



# 2021

## Annual Comprehensive Financial Report



Satya Rhodes-Conway  
Mayor

**CITY OF MADISON**  
Madison, Wisconsin

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

As of and for the Year Ended  
December 31, 2021

Prepared By:

FINANCE DEPARTMENT STAFF

# CITY OF MADISON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT As of and for the Year Ended December 31, 2021

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## INTRODUCTORY SECTION





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June 27, 2022

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

Finance Department staff is pleased to present the City of Madison's Annual Comprehensive Financial Report as of and for the year ended December 31, 2021.

## **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 Annual Comprehensive Financial Report of the City of Madison as of and for the year ended December 31, 2021 is hereby submitted.

### **Assumption of Responsibility**

Management and preparers of the Annual Comprehensive Financial Report 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 Annual Comprehensive 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 MD & A begins on page 16).

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 Annual Comprehensive Financial Report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total agency expenditure level.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations of the operating budget lapse at year end unless carried over. Carryover encumbrances are adopted as part of the following year's budget through a formal resolution.

## **Independent Audits**

As mentioned above, state law requires the City's financial records to be audited annually by independent, licensed certified public accountants. The City of Madison has retained Baker Tilly US, LLP to perform its annual audits. Baker Tilly US, LLP concluded, based upon its audit procedures, that the City's annual financial report for the fiscal year ended December 31, 2021 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 as of October 2021 at 259,233, 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 47,000 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. Further, 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 officials begins on page 10).

## **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/City Treasurer, Human Resources, Information Technology, Mayor, and Municipal Court
- Public safety – Fire, Police, and Public Health Madison Dane County
- Public works and transportation – City Engineering, Streets, Traffic Engineering, Transportation, Water, Sewer, Stormwater, Metro Transit, and Parking Utilities
- Planning and development – Building Inspection, Community Development, Economic Development, and Planning
- Culture and recreation – Golf Courses, Library, Monona Terrace Community and Convention Center, and Parks

## **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 Parks Foundation.

Readers should note that the Statistical Section focuses on the primary government, rather than the entire 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**

As of December 31, 2021, the City's unemployment rate was 2.8%, below the state and national rates of 3.8%, and 5.3% respectively. Per capita and median income tracked well above the state average, despite the high student population, indicating the area's quality of available jobs. Locally assessed real estate increased by 5.9% between 2020 and 2021. As of March 30, 2021, the City's unemployment rate decreased to 2.0% as the City continues to recover from the COVID-19 pandemic. The City rate remains below the state and national rates of 3.3% and 3.8% respectively.

### **Long-Term Financial Planning**

The City's sound financial operations are expected to remain healthy despite challenges due to the coronavirus. 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.

In its rating letter, Moody's lauded the City's large tax base, solid socioeconomic and demographic profile, and stable financial position. Additionally, the City benefits from a strong, diverse economy with significant institutional presence and above-average resident income. Further, Moody's believes the City's credit profile is healthy, and that a trend of fund balance growth will continue due to strong budgetary management and financial planning practice.

The City's debt profile is expected to remain manageable with 92.0% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.7% of the value of the taxable property base.

### **Relevant Financial Policies**

The local share of the City's capital program is financed primarily with 10-year general obligation promissory notes, unlike many communities, which borrow over a greater repayment term. This policy helps reduce the interest costs to taxpayers and maintain the City's Aaa bond rating. It is also the practice of the City to maintain an unassigned General Fund Balance equal to 15% of the adopted General Fund operating budget to help ensure the availability of adequate resources to address potential future emergencies. To avoid the creation of future structural budget deficits, it is the policy of the City of Madison to refrain from using one-time revenue sources to fund ongoing operating expenses.

### **Major Initiatives**

General government      The Assessor plans to update its outdated software solutions to compute and track assessments by city parcel. They are in the final stages of completing the request for proposal process with evaluation, and contracting anticipated in 2022.

## Public safety

In response to the COVID-19 health emergency, Public Health of Madison and Dane County (PHMDC) received \$3.8 million in federal grant funds, \$2.4 million from Dane County, and \$1.5 million from FEMA. These grant funds largely covered salaries and benefits, case investigation, community testing, and vaccination. Staff continued to be organized this year into an Incident Command Structure, or ICS to most efficiently and effectively operate during the pandemic. In January 2021, there were approximately 150 permanent and limited term staff. At the peak of the emergency in February 2021, there were 347 people on staff.

Additionally during 2021, approximately 41,400 people tested positive for the COVID-19 virus with 39,000 close contacts identified. Staff administered more than 465,000 COVID-19 tests of which, more than 427,500 tests were provided for at the Alliant Energy Center. Vaccination doses totaling 103,887 were administered including more than 2,600 doses given at 255 pop-up clinics.

Further, more than two million hits were recorded on the PHMDC COVID-19 website pages; eleven public health emergency orders were issued; fifty-seven community town hall presentations and webinars were conducted, a quarter in Spanish; and 749 responses were made to media inquiries, which is almost a 650.0% increase in media requests compared to years prior to the pandemic.

