</u>	<u>3,278,080</u>
5,796	41,903	716,466	758,369
19,210,338	50,196,892	4,200,896	54,397,788
12,435,477	12,435,477	-	12,435,477
<u>31,651,611</u>	<u>62,674,272</u>	<u>4,917,362</u>	<u>67,591,634</u>
<u>\$ 32,326,430</u>	<u>\$ 69,255,711</u>	<u>\$ 4,917,362</u>	<u>\$ 74,173,073</u>
-	-	-	-

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue		
	Community Development Block Grant	Revolving Loans	Other Grants
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	3,429,810	-	3,364,544
Public charges for services	434,205	3,086	-
Licenses and permits	-	-	-
Investment income	194,856	410,534	14,302
Miscellaneous	-	-	209,874
Total Revenues	<u>4,058,871</u>	<u>413,620</u>	<u>3,588,720</u>
EXPENDITURES			
Current			
General government	-	-	25,870
Public safety	-	-	3,326,619
Public works	-	-	-
Planning and development	4,227,271	279,116	1,275,060
Culture and recreation	-	-	-
Total Expenditures	<u>4,227,271</u>	<u>279,116</u>	<u>4,627,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168,400)</u>	<u>134,504</u>	<u>(1,038,829)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	17,009	809,972
Transfers out	<u>(28,050)</u>	<u>(100,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(28,050)</u>	<u>(82,991)</u>	<u>809,972</u>
Net Change in Fund Balances	(196,450)	51,513	(228,857)
FUND BALANCE - Beginning of Year (as restated)	<u>22,897,215</u>	<u>7,960,543</u>	<u>538,697</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,700,765</u>	<u>\$ 8,012,056</u>	<u>\$ 309,840</u>

<u>Special Revenue</u>		Total		Total
Other	Nonmajor	Special	Permanent	Nonmajor
Restricted	Special	Revenue	Funds	Governmental
Funds	Funds			Funds
\$ 17,898,932	\$ 17,898,932	\$ -	\$ -	\$ 17,898,932
365,891	7,160,245	-	-	7,160,245
6,848,416	7,285,707	82,863	-	7,368,570
325,829	325,829	-	-	325,829
658,400	1,278,092	19,408	-	1,297,500
15,048	224,922	-	-	224,922
<u>26,112,516</u>	<u>34,173,727</u>	<u>102,271</u>		<u>34,275,998</u>
6,541,233	6,567,103	-	-	6,567,103
228,757	3,555,376	10,224	-	3,565,600
836,796	836,796	-	-	836,796
2,040,359	7,821,806	-	-	7,821,806
235,697	235,697	35,454	-	271,151
<u>9,882,842</u>	<u>19,016,778</u>	<u>45,678</u>		<u>19,062,456</u>
<u>16,229,674</u>	<u>15,156,949</u>	<u>56,593</u>		<u>15,213,542</u>
9,089	9,089	-	-	9,089
14,993,066	15,820,047	-	-	15,820,047
(21,866,987)	(21,995,037)	(212,609)	-	(22,207,646)
<u>(6,864,832)</u>	<u>(6,165,901)</u>	<u>(212,609)</u>		<u>(6,378,510)</u>
9,364,842	8,991,048	(156,016)	-	8,835,032
<u>22,286,769</u>	<u>53,683,224</u>	<u>5,073,378</u>		<u>58,756,602</u>
<u>\$ 31,651,611</u>	<u>\$ 62,674,272</u>	<u>\$ 4,917,362</u>		<u>\$ 67,591,634</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CDBG For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,056,615	\$ 3,937,034	\$ 3,429,810	\$ (507,224)
Public charges for services	3,086,104	3,286,104	434,205	(2,851,899)
Investment income	-	-	194,856	194,856
Total Revenues	<u>7,142,719</u>	<u>7,223,138</u>	<u>4,058,871</u>	<u>(3,164,267)</u>
EXPENDITURES				
Current				
Planning and development	<u>7,142,719</u>	<u>7,235,138</u>	<u>4,227,271</u>	<u>3,007,867</u>
Total Expenditures	<u>7,142,719</u>	<u>7,235,138</u>	<u>4,227,271</u>	<u>3,007,867</u>
Deficiency of revenues under expenditures	-	(12,000)	(168,400)	(156,400)
OTHER FINANCING USES				
Transfers out	-	-	(28,050)	(28,050)
Total Other Financing Uses	-	-	(28,050)	(28,050)
Net Change in Fund Balances	-	(12,000)	(196,450)	(184,450)
FUND BALANCE - Beginning of Year (as restated)	<u>22,897,215</u>	<u>22,897,215</u>	<u>22,897,215</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,897,215</u>	<u>\$ 22,885,215</u>	<u>\$ 22,700,765</u>	<u>\$ (184,450)</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - REVOLVING LOANS
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 764,663	\$ 764,663	\$ 3,086	\$ (761,577)
Investment income	97,264	97,264	410,534	313,270
Total Revenues	<u>861,927</u>	<u>861,927</u>	<u>413,620</u>	<u>(448,307)</u>
EXPENDITURES				
Current				
Planning and development	<u>861,927</u>	<u>1,261,927</u>	<u>279,116</u>	<u>982,811</u>
Total Expenditures	<u>861,927</u>	<u>1,261,927</u>	<u>279,116</u>	<u>982,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(400,000)</u>	<u>134,504</u>	<u>534,504</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	17,009	17,009
Transfers out	-	-	(100,000)	(100,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(82,991)</u>	<u>(82,991)</u>
Net Change in Fund Balances	-	(400,000)	51,513	451,513
FUND BALANCES - Beginning of Year (as restated)	<u>7,960,543</u>	<u>7,960,543</u>	<u>7,960,543</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,960,543</u>	<u>\$ 7,560,543</u>	<u>\$ 8,012,056</u>	<u>\$ 451,513</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - OTHER GRANTS
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,096,348	\$ 5,097,004	\$ 3,364,544	\$ (1,732,460)
Investment income	1,500	1,500	14,302	12,802
Miscellaneous	299,812	299,812	209,874	(89,938)
Total Revenues	<u>3,397,660</u>	<u>5,398,316</u>	<u>3,588,720</u>	<u>(1,809,596)</u>
EXPENDITURES				
Current				
General government	46,500	46,500	25,870	20,630
Public safety	3,165,881	3,627,537	3,326,619	300,918
Public works	91,800	408,800	-	408,800
Planning and development	1,113,511	2,335,511	1,275,060	1,060,451
Total Expenditures	<u>4,417,692</u>	<u>6,418,348</u>	<u>4,627,549</u>	<u>1,790,799</u>
Deficiency of revenues under expenditures	<u>(1,020,032)</u>	<u>(1,020,032)</u>	<u>(1,038,829)</u>	<u>(18,797)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,006,374</u>	<u>1,006,374</u>	<u>809,972</u>	<u>(196,402)</u>
Total Other Financing Sources	<u>1,006,374</u>	<u>1,006,374</u>	<u>809,972</u>	<u>(196,402)</u>
Net Change in Fund Balances	(13,658)	(13,658)	(228,857)	(215,199)
FUND BALANCES - Beginning of Year	<u>538,697</u>	<u>538,697</u>	<u>538,697</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 525,039</u>	<u>\$ 525,039</u>	<u>\$ 309,840</u>	<u>\$ (215,199)</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 16,269,346	\$ 16,269,346	\$ 17,898,932	\$ 1,629,586
Intergovernmental	198,500	198,500	365,891	167,391
Public charges for services	8,180,896	8,504,496	6,848,416	(1,656,080)
Licenses and permits	328,757	328,757	325,829	(2,928)
Investment Income	144,615	144,615	658,400	513,785
Miscellaneous	34,300	34,300	15,049	(19,251)
Total Revenues	<u>25,156,414</u>	<u>25,480,014</u>	<u>26,112,517</u>	<u>632,503</u>
EXPENDITURES				
Current				
General government	6,119,914	6,119,914	6,541,233	(421,319)
Public safety	216,500	276,500	228,757	47,743
Public works	849,327	879,327	836,796	42,531
Planning and development	4,500,000	4,500,000	2,040,359	2,459,641
Culture and recreation	345,937	345,937	235,697	110,240
Total Expenditures	<u>12,031,678</u>	<u>12,121,678</u>	<u>9,882,842</u>	<u>2,238,836</u>
Excess of revenues over expenditures	<u>13,124,736</u>	<u>13,358,336</u>	<u>16,229,675</u>	<u>2,871,339</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	9,089	9,089
Transfers in	4,500,000	4,500,000	14,993,065	10,493,065
Transfers out	(26,531,569)	(29,040,969)	(21,866,987)	7,173,982
Total Other Financing Sources (Uses)	<u>(22,031,569)</u>	<u>(24,540,969)</u>	<u>(6,864,833)</u>	<u>17,676,136</u>
Net Change in Fund Balances	(8,906,833)	(11,182,633)	9,364,842	20,547,475
FUND BALANCES - Beginning of Year (as restated)	<u>22,286,769</u>	<u>22,286,769</u>	<u>22,286,769</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 13,379,936</u>	<u>\$ 11,104,136</u>	<u>\$ 31,651,611</u>	<u>\$ 20,547,475</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, 2018

	Parking Utility	Convention Center	Golf Courses	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 36,345,210	\$ 3,649,281	\$ 6,340	\$ 40,000,831
Accounts receivable	132,020	382,952	-	514,972
Accrued revenue	-	-	4,823	4,823
Inventories	-	149,942	-	149,942
Prepaid items	79,807	48,923	7,190	135,920
Total Current Assets	<u>36,557,037</u>	<u>4,231,098</u>	<u>18,353</u>	<u>40,806,488</u>
Restricted net pension asset	<u>862,679</u>	<u>695,115</u>	<u>135,438</u>	<u>1,693,232</u>
Capital Assets				
Land	6,067,465	25,254	803,833	6,896,552
Construction work in progress	24,996,626	-	-	24,996,626
Land improvements	691,055	69,033	4,644,155	5,404,243
Buildings	46,540,742	59,693,186	709,689	106,943,617
Machinery and equipment	5,073,853	2,631,955	1,464,548	9,170,356
Intangibles	278,041	23,149	-	301,190
Accumulated depreciation	<u>(31,460,453)</u>	<u>(33,054,450)</u>	<u>(6,179,473)</u>	<u>(70,694,376)</u>
Net Capital Assets	<u>52,187,329</u>	<u>29,388,127</u>	<u>1,442,752</u>	<u>83,018,208</u>
Total Assets	<u>89,607,045</u>	<u>34,314,340</u>	<u>1,596,543</u>	<u>125,517,928</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>1,558,018</u>	<u>1,275,410</u>	<u>256,006</u>	<u>3,089,434</u>
Total Deferred Outflows of Resources	<u>1,558,018</u>	<u>1,275,410</u>	<u>256,006</u>	<u>3,089,434</u>
LIABILITIES				
Current Liabilities				
Accounts payable	218,966	551,047	144,766	914,779
Accrued liabilities	302,271	202,776	23,861	528,908
Deposits	-	1,080,457	53,280	1,133,737
Current portion of general obligation long-term debt	-	74,690	24,621	99,311
Current portion of capital lease	-	765,000	-	765,000
Current portion of advances from other funds	-	39,458	11,297	50,755
Current portion of accrued compensated absences	234,032	180,379	34,429	448,840
Unearned revenues	-	110,754	-	110,754
Total Current Liabilities	<u>755,269</u>	<u>3,004,561</u>	<u>292,254</u>	<u>4,052,084</u>
Long-Term Debt Net of Current Maturities				
General obligation long-term debt	-	592,026	196,970	788,996
Capital lease	-	260,500	-	260,500
Advances from other funds	-	262,303	888,442	1,150,745
Accrued compensated absences	1,037,000	799,264	152,555	1,988,819
Other post-employment benefits	1,397,106	719,830	229,968	2,346,904
Total Long-Term Obligations	<u>2,434,106</u>	<u>2,633,923</u>	<u>1,467,935</u>	<u>6,535,964</u>
Total Liabilities	<u>3,189,375</u>	<u>5,638,484</u>	<u>1,760,189</u>	<u>10,588,048</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	1,740,826	1,377,925	265,072	3,383,823
Other post-employment benefits related amounts	122,151	62,935	20,107	205,193
Total Deferred Inflows of Resources	<u>1,862,977</u>	<u>1,440,860</u>	<u>285,179</u>	<u>3,589,016</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	52,187,329	27,695,911	1,221,161	81,104,401
Restricted for pension	862,679	695,115	135,438	1,693,232
Unrestricted (deficit)	<u>33,062,703</u>	<u>119,380</u>	<u>(1,549,418)</u>	<u>31,632,665</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 86,112,711</u>	<u>\$ 28,510,406</u>	<u>\$ (192,819)</u>	<u>\$ 114,430,298</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2018

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 15,527,351	\$ 5,582,570	\$ 2,434,016	\$ 23,543,937
Total Operating Revenues	<u>15,527,351</u>	<u>5,582,570</u>	<u>2,434,016</u>	<u>23,543,937</u>
OPERATING EXPENSES				
Operation and maintenance	9,470,190	9,246,395	2,911,994	21,628,579
Depreciation	922,137	1,828,415	202,568	2,953,120
Total Operating Expenses	<u>10,392,327</u>	<u>11,074,810</u>	<u>3,114,562</u>	<u>24,581,699</u>
Operating Income (Loss)	<u>5,135,024</u>	<u>(5,492,240)</u>	<u>(680,546)</u>	<u>(1,037,762)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	598,826	3	-	598,829
Interest expense	-	(71,828)	(11,084)	(82,912)
Gain on sale of assets	2,247	5,721	-	7,968
Miscellaneous revenues	11,035	45,728	20,800	77,563
Total Nonoperating Revenues (Expenses)	<u>612,108</u>	<u>(20,376)</u>	<u>9,716</u>	<u>601,448</u>
Income (Loss) Before Transfers and Capital Contributions	<u>5,747,132</u>	<u>(5,512,616)</u>	<u>(670,830)</u>	<u>(436,314)</u>
TRANSFERS				
Transfers in	85,329	5,129,747	5,525	5,220,601
Transfers out	<u>(1,364,304)</u>	<u>(338,200)</u>	<u>(198,015)</u>	<u>(1,900,519)</u>
Net Transfers	<u>(1,278,975)</u>	<u>4,791,547</u>	<u>(192,490)</u>	<u>3,320,082</u>
Income (Loss) Before Contributions	4,468,157	(721,069)	(863,320)	2,883,768
Capital Contributions	<u>29,757,503</u>	<u>-</u>	<u>-</u>	<u>29,757,503</u>
Change in Net Position	34,225,660	(721,069)	(863,320)	32,641,271
NET POSITION - Beginning of Year (as restated)	<u>51,887,051</u>	<u>29,231,475</u>	<u>670,501</u>	<u>81,789,027</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 86,112,711</u>	<u>\$ 28,510,406</u>	<u>\$ (192,819)</u>	<u>\$ 114,430,298</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2018

	Parking Utility	Convention Center	Golf Courses	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 15,633,141	\$ 5,623,359	\$ 2,473,378	\$ 23,729,878
Customer deposits received (returned)	-	(74,623)	6,006	(68,617)
Paid to suppliers for goods and services	(2,861,653)	(3,655,066)	(1,386,049)	(7,902,768)
Paid to employees for services	(6,662,481)	(5,589,112)	(1,667,193)	(13,918,786)
Net Cash Flows From Operating Activities	<u>6,109,007</u>	<u>(3,695,442)</u>	<u>(573,858)</u>	<u>1,839,707</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(35,928)	803,053	767,125
Transfers in	85,329	5,129,747	5,525	5,220,601
Transfers out	(1,364,304)	(338,200)	(198,015)	(1,900,519)
Net Cash Flows From Noncapital Financing Activities	<u>(1,278,975)</u>	<u>4,755,619</u>	<u>610,563</u>	<u>4,087,207</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(759,994)	(24,621)	(784,615)
Interest paid	-	(75,164)	(11,084)	(86,248)
Long-term debt issued	-	546,724	-	546,724
Acquisition and construction of capital assets	(2,719,956)	(359,311)	-	(3,079,267)
Proceeds from sale of property	2,247	5,721	-	7,968
Net Cash Flows From Capital and Related Financing Activities	<u>(2,717,709)</u>	<u>(642,024)</u>	<u>(35,705)</u>	<u>(3,395,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	598,826	3	-	598,829
Net Cash Flows From Investing Activities	<u>598,826</u>	<u>3</u>	<u>-</u>	<u>598,829</u>
Net Change in Cash and Cash Equivalents	2,711,149	418,156	1,000	3,130,305
CASH AND CASH EQUIVALENTS - Beginning of Year	<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>\$ 36,345,210</u>	<u>\$ 3,649,281</u>	<u>\$ 6,340</u>	<u>\$ 40,000,831</u>

	Parking Utility	Convention Center	Golf Courses	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ 5,135,024	\$ (5,492,240)	\$ (680,546)	\$ (1,037,762)
Adjustments to reconcile income (loss) to net cash flows from operating activities				
Nonoperating income	11,035	45,728	20,800	77,563
Depreciation	922,137	1,828,415	202,568	2,953,120
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(27,396)	(80,933)	(1,545)	(109,874)
Inventories	-	2,281	-	2,281
Prepaid items	(4,028)	2,467	475	(1,086)
Accounts payable	(76,366)	(43,287)	99,167	(20,486)
Accrued compensated absences	(50,731)	(4,554)	17,800	(37,485)
Other post-employment benefits deferrals and liabilities	1,009,208	394,631	207,505	1,611,344
Due to other funds	-	-	(259,484)	(259,484)
Unearned revenues	-	13,059	-	13,059
Pension related deferrals and liabilities	(811,602)	(286,386)	(186,604)	(1,284,592)
Customer deposits	-	(74,623)	6,006	(68,617)
Other current liabilities	1,726	-	-	1,726
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 6,109,007</u>	<u>\$ (3,695,442)</u>	<u>\$ (573,858)</u>	<u>\$ 1,839,707</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	<u>\$ 36,345,210</u>	<u>\$ 3,649,281</u>	<u>\$ 6,340</u>	<u>\$ 40,000,831</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 36,345,210</u>	<u>\$ 3,649,281</u>	<u>\$ 6,340</u>	<u>\$ 40,000,831</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributed capital assets	<u>\$ 29,757,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,757,503</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, 2018

	Fleet Services	City Insurance	Worker's Compensation	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 7,348,989	\$ -	\$ 15,187,398	\$ 22,536,387
Accounts receivable	93,587	97,547	30,953	222,087
Due from other funds	-	-	743,506	743,506
Inventories	876,970	-	-	876,970
Prepaid items	37,876	2,555	160	40,591
Total Current Assets	<u>8,357,422</u>	<u>100,102</u>	<u>15,962,017</u>	<u>24,419,541</u>
Restricted Assets				
Cash and investments	-	724,925	272,419	997,344
Net pension asset	476,361	31,046	18,194	525,601
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted Assets	<u>476,361</u>	<u>4,571,791</u>	<u>290,613</u>	<u>5,338,765</u>
Capital Assets				
Land	2,570,970	-	-	2,570,970
Construction work in progress	2,417,204	-	-	2,417,204
Land improvements	71,990	-	-	71,990
Buildings	2,870,974	-	-	2,870,974
Machinery and equipment	80,211,383	-	-	80,211,383
Intangible assets	119,525	-	-	119,525
Accumulated depreciation	<u>(56,023,683)</u>	<u>-</u>	<u>-</u>	<u>(56,023,683)</u>
Net Capital Assets	<u>32,238,363</u>	<u>-</u>	<u>-</u>	<u>32,238,363</u>
Total Assets	<u>41,072,146</u>	<u>4,671,893</u>	<u>16,252,630</u>	<u>61,996,669</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	888,467	54,365	29,179	972,011
Total Deferred Outflows of Resources	<u>888,467</u>	<u>54,365</u>	<u>29,179</u>	<u>972,011</u>
LIABILITIES				
Accounts payable	155,536	2,771	275,989	434,296
Accrued liabilities	431,193	7,932	978	440,103
Due to other funds	-	743,506	-	743,506
Claims payable	-	3,487,045	11,327,850	14,814,895
Current portion of general obligation long-term debt	5,902,850	-	-	5,902,850
Current portion of accrued compensated absences	175,596	11,850	2,344	189,790
Total Current Liabilities	<u>6,665,175</u>	<u>4,253,104</u>	<u>11,607,161</u>	<u>22,525,440</u>
Long-Term Obligations Net of Current Liabilities				
General obligation long-term debt	31,484,755	-	-	31,484,755
Accrued compensated absences	512,454	34,583	6,840	553,877
Other post-employment benefits	1,430,166	-	-	1,430,166
Total Long-Term Obligations	<u>33,427,375</u>	<u>34,583</u>	<u>6,840</u>	<u>33,468,798</u>
Total Liabilities	<u>40,092,550</u>	<u>4,287,687</u>	<u>11,614,001</u>	<u>55,994,238</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	908,701	74,526	43,131	1,026,358
Other post-employment benefits related amounts	125,042	-	-	125,042
Total Deferred Inflows of Resources	<u>1,033,743</u>	<u>74,526</u>	<u>43,131</u>	<u>1,151,400</u>
NET POSITION				
Net investment in capital assets (deficit)	(556,786)	-	-	(556,786)
Restricted for pension	476,361	31,046	18,194	525,601
Unrestricted	914,745	332,999	4,606,483	5,854,227
TOTAL NET POSITION	<u>\$ 834,320</u>	<u>\$ 364,045</u>	<u>\$ 4,624,677</u>	<u>\$ 5,823,042</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Fleet Services	City Insurance	Worker's Compensation	Totals
OPERATING REVENUES				
Charges for services	\$ 16,637,794	\$ 2,251,410	\$ 4,251,945	\$ 23,141,149
Total Operating Revenues	<u>16,637,794</u>	<u>2,251,410</u>	<u>4,251,945</u>	<u>23,141,149</u>
OPERATING EXPENSES				
Operation and maintenance	10,655,678	2,883,619	3,826,747	17,366,044
Depreciation	<u>5,892,516</u>	-	-	<u>5,892,516</u>
Total Operating Expenses	<u>16,548,194</u>	<u>2,883,619</u>	<u>3,826,747</u>	<u>23,258,560</u>
Operating Income (Loss)	<u>89,600</u>	<u>(632,209)</u>	<u>425,198</u>	<u>(117,411)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	36	11,261	51	11,348
Interest expense	(1,128,996)	-	-	(1,128,996)
Gain on sale of assets	459,581	-	-	459,581
Intergovernmental	19,976	-	-	19,976
Miscellaneous revenues	<u>76,790</u>	<u>717,040</u>	<u>198,959</u>	<u>992,789</u>
Total Nonoperating Revenues (Expenses)	<u>(572,613)</u>	<u>728,301</u>	<u>199,010</u>	<u>354,698</u>
Income (Loss) Before Transfers	<u>(483,013)</u>	<u>96,092</u>	<u>624,208</u>	<u>237,287</u>
TRANSFERS				
Transfers in	1,354,707	-	-	1,354,707
Transfers out	-	<u>(636,749)</u>	-	<u>(636,749)</u>
Net Transfers	<u>1,354,707</u>	<u>(636,749)</u>	-	<u>717,958</u>
Change in Net Position	871,694	(540,657)	624,208	955,245
NET POSITION (DEFICIT) - Beginning of Year (as restated)	<u>(37,374)</u>	<u>904,702</u>	<u>4,000,469</u>	<u>4,867,797</u>
NET POSITION - END OF YEAR	<u>\$ 834,320</u>	<u>\$ 364,045</u>	<u>\$ 4,624,677</u>	<u>\$ 5,823,042</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Fleet Services	City Insurance	Worker's Compensation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 16,836,447	\$ 3,057,951	\$ 4,419,951	\$ 24,314,349
Paid to suppliers for goods and services	(6,959,120)	(2,596,286)	(3,408,953)	(12,964,359)
Paid to employees for services	(3,607,675)	(242,659)	(90,245)	(3,940,579)
Net Cash Flows From Operating Activities	<u>6,269,652</u>	<u>219,006</u>	<u>920,753</u>	<u>7,409,411</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Negative cash implicitly financed	-	538,601	(743,506)	(204,905)
Transfers in	153,673	-	-	153,673
Transfers out	-	(636,749)	-	(636,749)
Net Cash Flows From Noncapital Financing Activities	<u>153,673</u>	<u>(98,148)</u>	<u>(743,506)</u>	<u>(687,981)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(5,312,060)	-	-	(5,312,060)
Interest paid	(1,096,497)	-	-	(1,096,497)
Long-term debt issued	8,342,121	-	-	8,342,121
Transfer in for capital assets acquisition	1,201,034	-	-	1,201,034
Acquisition and construction of capital assets	(6,051,423)	-	-	(6,051,423)
Proceeds from sale of property	471,184	-	-	471,184
Net Cash Flows From Capital and Related Financing Activities	<u>(2,445,641)</u>	<u>-</u>	<u>-</u>	<u>(2,445,641)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Marketable securities purchased	-	(132,119)	(14,639)	(146,758)
Investment income	36	11,261	51	11,348
Net Cash Flows From Investing Activities	<u>36</u>	<u>(120,858)</u>	<u>(14,588)</u>	<u>(135,410)</u>
Net Change in Cash and Cash Equivalents	3,977,720	-	162,659	4,140,379
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,371,269</u>	<u>-</u>	<u>15,024,739</u>	<u>18,396,008</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,348,989</u>	<u>\$ -</u>	<u>\$ 15,187,398</u>	<u>\$ 22,536,387</u>

	Fleet Services	City Insurance	Worker's Compensation	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (Loss) from operations	\$ 89,600	\$ (632,209)	\$ 425,198	\$ (117,411)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Nonoperating income	96,766	717,040	198,959	1,012,765
Depreciation	5,892,516	-	-	5,892,516
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(23,155)	89,501	(30,953)	35,393
Inventories	239,803	-	-	239,803
Prepaid items	5,584	(210)	194	5,568
Accounts payable	25,959	(31,025)	(109,469)	(114,535)
Accrued compensated absences	(168,204)	9,342	(2,065)	(160,927)
Post-employment retirement benefit, deferrals and liabilities	779,673	-	-	779,673
Pension related deferrals and liabilities	(636,378)	932	3,692	(631,754)
Other current liabilities	(32,512)	65,635	435,197	468,320
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 6,269,652</u>	 <u>\$ 219,006</u>	 <u>\$ 920,753</u>	 <u>\$ 7,409,411</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 7,348,989	\$ -	\$ 15,187,398	\$ 22,536,387
Restricted cash and investments - statement of net position	-	724,925	272,419	997,344
Less: Noncash equivalents	-	(724,925)	(272,419)	(997,344)
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 7,348,989</u>	 <u>\$ -</u>	 <u>\$ 15,187,398</u>	 <u>\$ 22,536,387</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, 2018

	Tax Collection Fund	Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Totals
ASSETS					
Cash and investments	\$ 248,186,464	\$ 418,396	\$ 3,226,570	\$ 411,718	\$ 252,243,148
Taxes receivable	<u>162,420,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,420,359</u>
 TOTAL ASSETS	 <u>\$ 410,606,823</u>	 <u>\$ 418,396</u>	 <u>\$ 3,226,570</u>	 <u>\$ 411,718</u>	 <u>\$ 414,663,507</u>
LIABILITIES					
Due to other governmental units	<u>\$ 410,606,823</u>	<u>\$ 418,396</u>	<u>\$ 3,226,570</u>	<u>\$ 411,718</u>	<u>\$ 414,663,507</u>
 TOTAL LIABILITIES	 <u>\$ 410,606,823</u>	 <u>\$ 418,396</u>	 <u>\$ 3,226,570</u>	 <u>\$ 411,718</u>	 <u>\$ 414,663,507</u>

CITY OF MADISON

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
TAX COLLECTION FUND				
Assets				
Cash and investments	\$ 269,904,344	\$ 248,186,464	\$ 269,904,344	\$ 248,186,464
Taxes receivable	<u>125,381,362</u>	<u>162,420,359</u>	<u>125,381,362</u>	<u>162,420,359</u>
TOTAL ASSETS	<u>\$ 395,285,706</u>	<u>\$ 410,606,823</u>	<u>\$ 395,285,706</u>	<u>\$ 410,606,823</u>
Liabilities				
Due to other governmental units	<u>\$ 395,285,706</u>	<u>\$ 410,606,823</u>	<u>\$ 395,285,706</u>	<u>\$ 410,606,823</u>
TOTAL LIABILITIES	<u>\$ 395,285,706</u>	<u>\$ 410,606,823</u>	<u>\$ 395,285,706</u>	<u>\$ 410,606,823</u>
BOARD OF EDUCATION				
Assets				
Cash and investments	\$ 410,712	\$ 7,684	\$ -	\$ 418,396
TOTAL ASSETS	<u>\$ 410,712</u>	<u>\$ 7,684</u>	<u>\$ -</u>	<u>\$ 418,396</u>
Liabilities				
Due to other governmental units	<u>\$ 410,712</u>	<u>\$ 7,684</u>	<u>\$ -</u>	<u>\$ 418,396</u>
TOTAL LIABILITIES	<u>\$ 410,712</u>	<u>\$ 7,684</u>	<u>\$ -</u>	<u>\$ 418,396</u>
BOARD OF HEALTH				
Assets				
Cash and investments	\$ 4,323,746	\$ -	\$ 1,097,176	\$ 3,226,570
TOTAL ASSETS	<u>\$ 4,323,746</u>	<u>\$ -</u>	<u>\$ 1,097,176</u>	<u>\$ 3,226,570</u>
Liabilities				
Due to other governmental units	<u>\$ 4,323,746</u>	<u>\$ -</u>	<u>\$ 1,097,176</u>	<u>\$ 3,226,570</u>
TOTAL LIABILITIES	<u>\$ 4,323,746</u>	<u>\$ -</u>	<u>\$ 1,097,176</u>	<u>\$ 3,226,570</u>
METROPOLITAN UNIFIED FIBER NETWORK CONSORTIUM				
Assets				
Cash and investments	\$ 417,832	\$ -	\$ 6,114	\$ 411,718
TOTAL ASSETS	<u>\$ 417,832</u>	<u>\$ -</u>	<u>\$ 6,114</u>	<u>\$ 411,718</u>
Liabilities				
Due to other governmental units	<u>\$ 417,832</u>	<u>\$ -</u>	<u>\$ 6,114</u>	<u>\$ 411,718</u>
TOTAL LIABILITIES	<u>\$ 417,832</u>	<u>\$ -</u>	<u>\$ 6,114</u>	<u>\$ 411,718</u>
TOTAL AGENCY				
Assets				
Cash and investments	\$ 275,056,634	\$ 248,194,148	\$ 271,007,634	\$ 252,243,148
Taxes receivable	<u>125,381,362</u>	<u>162,420,359</u>	<u>125,381,362</u>	<u>162,420,359</u>
TOTAL ASSETS	<u>\$ 400,437,996</u>	<u>\$ 410,614,507</u>	<u>\$ 396,388,996</u>	<u>\$ 414,663,507</u>
Liabilities				
Due to other governmental units	<u>\$ 400,437,996</u>	<u>\$ 410,614,507</u>	<u>\$ 396,388,996</u>	<u>\$ 414,663,507</u>
TOTAL LIABILITIES	<u>\$ 400,437,996</u>	<u>\$ 410,614,507</u>	<u>\$ 396,388,996</u>	<u>\$ 414,663,507</u>

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION (DEFICIT)
NONMAJOR COMPONENT UNITS
As of December 31, 2018

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
ASSETS				
Cash and investments	\$ 150	\$ 2,672,240	\$ 2,272,569	\$ 4,944,959
Receivables				
Accounts	9,664	-	-	9,664
Special assessments	289,215	-	-	289,215
Pledge receivable	-	314,841	-	314,841
Prepaid items	12	15,017	965	15,994
Beneficial interest in assets held by MCF	-	5,947,265	72,347	6,019,612
Restricted assets				
Cash and investments	-	48,202	-	48,202
Total Assets	<u>299,041</u>	<u>8,997,565</u>	<u>2,345,881</u>	<u>11,642,487</u>
LIABILITIES				
Accounts payable	78,699	21,397	12,025	112,121
Accrued liabilities	-	12,343	3,973	16,316
Due to primary government	20,286	-	-	20,286
Total Liabilities	<u>98,985</u>	<u>33,740</u>	<u>15,998</u>	<u>148,723</u>
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	289,215	-	-	289,215
Total Deferred Inflows of Resources	<u>289,215</u>	<u>-</u>	<u>-</u>	<u>289,215</u>
NET POSITION (DEFICIT)				
Restricted for				
Library	-	3,677,046	-	3,677,046
Parks	-	-	1,094,179	1,094,179
Unrestricted (deficit)	<u>(89,159)</u>	<u>5,286,779</u>	<u>1,235,704</u>	<u>6,433,324</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (89,159)</u>	<u>\$ 8,963,825</u>	<u>\$ 2,329,883</u>	<u>\$ 11,204,549</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
NONMAJOR COMPONENT UNITS
For the Year Ended December 31, 2018

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
OPERATING REVENUES				
Special assessments	\$ 287,941	\$ -	\$ -	\$ 287,941
Charges for services	177,603	167,810	74,772	420,185
Grants and donations	29,106	2,654,824	219,199	2,903,129
Miscellaneous	5,000	-	-	5,000
Total Operating Revenues	<u>499,650</u>	<u>2,822,634</u>	<u>293,971</u>	<u>3,616,255</u>
OPERATING EXPENSES				
Operation and maintenance	<u>552,059</u>	<u>1,798,088</u>	<u>357,359</u>	<u>2,707,506</u>
Total Operating Expenses	<u>552,059</u>	<u>1,798,088</u>	<u>357,359</u>	<u>2,707,506</u>
Operating income (loss)	<u>(52,409)</u>	<u>1,024,546</u>	<u>(63,388)</u>	<u>908,749</u>
NONOPERATING REVENUES				
Investment income (loss)	<u>789</u>	<u>(98,332)</u>	<u>(145,783)</u>	<u>(243,326)</u>
Total Nonoperating Revenue	<u>789</u>	<u>(98,332)</u>	<u>(145,783)</u>	<u>(243,326)</u>
Change in Net Position	(51,620)	926,214	(209,171)	665,423
NET POSITION (DEFICIT) – Beginning of Year	<u>(37,539)</u>	<u>8,037,611</u>	<u>2,539,054</u>	<u>10,539,126</u>
NET POSITION (DEFICIT) – END OF YEAR	<u>\$ (89,159)</u>	<u>\$ 8,963,825</u>	<u>\$ 2,329,883</u>	<u>\$ 11,204,549</u>

CITY OF MADISON

STATEMENT OF NET POSITION (DEFICIT) AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2018

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 150	\$ -	\$ 150
Receivables			
Accounts receivable	9,664	-	9,664
Special assessments	289,215	-	289,215
Prepaid items	12	-	12
TOTAL ASSETS	<u>\$ 299,041</u>	<u>\$ -</u>	<u>\$ 299,041</u>
LIABILITIES			
Accounts payable	\$ 78,699	\$ -	\$ 78,699
Due to primary government	20,286	-	20,286
Total Liabilities	<u>98,985</u>	<u>-</u>	<u>98,985</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments for subsequent year	289,215	-	289,215
Total Deferred Outflows of Resources	<u>289,215</u>	<u>-</u>	<u>289,215</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned (deficit)	(89,159)	89,159	-
Total Fund Balance (Deficit)	<u>(89,159)</u>	<u>89,159</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 299,041</u>		
Net Position			
Unrestricted (Deficit)		(89,159)	(89,159)
TOTAL NET POSITION (DEFICIT)		<u>\$ (89,159)</u>	<u>\$ (89,159)</u>

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, 2018

	Business Improvement District	Adjustments	Statement of Activities
REVENUES			
Special assessments	\$ 287,941	\$ -	\$ 287,941
Charges for services	177,603	-	177,603
Investment income	789	-	789
Contributions	29,106	-	29,106
Miscellaneous	5,000	-	5,000
Total Revenues	<u>500,439</u>	<u>-</u>	<u>500,439</u>
EXPENDITURES/EXPENSES			
Current			
Planning and development	<u>552,059</u>	<u>-</u>	<u>552,059</u>
Excess (deficiency) of revenues over expenditures	(51,620)	51,620	-
Change in net position	-	(51,620)	(51,620)
FUND BALANCE/NET POSITION			
Beginning of Year (Deficit)	<u>(37,539)</u>	<u>-</u>	<u>(37,539)</u>
END OF YEAR (DEFICIT)	<u>\$ (89,159)</u>	<u>\$ -</u>	<u>\$ (89,159)</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, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ 287,940	\$ 287,941	\$ 1
Charges for services	169,500	177,603	8,103
Investment income	750	789	39
Contributions	40,000	29,106	(10,894)
Miscellaneous	5,000	5,000	-
Total Revenues	<u>503,190</u>	<u>500,439</u>	<u>(2,751)</u>
EXPENDITURES			
Audit fees	2,020	2,020	-
Management fees	174,474	176,587	(2,113)
Miscellaneous	5,000	6,799	(1,799)
Advertising/marketing	28,000	69,974	(41,974)
Maps	30,000	26,642	3,358
Map distribution	2,500	2,188	312
Trolley	5,000	8,601	(3,601)
Planters	40,000	40,215	(215)
Winter light program	45,000	39,074	5,926
Ambassadors	48,000	57,877	(9,877)
Gift certificates	2,500	2,133	367
BID website	10,000	14,044	(4,044)
Parking passes	3,500	3,489	11
Postage	3,000	2,263	737
TOS programming	54,500	66,776	(12,276)
Night Market	17,500	33,377	(15,877)
Total Expenditures	<u>470,994</u>	<u>552,059</u>	<u>(81,065)</u>
Net Change in Fund Balance	32,196	(51,620)	(83,816)
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(37,539)</u>	<u>(37,539)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (5,343)</u>	<u>\$ (89,159)</u>	<u>\$ (83,816)</u>

CITY OF MADISON

SEWER REMEDIATION REVENUE BOND COVENANT
For the Year Ended December 31, 2018

OPERATING REVENUES	
Charges for sewer services	\$ 37,923,065
OPERATING EXPENSES	
Operation and maintenance for sewer service	32,313,830
Depreciation for sewer	<u>2,428,947</u>
Total Operating Expenses	<u>34,742,777</u>
 Sewer Net Operating Income	 3,180,288
NONOPERATING REVENUES	
Investment income	549,674
OTHER ADJUSTMENTS	
Depreciation for sewer	<u>2,428,947</u>
 NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE	 6,158,909
Landfill remediation net revenues	<u>30,181</u>
 NET SEWER AND LANDFILL REVENUES AVAILABLE FOR DEBT SERVICE	 <u>\$ 6,189,090</u>

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, 2018

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
ASSETS					
Cash and investments	\$ 4,462,051	\$ 37,389,349	\$ 49,895,719	\$ -	\$ 91,747,119
Receivables					
Taxes receivable	4,913,096	19,244,985	-	-	24,158,081
Accounts receivable	-	-	806,342	-	806,342
Special assessments	15,456,032	-	-	-	15,456,032
Accrued interest	-	1,163,500	-	-	1,163,500
Long-term loans receivable	9,530	1,000,000	-	-	1,009,530
Due from other governmental units	22,488	-	7,703,665	-	7,726,153
Due from other funds	-	-	12,320,173	(12,320,173)	-
Advances to other funds	1,037,932	-	-	-	1,037,932
Leases receivable	-	3,170,000	-	-	3,170,000
Inventories	-	-	1,771,501	-	1,771,501
Prepaid items	-	579	43,065	-	43,644
TOTAL ASSETS	\$ 25,901,129	\$ 61,968,413	\$ 72,540,465	\$ (12,320,173)	\$ 148,089,834
LIABILITIES					
Accounts payable	\$ 2,775	\$ 4,486,629	\$ 21,377,071	\$ -	\$ 25,866,475
Accrued liabilities	-	7,368	129,376	-	136,744
Due to other governmental units	1,087	-	-	-	1,087
Due to other funds	3,388,527	12,320,173	-	(12,320,173)	3,388,527
Unearned revenues	776,173	-	10,000	-	786,173
Total Liabilities	<u>4,168,562</u>	<u>16,814,170</u>	<u>21,516,447</u>	<u>(12,320,173)</u>	<u>30,179,006</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	16,988,855	4,333,500	8,460,863	-	29,783,218
Property taxes for subsequent year	-	19,244,985	-	-	19,244,985
Total Deferred Inflows of Resources	<u>16,988,855</u>	<u>23,578,485</u>	<u>8,460,863</u>	<u>-</u>	<u>49,028,203</u>
FUND BALANCES					
Nonspendable	-	579	1,814,566	-	1,815,145
Restricted	-	32,898,907	24,084,596	-	56,983,503
Assigned	4,743,712	-	16,663,993	-	21,407,705
Unassigned (deficit)	-	(11,323,728)	-	-	(11,323,728)
Total Fund Balances	<u>4,743,712</u>	<u>21,575,758</u>	<u>42,563,155</u>	<u>-</u>	<u>68,882,625</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 25,901,129	\$ 61,968,413	\$ 72,540,465	\$ (12,320,173)	\$ 148,089,834

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS
For the Year Ended December 31, 2018

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
REVENUES					
Taxes	\$ -	\$ 30,545,605	\$ -	\$ -	\$ 30,545,605
Special assessments	4,294,695	-	-	-	4,294,695
Intergovernmental	-	887,461	451,002	-	1,338,463
Intergovernmental charges for services	-	-	4,998,982	-	4,998,982
Public charges for services	-	39,000	546,304	-	585,304
Investment income	557,120	856,935	289,554	-	1,703,609
Miscellaneous	-	191,024	712,806	-	903,830
Total Revenues	<u>4,851,815</u>	<u>32,520,025</u>	<u>6,998,648</u>	<u>-</u>	<u>44,370,488</u>
EXPENDITURES					
Current					
General government	-	-	3,272,901	-	3,272,901
Public safety	-	-	893,278	-	893,278
Public works	-	-	10,372,744	-	10,372,744
Planning and development	35,695	6,003,197	4,931,454	-	10,970,346
Culture and recreation	-	-	2,479,806	-	2,479,806
Capital Outlay	-	34,672,222	85,556,154	-	120,228,376
Debt Service					
Principal retirement	-	4,971,585	-	-	4,971,585
Interest and fiscal charges	-	328,933	-	-	328,933
Total Expenditures	<u>35,695</u>	<u>45,975,937</u>	<u>107,506,337</u>	<u>-</u>	<u>153,517,969</u>
Excess (deficiency) of revenues over expenditures	<u>4,816,120</u>	<u>(13,455,912)</u>	<u>(100,507,689)</u>	<u>-</u>	<u>(109,147,481)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	7,610,354	79,021,016	-	86,631,370
Capital lease proceeds	-	3,960,000	-	-	3,960,000
Sale of capital assets	-	1	758,007	-	758,008
Transfers in	-	-	19,701,444	(7,077,685)	12,623,759
Transfers out	(5,079,661)	(31,956,847)	(640,908)	7,077,685	(30,599,731)
Total Other Financing Sources (Uses)	<u>(5,079,661)</u>	<u>(20,386,492)</u>	<u>98,839,559</u>	<u>-</u>	<u>73,373,406</u>
Net Change in Fund Balances	(263,541)	(33,842,404)	(1,668,130)	-	(35,774,075)
FUND BALANCE - Beginning of Year (as restated)	<u>5,007,253</u>	<u>55,418,162</u>	<u>44,231,285</u>	<u>-</u>	<u>104,656,700</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,743,712</u>	<u>\$ 21,575,758</u>	<u>\$ 42,563,155</u>	<u>\$ -</u>	<u>\$ 68,882,625</u>

STATISTICAL SECTION

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 MADISON

NET POSITION BY COMPONENT Last Ten Fiscal Years

<u>Functions/Programs</u>	Fiscal Year			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Net investment in capital assets	\$ 722,844,218	\$ 713,627,552	\$ 696,130,916	\$ 686,732,418
Restricted	143,527,401	142,807,418	112,778,836	130,519,817
Unrestricted (deficit)	<u>(53,568,052)</u>	<u>(5,615,467)</u>	<u>40,794,284</u>	<u>24,198,147</u>
Total Governmental Activities Net Position	<u>812,803,567</u>	<u>850,819,503</u>	<u>849,704,036</u>	<u>841,450,382</u>
Business-type Activities				
Net investment capital assets	533,375,162	494,387,567	459,130,784	449,895,013
Restricted	29,207,255	12,787,770	12,101,837	17,878,796
Unrestricted	<u>48,708,804</u>	<u>61,701,866</u>	<u>78,720,796</u>	<u>67,862,809</u>
Total Business-type Activities Net Position	<u>611,291,221</u>	<u>568,877,203</u>	<u>549,953,417</u>	<u>535,636,618</u>
Primary Government				
Net investment capital assets	1,256,219,380	1,208,015,119	1,155,261,700	1,136,627,431
Restricted	172,734,656	155,595,188	124,880,673	148,398,613
Unrestricted	<u>(4,859,248)</u>	<u>56,086,399</u>	<u>119,515,080</u>	<u>92,060,956</u>
Total Primary Government Net Position	<u>\$ 1,424,094,788</u>	<u>\$ 1,419,696,706</u>	<u>\$ 1,399,657,453</u>	<u>\$ 1,377,087,000</u>

Source: City of Madison Finance Department

CITY OF MADISON

NET POSITION BY COMPONENT Last Ten Fiscal Years

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 697,100,797	\$ 669,740,170	\$ 648,240,698	\$ 629,377,433	\$ 590,604,246	\$ 566,794,764
96,845,672	102,065,176	116,189,017	136,122,589	106,311,824	106,795,490
(11,365,460)	(15,122,827)	(15,294,186)	(9,322,438)	26,308,915	28,739,587
782,581,009	756,682,519	749,135,529	756,177,584	723,224,985	702,329,841
439,940,358	425,067,257	424,324,445	420,562,727	409,528,718	396,537,846
9,239,578	7,321,422	6,237,712	5,577,351	4,845,148	10,156,220
58,556,914	51,792,342	43,824,494	31,725,610	29,511,183	18,597,330
507,736,850	484,181,021	474,386,651	457,865,688	443,885,049	425,291,396
1,137,041,155	1,094,807,427	1,072,565,143	1,049,940,160	1,000,132,964	963,332,610
106,085,250	109,386,598	122,426,729	141,699,940	111,156,972	116,951,710
47,191,454	36,669,515	28,530,308	22,403,172	55,820,098	47,336,917
\$ 1,290,317,859	\$ 1,240,863,540	\$ 1,223,522,180	\$ 1,214,043,272	\$ 1,167,110,034	\$ 1,127,621,237

Table 2

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year			
	2018	2017	2016	2015
Primary Government				
Expenses				
Governmental Activities				
General government	\$ 38,195,056	\$ 37,776,791	\$ 38,026,460	\$ 32,364,752 ¹
Administration	-	-	-	-
Public safety	145,499,533	145,485,840	138,832,946	127,693,407
Public works and transportation	91,619,298	78,568,257	73,049,893	76,018,961
Public facilities	-	-	-	-
Planning and development	41,665,883	44,592,108	37,986,391	48,069,978
Culture and recreation	43,669,631	45,818,401	40,912,451	40,131,614 ²
Interest and fiscal charges	8,581,608	9,021,539	8,673,810	8,521,134
Total Governmental Activities Expenses	<u>369,231,009</u>	<u>361,262,936</u>	<u>337,481,951</u>	<u>332,799,846</u>
Business-type Activities				
Water	32,190,652	31,574,165	27,087,143	26,845,428
Sewer	38,804,951	36,428,410	34,597,239	32,799,172
Stormwater	14,675,487	13,334,019	12,800,118	13,176,054
Parking utility	10,406,064	10,102,429	9,070,617	9,070,059
Transit	61,746,157	64,998,558	64,010,188	61,721,601
Convention center	11,169,804	10,946,668	10,348,530	9,311,942
Golf courses	3,124,969	3,127,281	3,320,180	2,835,591
Total Business-type Activities Expenses	<u>172,118,084</u>	<u>170,511,530</u>	<u>161,234,015</u>	<u>155,759,847</u>
Total Primary Government Expenses	<u>\$ 541,349,093</u>	<u>\$ 531,774,466</u>	<u>\$ 498,715,966</u>	<u>\$ 488,559,693</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General government/Administration	\$ 4,166,311	\$ 4,158,506	\$ 1,582,945	\$ 1,327,316 ¹
Public safety	14,159,152	15,009,256	15,791,545	15,283,825
Public works and transportation	17,443,301	11,634,568	10,131,496	3,337,537
Planning and development	3,307,780	10,074,010	10,439,621	10,717,502
Culture and recreation	6,715,572	6,443,102	5,135,854	3,189,570 ²
Operating Grants and Contributions	20,186,786	15,800,682	16,115,215	18,037,173
Capital Grants and Contributions	15,202,376	21,289,542	13,861,387	24,293,877
Total Governmental Activities Program Revenues	<u>81,181,278</u>	<u>84,409,666</u>	<u>73,058,063</u>	<u>76,186,800</u>
Business-type Activities				
Charges for Services				
Water	35,099,182	34,919,941	35,552,491	29,513,563
Sewer	37,923,065	36,080,764	34,293,941	32,845,454
Stormwater	16,002,076	15,635,997	15,188,100	14,586,406
Parking utility	15,527,351	16,018,656	14,923,974	13,660,478
Transit	16,654,793	18,503,174	18,328,051	18,045,485
Convention center	5,582,570	5,028,238	5,442,720	4,686,368
Golf courses	2,434,016	2,832,151	3,187,116	3,052,335

(Continued on Page 175)

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

						Fiscal Year						
						2014 ³	2013	2012	2011	2010	2009	
	\$	2,121,656	\$	2,255,651	\$	1,958,254	\$	1,628,722	\$	3,031,324	\$	4,684,496
		22,848,442		20,687,499		21,669,949		18,430,102		15,616,895		17,922,211
		115,721,627		113,255,320		112,216,449		112,037,179		110,164,913		99,968,369
		73,923,377		81,105,591		74,174,346		65,272,682		69,860,451		67,619,640
		-		-		-		-		-		542,149
		67,065,104		57,401,249		49,614,211		59,025,231		60,099,632		60,768,968
		17,345,247		14,714,621		11,117,422		10,280,021		8,693,307		12,703,878
		8,527,351		11,180,783		9,513,832		9,642,365		10,528,055		9,974,803
		<u>307,552,804</u>		<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>
		25,954,120		25,549,223		22,947,444		23,378,337		22,103,679		21,208,394
		30,879,641		29,045,341		26,668,531		27,106,624		25,036,162		27,064,610
		12,341,348		11,978,662		10,534,871		10,286,533		9,507,140		10,480,943
		9,326,944		9,023,631		8,793,504		8,740,316		8,298,771		8,432,887
		61,402,871		58,787,093		57,339,818		58,094,848		56,286,549		55,297,721
		10,252,087		10,093,985		9,175,872		9,078,108		9,280,186		8,864,403
		2,861,549		2,909,508		2,312,548		2,262,318		2,090,489		2,073,999
		<u>153,018,560</u>		<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>460,571,364</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>
	\$	3,044,967		3,099,468		2,820,507		4,815,287		2,453,263		2,305,517
		13,034,385		13,457,460		12,399,734		12,075,521		12,508,667		11,380,373
		12,098,555		8,237,731		6,636,579		6,909,956		5,994,781		8,396,892
		3,455,614		3,522,503		2,707,851		2,231,039		2,151,830		2,996,539
		592,074		561,459		517,407		1,363,708		1,949,805		2,076,320
		13,328,609		15,023,919		12,846,011		13,288,699		11,740,758		11,287,052
		<u>41,419,302</u>		<u>30,504,459</u>		<u>27,111,813</u>		<u>34,014,931</u>		<u>34,462,428</u>		<u>21,594,063</u>
		<u>86,973,506</u>		<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>
		29,866,020		28,922,282		29,945,988		28,100,283		26,682,887		21,949,406
		33,241,202		30,909,466		30,558,613		29,977,230		27,652,056		23,640,454
		14,423,757		13,723,265		13,287,899		12,826,835		11,536,491		10,413,924
		13,361,272		12,320,855		11,494,828		11,173,228		11,043,036		10,103,591
		18,010,975		17,468,166		16,515,060		16,178,584		15,364,470		14,311,144
		4,359,290		4,595,060		4,263,591		4,145,295		4,163,608		3,894,682
		2,652,013		2,676,118		2,136,428		2,007,156		2,077,855		2,216,566

Table 2 (Cont.)

	Fiscal Year			
	2018	2017	2016	2015
Program Revenues (Continued from Page 173)				
Business-type Activities				
Operating Grants and Contributions	\$ 29,436,884	\$ 29,384,584	\$ 27,269,559	\$ 27,087,906
Capital Grants and Contributions	<u>17,075,653</u>	<u>16,335,615</u>	<u>14,482,850</u>	<u>13,694,134</u>
Total Business-type Activities Program Revenues	<u>175,735,590</u>	<u>174,739,120</u>	<u>168,668,802</u>	<u>157,172,129</u>
Total Primary Government Program Revenues	<u>\$ 256,916,868</u>	<u>\$ 259,148,786</u>	<u>\$ 241,726,865</u>	<u>\$ 233,358,929</u>
Net (Expense)/Revenue				
Governmental activities	\$ (288,049,731)	\$ (276,853,270)	\$ (264,423,888)	\$ (256,613,046)
Business-type activities	<u>3,617,506</u>	<u>4,227,590</u>	<u>7,434,787</u>	<u>1,412,282</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (284,432,225)</u>	<u>\$ (272,625,680)</u>	<u>\$ (256,989,101)</u>	<u>\$ (255,200,764)</u>
Governmental Activities				
Taxes				
Property taxes, levied for general purposes	\$ 213,268,863	\$ 203,006,609	\$ 194,019,578	\$ 188,040,216
Property taxes, levied for the library	17,779,030	16,915,564	16,288,835	15,453,334
Property taxes, levied for TIF districts	30,545,605	19,043,987	17,893,720	13,759,032
Other taxes	19,280,303	17,027,958	15,957,567	15,261,034
Intergovernmental revenues not restricted, to specific programs	25,393,200	25,915,387	23,943,199	24,058,453
Investment income	5,854,258	4,473,178	4,810,159	2,804,384
Miscellaneous	2,783,864	2,057,816	4,051,870	5,193,375
Gain on sale of assets	551,145	1,209,681	1,024,070	1,351,317
Transfers, internal	<u>(45,640,707)</u>	<u>(11,681,443)</u>	<u>(5,311,456)</u>	<u>(11,550,524)</u>
Total Governmental Activities General Revenues	<u>269,815,561</u>	<u>277,968,737</u>	<u>272,677,542</u>	<u>254,370,621</u>
Business-type Activities				
Investment income	1,817,938	1,870,056	1,123,765	838,752
Miscellaneous	371,411	1,080,123	443,209	498,258
Gain (loss) on sale of assets	7,968	9,825	3,582	(1,080,767)
Special item - Water utility	-	54,749	-	-
Transfers, internal	<u>45,640,707</u>	<u>11,681,443</u>	<u>5,311,456</u>	<u>11,550,524</u>
Total Business-type Activities General Revenues	<u>47,838,024</u>	<u>14,696,196</u>	<u>6,882,012</u>	<u>11,806,767</u>
Total Primary Government General Revenue	<u>\$ 317,653,585</u>	<u>\$ 292,664,933</u>	<u>\$ 279,559,554</u>	<u>\$ 266,177,388</u>
Change in Net Position, Before Special and Extraordinary Items				
Governmental activities	\$ (18,234,170)	\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)
Business-type activities	<u>51,455,530</u>	<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>
Special and Extraordinary Items				
Governmental activities				
Special item - loan allowances	-	-	-	-
Change in Net Position, After Special and Extraordinary Items				
Governmental activities	\$ (18,234,170)	\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)
Business-type activities	<u>51,455,530</u>	<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>
Total Primary Government Change in Net Position, After Special and Extraordinary Items	<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</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					
2014	2013	2012	2011	2010	2009
\$ 26,399,858	\$ 25,915,025	\$ 25,697,964	\$ 26,941,035	\$ 27,101,036	\$ 26,134,472
<u>18,075,551</u>	<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>160,389,938</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>\$ 247,363,444</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>
\$ (220,579,298)	\$ (226,193,715)	\$ (215,224,561)	\$ (201,617,161)	\$ (206,733,045)	\$ (214,147,758)
<u>7,371,378</u>	<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>\$ (213,207,920)</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>
\$ 182,858,993	\$ 179,480,708	\$ 174,282,292	\$ 167,260,333	\$ 161,524,371	\$ 153,277,841
14,513,083	13,839,511	12,136,283	12,383,292	12,165,259	11,798,733
11,939,533	10,134,337	9,272,236	10,664,746	10,578,010	8,988,283
13,606,870	12,240,012	11,376,162	11,011,045	10,097,061	9,211,882
25,723,753	24,711,209	24,911,463	26,922,649	25,954,536	27,426,172
4,914,140	(673,893)	3,520,843	6,790,404	4,145,004	6,244,778
4,605,664	4,402,902	7,323,422	8,515,647	12,604,300	7,009,475
3,659,078	1,944,748	1,476,149	305,290	-	-
<u>(15,343,326)</u>	<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>246,477,788</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>
878,504	393,470	576,275	701,957	632,378	785,961
490,977	1,951,480	466,458	309,416	51,455	63,056
370,450	(1,778,331)	362,718	221,924	884,520	192,004
-	-	-	-	-	-
<u>15,343,326</u>	<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>17,083,257</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>\$ 263,561,045</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>
\$ 25,898,490	\$ 7,546,990	\$ 18,518,323	\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)
<u>24,454,635</u>	<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>\$ 50,353,125</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>
-	-	(25,560,378)	-	-	-
\$ 25,898,490	\$ 7,546,990	\$ (7,042,055)	\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)
<u>24,454,635</u>	<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>\$ 50,353,125</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>

Table 3

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 ¹	2010	2009
General Fund										
Nonspendable	\$ 3,570,997	\$ 6,676,920	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781	\$ 9,231,767	\$ -	\$ -
Restricted	822,139	-	-	-	-	-	-	-	-	-
Assigned	8,645,543	9,495,705	10,209,047	7,479,909	8,877,458	13,064,529	14,065,149	14,803,973	-	-
Unassigned	49,318,212	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
Unreserved	-	-	-	-	-	-	-	-	33,728,720	27,778,580
Total General Fund	\$ 62,356,891	\$ 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
All Other Governmental Funds										
Nonspendable	\$ 2,682,667	\$ 2,484,251	\$ 2,541,344	\$ 636,096	\$ 909,569	\$ 819,224	\$ 780,307	\$ 753,980	\$ -	\$ -
Restricted	134,274,680	154,674,606	110,607,410	73,582,930	80,105,535	87,534,586	92,993,807	84,978,274	-	-
Committed	12,435,477	1,007,604	1,591,645	4,552,377	3,103,793	3,620,218	3,554,712	3,529,971	-	-
Assigned	21,407,705	15,421,485	20,533,818	19,028,843	9,211,062	11,133,474	10,039,158	5,688,602	-	-
Unassigned (deficit)	(11,323,728)	(15,553,974)	-	-	(1,300,500)	(1,785,658)	(1,930,941)	(3,182,091)	-	-
Reserved	-	-	-	-	-	-	-	-	83,242,816	54,296,424
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	28,888,434	27,871,797
Capital projects funds	-	-	-	-	-	-	-	-	12,496,924	26,526,763
Total All Other Governmental Funds	\$ 159,476,801	\$ 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
Total Fund Balances	\$ 221,833,692	\$ 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

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			
	2018	2017	2016	2015
Revenues				
Taxes	\$ 280,873,801	\$ 255,994,118	\$ 244,159,701	\$ 232,513,616
Special assessments	4,294,695	3,603,220	3,380,545	6,510,649 ¹
Intergovernmental	46,151,555	47,533,164	44,713,157	48,120,548
Licenses and permits	8,223,531	8,003,350	9,638,235	6,975,916
Fines and forfeitures	6,360,901	6,614,108	7,694,509	7,012,225
Intergovernmental charges for services	4,998,982	-	-	-
Public charges for services	22,471,566	31,423,696	24,096,115	23,560,642
Investment income (loss)	7,333,935	4,328,764	4,721,172	2,750,270
Grants and donations	- ⁴	- ⁴	1,094,437	326,485
Miscellaneous	2,857,539	3,185,339	2,112,144	5,017,982
Total Revenues	<u>383,566,505</u>	<u>360,685,759</u>	<u>341,610,015</u>	<u>332,788,333</u>
Expenditures				
Current				
General government	35,804,545	35,066,148	35,057,714	30,180,556
Administration	- ²	- ²	- ²	- ²
Public safety	136,200,771	130,557,767	127,780,666	121,413,860
Public works	48,124,008	43,994,136	44,207,213	45,448,660
Culture, recreation, and education	36,377,166	37,585,445	31,595,640	32,842,736
Planning and development	40,853,027	36,710,172	34,556,301	29,073,026
Capital outlay	120,587,477	73,795,990	41,803,806	74,653,601
Debt service				
Principal retirement	63,584,609	54,504,739	59,714,249	53,233,284
Interest and fiscal charges	12,404,803	11,278,441	11,545,249	11,247,273
Total Expenditures	<u>493,936,406</u>	<u>423,492,838</u>	<u>386,260,838</u>	<u>398,092,996</u>
Deficiency of revenues over expenditures	<u>(110,369,901)</u>	<u>(62,807,079)</u>	<u>(44,650,823)</u>	<u>(65,304,663)</u>
Other Financing Sources (Uses)				
General obligation debt issued	87,675,220	87,634,104	71,076,662	66,802,278
Refunding debt issued	-	-	10,610,598	6,698,966
Premium on debt issued	4,759,354	6,602,862	5,069,697	4,865,460
Payment to refunding escrow	-	-	-	-
Proceeds of capital lease	3,960,000			
Sale of capital assets	812,802	2,582,286	628,630	1,351,317
Transfers in	113,518,626	85,584,748	78,898,569	74,112,020
Transfers out	<u>(123,047,235)</u>	<u>(92,854,718)</u>	<u>(84,581,436)</u>	<u>(84,375,247)</u>
Total Other Financing Sources (Uses)	<u>87,678,767</u>	<u>89,549,282</u>	<u>81,702,720</u>	<u>69,454,794</u>
Net Change in Fund Balances	<u>\$ (22,691,134)</u>	<u>\$ 26,742,203</u>	<u>\$ 37,051,897</u>	<u>\$ 4,150,131</u>
Debt service as a percentage of noncapital expenditures	19.8%	18.2%	20.2%	18.9%

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 government.³ - Beginning in 2013, the non-capitalized portion of capital outlay has been included in 'noncapital expenditures'.
The non-capitalized portion of capital outlay can be found on page 12.⁴ - Beginning in 2017, smaller donations for the library were reclassified to miscellaneous revenue.

CITY OF MADISON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 222,918,478	\$ 215,694,569	\$ 207,066,973	\$ 201,319,416	\$ 194,362,724	\$ 183,243,330
3,555,076	3,433,496	3,253,150	3,263,682	2,286,075	3,589,902
42,048,795	42,699,076	45,199,898	46,963,955	45,808,346	44,709,308
5,563,190	5,694,748	5,060,653	4,253,595	3,949,572	4,036,108
6,583,550	7,003,338	7,116,451	7,045,657	6,960,334	6,675,342
-	-	-	-	-	-
12,349,216	11,674,054	10,241,783	11,452,879	11,196,600	9,682,909
4,712,405	(928,585)	4,246,576	6,857,819	4,154,120	6,197,684
691,517	2,875,771	4,810,756	1,626,299	187,920	517,260
<u>11,606,825</u>	<u>14,295,196</u>	<u>12,524,831</u>	<u>9,635,933</u>	<u>14,110,755</u>	<u>10,024,482</u>
<u>310,029,052</u>	<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>
4,790,434	1,645,978	1,367,452	1,578,022	1,602,350	1,532,210
21,328,316	19,942,313	19,827,118	21,637,641	20,050,001	19,779,620
114,952,846	113,057,244	110,238,776	109,742,533	106,680,652	101,011,574
56,788,138	55,384,932	45,844,762	45,573,125	46,410,443	48,028,306
13,275,660	12,533,252	11,539,516	20,859,087	12,203,829	-
34,043,194	34,687,925	41,005,823	30,589,064	43,939,467	59,776,891
57,605,100	58,901,304	59,618,224	56,772,151	53,358,456	40,515,037
47,826,378	47,589,243	40,480,575	73,992,362	32,874,536	30,803,065
<u>10,959,890</u>	<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>361,569,956</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>(51,540,904)</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>
42,529,234	48,926,937	61,134,431	63,251,325	48,465,296	52,399,673
-	-	-	-	51,520,000	43,915,000
4,757,647	4,172,560	5,578,933	10,470,265	4,017,287	1,753,542
-	-	-	-	(35,098,167)	(24,720,713)
-	-	-	-	-	-
3,659,078	1,944,748	1,476,149	-	-	-
73,033,560	72,023,687	57,514,330	55,806,794	52,141,807	45,001,940
<u>(85,264,997)</u>	<u>(84,682,383)</u>	<u>(68,809,660)</u>	<u>(63,696,672)</u>	<u>(60,058,979)</u>	<u>(57,896,885)</u>
<u>38,714,522</u>	<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>\$ (12,826,382)</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>
19.1%	19.1% ³	18.2%	27.0%	15.8%	14.9%

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 ⁵	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							
2018	2017	\$ 16,795,804	\$ 9,902,126	\$ 261,092	\$ 4,017	\$ 17,279	\$ 593,760	\$ 27,574,078	\$ 808,555	\$ 26,765,523	9.22	\$ 28,727,408	96.0 %
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

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> ²	<u>Madison Area Technical College</u>
2018	\$ 0.72	\$ 8.60	\$ 9.22	\$ 11.99	\$ 3.09	\$ -	\$ 0.97
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

Source: Annual City of Madison Adopted Operating Budget

¹ - This rate is only for the Madison Metropolitan School District.

² - The State of Wisconsin repealed the forestry mill tax, effective for property taxes levied in 2017 and collected in 2018.

Table 7

CITY OF MADISON

PRINCIPAL PROPERTY TAX PAYERS Prior Year and Ten Years Ago

Taxpayer	2017			2008		
	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	\$ 179,695,600	1	0.72 %	\$ 200,532,400	1	0.91 %
American Family Insurance	146,437,800	2	0.58 %	184,175,900	2	0.84 %
Core Campus Madison LLC	97,320,000	3	0.39 %			
Covance Laboratories	74,955,000	4	0.30 %	120,029,000	3	0.54 %
University Research Park Inc	74,848,900	5	0.30 %			
777 University Ave LLC	66,909,300	6	0.27 %			
AX Madison Junction LP	64,300,000	7	0.26 %			
Domain Apartments LLC	62,319,000	8	0.25 %			
Core Campus Madison II LLC	57,920,000	9	0.23 %			
110 Bedford LLC	52,000,000	10	0.21 %			
Wingra Building Group/Dean Medical Center				100,116,000	4	0.45 %
Terrance R. Wall				99,394,600	5	0.45 %
Mullins, Carol				93,360,400	6	0.42 %
CUNA Mutual Group				71,144,600	7	0.32 %
Munz Investment/Munz Corp.				60,981,100	8	0.28 %
McAllen Properties LLC				57,486,100	9	0.26 %
Hilldale Building Co LLC				53,674,900	10	0.24 %
Total	\$ 876,705,600		3.50 %	\$ 1,040,895,000		4.72 %

Beginning with 2017 assessed values, information is presented for the top ten individual taxpayers in the City by owner.

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
2018	2017	\$ 231,041,537	\$ 229,767,881	99.45 %	\$ -	\$ 229,767,881	99.45 %
2017	2016	219,728,630	219,181,700	99.75	469,961	219,651,661	99.96
2016	2015	209,856,552	209,124,596	99.65	660,523	209,785,119	99.97
2015	2014	202,870,333	202,157,694	99.65	601,868	202,759,562	99.95
2014	2013	198,441,725	197,888,080	99.72	474,493	198,362,573	99.96
2013	2012	193,400,074	192,614,826	99.59	662,966	193,277,792	99.94
2012	2011	186,737,361	186,183,242	99.70	433,189	186,616,431	99.94
2011	2010	179,491,250	178,618,404	99.51	715,242	179,333,646	99.91
2010	2009	173,805,401	172,932,555	99.50	723,860	173,656,415	99.91
2009	2008	165,389,781	164,695,956	99.58	635,481	165,331,437	99.96

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, 2019

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
2018	\$ 512,385,646	\$ 17,648,002	\$ 494,737,644	1.72%	\$ 1,959
2017	474,670,956	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

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 2009 - 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 180.

⁴ - Population data can be found in Table 15: Demographic and Economic Statistics, on page 192.

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
2018	\$ 466,130,630	\$ -	\$ 3,170,000	\$ 46,255,016	\$ 222,179,105	\$ 52,606,786
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

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 2009 - 2012 do not include premium/discount.

² - Revenue Bonds years 2009 - 2012 do not include premium.

³ - See Table 15: Demographic and Economic Statistics on page 192 for personal income and population data.

CITY OF MADISON

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Business Activities

Revenue Bonds

	<u>Parking Utility</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u> ³	<u>Per Capita</u>
\$	-	\$ 1,025,500	\$ 791,367,037	5.24%	\$ 3,134
	-	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

Table 11

CITY OF MADISON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2018

<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	469,300,630	100.00 %	\$ 469,300,630
Indirect			
Dane County	374,640,000	44.92 %	168,288,288
School Districts: ¹			
DeForest	42,340,000	9.69 %	4,102,746
Madison Metropolitan	76,652,521	89.70 %	68,757,311
McFarland	64,350,000	10.22 %	6,576,570
Middleton-Cross Plains	72,175,000	22.08 %	15,936,240
Monona Grove	38,930,000	0.13 %	50,609
Sun Prairie Area	204,900,000	16.06 %	32,906,940
Verona	194,485,808	3.75 %	7,293,218
Waunakee Community	77,455,000	2.61 %	2,021,576
Madison Area Technical College	<u>183,555,000</u>	32.87 %	<u>60,334,529</u>
Total Overlapping	<u>1,329,483,329</u>		<u>366,268,027</u>
Total Direct and Overlapping	<u>\$ 1,798,783,959</u>		<u>\$ 835,568,657</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Equalized Value ¹	\$ 28,727,408	\$ 26,768,654	\$ 24,596,422	\$ 23,685,668
Debt Limit ²	1,436,370	1,338,433	1,229,821	1,184,283
Debt applicable to debt limit				
General Obligation Debt	484,747	447,740	409,860	381,836
General Obligation Debt - Joint Venture Pledged to CDA	2,314	905	745	559
Total debt applicable to debt limit	<u>\$ 487,061</u>	<u>\$ 448,645</u>	<u>\$ 410,605</u>	<u>\$ 382,395</u>
Less: Debt Service fund available for payment of principal	<u>\$ 17,648</u>	<u>\$ 16,951</u>	<u>\$ 15,658</u>	<u>\$ 15,029</u>
Net debt applicable to debt limit	469,413	431,694	394,947	367,366
Total debt applicable to the limit as a percentage of debt limit	33.9%	33.5%	33.4%	32.3%

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 22,710,892	\$ 21,853,251	\$ 21,697,081	\$ 21,965,222	\$ 22,212,096	\$ 23,131,429
1,135,545	1,092,663	1,084,854	1,098,261	1,110,605	1,156,571
355,769	352,797	342,349	321,529	319,851	285,720
676	698	696	636	642	448
-	-	-	-	7,000	7,000
<u>\$ 356,445</u>	<u>\$ 353,495</u>	<u>\$ 343,045</u>	<u>\$ 322,165</u>	<u>\$ 327,493</u>	<u>\$ 293,168</u>
<u>\$ 16,528</u>	<u>\$ 16,405</u>	<u>\$ 23,975</u>	<u>\$ 29,266</u>	<u>\$ 44,559</u>	<u>\$ 25,950</u>
339,917	337,090	319,070	292,899	282,934	267,218
31.4%	32.4%	31.6%	29.3%	29.5%	25.3%

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 ³	
2018	\$ 38,502,920	\$ 32,313,830	\$ 6,189,090	\$ 3,545,000	\$ 1,594,893	1.20
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 ⁵	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 ⁴	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

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

⁴ - The Landfill Remediation Bonds were paid off in 2011.

⁵ - Actual principal paid in 2014 was \$6,680,000 in order to retire \$4,665,000 of 2006 Revenue Bonds.

Table 14

CITY OF MADISON

PLEGGED REVENUE COVERAGE - WATER UTILITY
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ⁴	
2018	\$ 35,512,284	\$ 17,928,862	\$ 17,583,422	\$ 6,890,000	\$ 6,356,118	1.33
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

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
2018	252,546	\$ 15,089,634	\$ 59,750	\$ 50,756	2.2 %	2.2 %	3.0 %
2017	250,073	14,529,241	58,100	48,970	2.3	2.4	3.3
2016	247,207	13,914,293	56,286	47,426	2.9	2.9	4.1
2015	242,216	13,288,212	54,861	46,558	3.1	3.2	4.6
2014	240,153	12,489,637	52,007	44,780	3.7	3.8	5.5
2013	236,900	11,911,332	50,280	43,076	4.6	4.6	6.7
2012	234,625	11,525,015	49,121	42,956	4.7	4.7	6.9
2011	233,890	11,085,217	47,395	41,119	4.9	5.0	7.5
2010	228,200	10,211,494	44,748	38,994	4.4	4.6	7.5
2009	227,700	10,005,366	43,941	38,085	5.1	5.4	8.7

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 2018 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	2017			2008		
	<u>Employees</u> ¹	<u>Rank</u>	<u>Percentage of Total Area Employment</u> ²	<u>Employees</u> ³	<u>Rank</u>	<u>Percentage of Total Area Employment</u>
State of Wisconsin	41,408 ^{4,5}	1	10.33%	41,151	1	11.72%
University of Wisconsin	22,038 ^{4,5}	2	5.50	16,000	2	4.56
UW Health	15,358 ⁶	3	3.83	7,253	3	2.07
Epic Systems	9,600	4	2.39			
SSM Health Care	6,444 ⁶	5	1.61			
United States Government	5,380	6	1.34	4,629	5	1.32
American Family Mutual Insurance Group	4,427 ⁶	7	1.10	3,710	8	1.06
Madison Metropolitan School District	3,591 ⁶	8	0.90	5,600	4	1.59
City of Madison	3,011	9	0.75			
Covance	2,091	10	0.52			
Dean Health Systems				4,477	6	1.27
Wisconsin Physicians Service Insurance Group				4,000	7	1.14
Meriter Health Services				3,500	9	1.00
UW Medical Foundation				3,448	10	0.98
Total	113,348		28.27 %	93,768		26.71 %

¹ - Sources: Madison InBusiness, 2017 Report; Dane County; UW 2017-2018 Data Digest

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

³ - Source: Telephone survey of individual employers, August 2009

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	Budgeted Full-time Equivalent Employees (FTEs)				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public Safety and Health					
Fire	411	393	393	389	390
Police	588	584	593	586	581
Public Health - Madison and Dane County ¹	138	138	138	136	135
General Government					
Common Council	4	2	2	2	2
Mayor	12	12	12	12	12
Municipal Court	5	5	5	5	5
Administration					
Department of Civil Rights	18	16	16	15	15
Attorney	26	27	27	27	27
Assessor	24	24	24	24	24
Clerk	9	9	8	8	7
Treasurer	6	6	6	5	5
Madison City Channel ²	-	-	-	-	-
Finance ³	41	42	42	39	38
Information Technology	54	53	53	49	48
Human Resources	17	16	16	18	18
Employee Assistance Program ⁴	3	3	3	-	-
Public Facilities					
Overture Center ⁵	-	-	-	-	-
Monona Terrace	55	55	55	55	55
Department of Public Works and Transportation					
Engineering ⁶	115	112	77	149	143
Sewer Utility ⁷	36	35	44	-	-
Stormwater Utility ⁷	12	11	39	-	-
Parks	172	167	165	161	148
Municipal Pool	-	-	-	-	-
Golf Enterprise	8	8	8	8	8
Streets	193	190	187	183	177
Water Utility	130	130	130	129	128
Metro Transit	473	476	474	472	472
Traffic Engineering	66	64	63	64	62
Parking Utility	71	71	69	70	74
Fleet Services	43	43	43	43	43

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Budgeted Full-time Equivalent Employees (FTEs)					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
389	389	371	371	371	343
580	580	577	568	564	555
134	152	155	157	158	161
2	2	3	2	2	2
12	12	12	12	12	12
5	5	5	5	5	7
15	15	16	17	16	16
27	27	26	26	26	26
24	24	24	24	26	25
7	7	7	7	7	6
5	5	5	6	6	6
-	-	-	7	7	7
38	39	38	38	37	37
47	47	47	42	39	39
18	19	18	18	19	19
-	-	-	-	-	-
-	-	-	46	46	63
55	58	58	59	59	58
138	137	137	130	129	127
-	-	-	-	-	-
-	-	-	-	-	-
144	144	147	146	145	147
-	-	-	-	1	1
8	7	7	7	10	10
177	177	179	175	179	179
128	127	126	127	127	130
466	461	460	445	445	439
62	61	59	59	59	60
75	75	76	76	76	76
43	44	44	44	44	44

Table 17 (Cont.)

CITY OF MADISON

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program (Continued From Page 194)	Budgeted Full-time Equivalent Employees (FTEs)				
	2018	2017	2016	2015	2014
Department of Planning & Community & Economic Development ⁸					
Office of the Director of Planning and Community and Economic Development ⁹	8	8	8	8	7
Planning Division ¹⁰	36	36	32	32	30
Building Inspection Division ¹¹	46	45	48	47	47
Economic Development Division ¹²	17	17	16	16	18
Community Development Authority Housing Operations	41	41	41	39	38
Community Development Authority Redevelopment ¹³	2	2	2	2	2
Community Development Division ¹⁴	41	39	39	22	21
Community Development Block Grant ¹⁴	-	-	-	15	15
Community Services ¹⁵	-	-	-	-	-
Senior Center ¹⁵	-	-	-	-	-
Library	135	131	131	128	127
Total	3,056	3,011	3,009	2,958	2,919

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.

Budgeted Full-time Equivalent Employees (FTEs)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
7	7	7	7	7	7
29	28	28	28	28	29
47	46	45	44	44	46
18	19	19	19	19	18
39	38	37	41	41	43
2	2	1	-	-	-
21	20	41	32	1	1
17	18	-	-	12	11
-	-	-	-	15	15
-	-	-	-	5	5
<u>124</u>	<u>119</u>	<u>117</u>	<u>118</u>	<u>118</u>	<u>119</u>
2,903	2,911	2,892	2,903	2,905	2,889

Table 18

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

Function/Program	<u>2017</u> ²	<u>2016</u> ²	<u>2015</u>	<u>2014</u>
General government				
Information Technology				
Webpage visits	5,439,856	6,057,900	6,343,573	6,544,987
Online payments transactions	301,479	270,728	353,462	212,866
Public safety				
Fire				
EMS responses	21,716	21,291	18,348	19,599
Fire/service responses	8,810	8,762	6,839	6,215
Fires extinguished	476	411	459	412
Public Health				
Inspections/Pre-inspections	1,318	1,418	1,363	1,258
Police				
Calls for service	212,196	212,601	212,376	206,648
Arrests	12,039	11,969	14,020	9,726
Citations	4,928	5,851	7,203	7,142
Traffic violations	17,843	20,966	23,316	19,872
Public works and transportation				
Metro Transit				
Annual rides	12,817,077	13,305,291	14,358,261	15,492,317
Annual miles	5,075,010	5,050,916	5,070,813	5,040,007
Fleet Services				
Work Orders	3,073	2,394	2,588	2,084
Parking Utility				
Ramp Occupancy	70%	72%	71%	71%
Streets				
Tons of debris swept	4,551	4,351	7,256	7,539
Refuse collected (tons)	43,352	42,525	44,866	41,680
Recyclables collected (tons)	19,344	19,228	19,379	19,225
Sewer Utility				
Average annual residential customer volume (gallons)	47,124	50,864	52,360	49,368
Water Utility				
Main replacement (miles)	11.52	10.70	6.45	7.80
Gallons pumped (millions)	9,419	9,848	9,977	10,099
Water main breaks (per mile)	0.208	0.247	0.240	0.440
Mains added	21.49	16.60	8.60	4.90

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
5,808,882	5,543,502	5,333,097	4,810,131	4,072,018	2,678,298
139,542	152,951	147,290	130,392	117,815	106,665
20,541	19,698	18,409	18,125	19,058	18,969
5,879	5,500	5,257	5,314	5,587	5,543
534	479	N/A	471	494	595
1,387	1,271	1,348	1,298	1,387	1,350
203,394	203,087	211,802	202,392	203,031	184,463
9,421	11,378	12,089	12,074	16,545	18,663
8,376	10,432	11,373	12,969	11,352	19,165
22,878	25,195	21,844	25,624	24,845	20,747
15,001,760	14,592,214	14,923,969	13,623,461	13,588,426	13,433,149
4,922,010	4,822,865	4,818,879	4,810,956	4,709,101	4,706,193
1,321	1,735	1,491	1,571	1,198	1,334
66%	64%	64%	64%	63%	63%
5,674	4,820	6,526	8,269	8,779	11,114
40,367	40,367	38,561	40,086	N/A	39,533
19,401	19,401	18,949	19,229	N/A	20,818
55,352	55,352	53,856	65,824	67,320	65,824
5.06	6.55	10.00	9.77	6.67	4.88
10,058	10,659	10,320	10,255	10,355	10,907
0.350	0.280	0.300	0.290	0.310	0.280
3.50	2.41	4.08	4.05	2.20	2.13

Table 18 (Cont.)

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

Function/Program (Continued From Page 198)	<u>2017</u> ²	<u>2016</u> ²	<u>2015</u>	<u>2014</u>
Planning and development				
Planning Unit				
Plans worked on, adopted, amended	NA	NA	NA	NA
Inspection Unit				
Inspections	52,854	54,113	48,023	52,166
Housing Operations				
Households served	2,490	2,528	2,404	2,432
Community Services				
Children receiving child care from an accredited facility	49.28%	51.30%	50.00%	49.00%
Seniors in city funded activities	¹	¹	¹	¹
Senior Center				
Number of visits	38,521	41,106	38,828	42,263
Number of events	3,108	2,871	2,777	2,829
New visitors	866	817	889	7,422
Culture and recreation				
Library				
Circulation	3,698,903	3,800,000	3,950,000	3,841,997
Visits	1,965,014	2,170,000	2,150,000	2,152,731
Registered borrowers	168,443	170,420	165,855	163,934
Internet uses	917,107	769,704	708,214	813,880
Parks				
General park (shelter) reservations	1,598	1,765	1,590	1,570
Athletic Field reservations	8,362	8,700	8,358	7,325
Recreation center attendance	221,000	209,000	64,495	63,315
Special events held	383	350	245	130
Calls for service - Forestry	4,415	5,068	4,336	4,264
Visitors - Olbrich Gardens	325,530	300,396	289,540	279,090
Municipal Pool				
Attendance	46,469	46,400	52,140	49,503
Golf Enterprise				
Rounds (18 holes)	100,004	109,934	107,212	79,122
Monona Terrace				
Conventions and Conferences	60	67	63	54

Source: 2008 - 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.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
NA	NA	NA	NA	11	11
51,220	47,579	46,131	56,261	48,649	52,053
2,456	2,460	2,427	2,291	2,322	2,196
50.00%	49.00%	58.00%	54.00%	60.00%	53.00%
¹	5,200	5,200	5,200	5,143	4,934
41,460	46,675	42,518	42,696	38,075	44,772
2,864	3,112	3,020	2,363	2,243	2,685
7,971	10,086	7,597	7,568	6,921	7,346
4,085,341	4,122,191	4,398,343	4,730,496	4,846,206	4,702,829
2,053,449	2,020,557	2,241,086	2,347,234	2,351,691	2,274,220
162,374	167,717	156,285	132,428	138,632	137,990
686,444	682,034	721,431	693,432	547,216	443,984
1,426	1,524	1,409	1,527	1,441	1,438
8,021	7,531	7,751	7,675	7,146	7,039
57,277	267,757	305,751	295,000	293,753	292,977
130	110	116	114	333	330
4,233	4,553	3,542	4,644	5,603	4,078
252,750	252,750	245,183	253,048	246,197	252,141
66,000	68,752	65,692	63,320	51,799	67,850
77,824	82,055	74,658	77,295	85,955	77,300
67	65	62	62	68	82

Table 19

CITY OF MADISON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

Function/Program	<u>2017</u> ¹	<u>2016</u> ¹	<u>2015</u>	<u>2014</u>
Public safety				
Fire				
Fire stations	13	13	13	13
Public works and transportation				
Metro Transit				
Shelters	222	208	208	208
Buses (incl. Paratransit)	232	232	232	231
Fleet Services				
Vehicles	1,011	1,169	1,166	1,278
Parking Utility				
Ramps	6	5	5	5
Surface lots	6	7	7	7
Parking Spaces	6,142	5,506	5,589	5,426
Traffic Engineering				
Miles of Streets	795	790	785	780
Water Utility				
Water main (miles)	895	884	867	859
Hydrants	9,004	8,956	8,882	8,751
Valves	27,381	25,126	21,525	21,114
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	961,596	957,562	943,507	936,975
Parks				
Parks	274	275	274	270
Acreage of Parks (rounded to nearest 100th)	5,600	6,000	6,000	6,000
Beaches	12	12	12	12
Shelters	22	22	21	21
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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
12	12	12	12	12	12	11
208	211	211	210	210	124	124
228	228	229	204	204	224	223
1,152	1,144	1,144	1,090	1,146	1,106	1,073
5	5	5	5	5	5	5
7	7	7	7	7	3	3
5,548	6,300	6,300	6,300	6,300	5,220	5,220
777	773	772	769	766	765	763
854	850	847	843	839	837	834
8,669	8,615	8,555	8,482	8,383	8,343	8,309
20,804	20,564	20,332	20,065	19,678	19,466	19,190
9	9	9	9	9	9	9
831,296	863,645	841,929	929,682	1,034,933	1,035,479	1,047,602
261	260	260	260	260	260	255
6,002	6,000	6,000	6,000	6,000	6,000	6,000
12	12	12	13	13	13	13
20	20	20	18	18	18	18
1	1	1	1	1	1	1
1	1	1	1	1	1	1
4	4	4	4	4	4	4