Although the pandemic interrupted other PHMDC operations, staff teams still managed continuity on a broad spectrum of health services. These programs include nurse family partnership and prenatal care coordination, syringe services, sexual and reproductive health, tuberculosis monitoring and testing, Women, Infant and Child (WIC) services, water quality and paint laboratory services, animal services, well and septic testing, licensed establishment food services, community health assessments, community health improvement planning, evaluation, violence prevention, overdose fatality review, and tobacco prevention. Tuberculosis cases totaling 441 were monitored, 1,519 non-COVID immunizations were provided, and approximately 7,556 Narcan doses were distributed to community sites. During the year, 490,970 syringes distributed, 6,979 WIC clients were serviced, 6,047 animal service calls were answered, 185 families were supported with perinatal home visiting programs, 578 beaches and pools were tested, and almost 1,700 routine inspections were conducted at food, lodging, and body art establishments.

## Public works and transportation

Upgrades continue at Metro Transit's current bus garage located at 1101 East Washington Avenue. Phase III of remodeling began in the summer of 2021, and will continue throughout 2022, including upgrades to maintenance bays/lifts, new boilers and water heaters, remodels to administration and office areas, new driver locker rooms, restrooms, and a standby room, and new HVAC and lighting.

Metro Transit was awarded a \$6.4 million bus and bus facilities grant from the federal government, which will help cover the rising costs of construction. Metro Transit continues to implement other transformative projects, such as a \$10 million technology infrastructure upgrade, a new fare technology system, and a redesign of the entire transit network planned for implementation in 2023 and construction of a new bus rapid transit system with operations planned to begin in 2024.

City Engineering reconstructed and resurfaced approximately three and five miles of streets respectively during 2021. Surface maintenance in the form of seal coating was completed on approximately 140 miles of City owned roads, and about 59 miles of roads had cracks sealed. 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 fiscal year, about 80.0% of the City's 807 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.

Approximately eight miles of new bike lanes and bike paths were constructed in 2021, including the Garver Path, which provided a new pedestrian and bike path from the Capital City Trail at Olbrich Gardens to Milwaukee Street. The project included three new bridges over the Starkweather Creek and adjacent wetlands. East Gorham was resurfaced from Butler to Baldwin Streets, including newer buffered bike lanes. West Washington Avenue was resurfaced in 2021 from Broom to Bassett Streets including new bike and bus lanes. Odana Road was resurfaced in 2021 from Whitney Way to Research Park Boulevard, including removing two travel lanes, and creating a new center left turn lane and bike lanes.

The Stormwater Utility progressed towards its total suspended solids (TSS) and total phosphorus (TP) reduction goals, by planning for four major pond reconstructions and major greenway reconstruction. Two of the large projects are in the final design and permitting phases, with construction to begin in the fall of 2022. The other two, will begin construction in 2023. Projects that will meet flood mitigation goals and provide stormwater quality benefits, are prioritized in the City's Capital Improvement Program, and two such projects will begin the planning and budgeting phases in the fourth quarter of 2022. Total phosphorus reductions that are necessary to meet our citywide total maximum daily loads (TMDL) mandate, will continue to be addressed by additional Stormwater Utility participation in the YAHARA WINS Adaptive Management Program. In 2021, the Stormwater Utility began construction of several flood mitigation projects and has continued design, permitting and land acquisitions for major flood mitigation projects. Currently, 17 out of 22 major watershed studies are actively underway, or completed, which comprise over 71.0% of the City.

Additionally, over 38,838 feet of sanitary sewer mains were bid for cured-in-place pipe (CIP) lining. This is the least costly and disruptive method to improve the service life of pipe, while increasing capacity and reducing treatment costs. Highlighted projects for next year include: West Washington Avenue with 2,093 feet of sanitary sewer replaced; Fahrenbrook and College Courts which included 644 feet sewer main replacement; Dean and Allis Avenues, Seth and Tyler Circles with 3,737 feet of sewer replaced; and Dunning, Jackson and LaFollette Streets, with 3,083 feet of sewer replaced.

#### Planning and development

The Wilson Street garage which opened to the public in June of 2020, flooded in February of 2021. The facility closed for six weeks while measures were taken to clear the facility of frozen water and other debris. The garage re-opened to the public in April 2021. The Novo apartments, a part of the Stone House Development built above the Wilson garage, opened for occupancy in August 2021. Additionally, the single-space parking meter conversion was completed in April 2021.

Old multi-space parking meters were removed due to system failures, and were replaced with single-space parking meters. The new single-space meters take coin and credit cards only.

**Culture and recreation** A new accessible playground will be installed at Warner Park in the next few months. Recreational biking improvements continue at Aldo Leopold Park, including a new skills track, which encompasses about one mile of a single footpath connecting the park to the school. One-half of the tennis complex at Rennebohm Park will be reconstructed this year. The Clean Beach System at Warner was delayed in 2021, but will be operating shortly. Land Management efforts to improve biodiversity, promote pollinator and wildlife habitats continue through maintenance and establishment of native planting areas. The Frautschi Family Learning Center and Greenhouses opened in 2021, and Olbrich Botanical Gardens is planning a full level of events, programs and courses in 2022, including a return of the Blooming Butterflies Program and tram rides. A study is underway for preservation of the Thai Pavilion, with construction bids expected late 2022. The Parks Administrative offices will move to the Olin Park Building by fall of 2022, after the first phase of construction is complete.

In 2021, Madison Public Library system integrated their libraries with a centralized voice over internet phone solution, and an informational digital signage network. By mid-2022, five out of six Madison neighborhood libraries will be converted to highly energy-efficient LED lighting systems. Additionally in 2022, the Madison Public Library will complete design work for the Imagination Center at Reindahl Park. Construction is scheduled to begin in 2023, with the grand opening of this much-anticipated facility in 2024.

## **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 Annual Comprehensive Financial Report prepared for the fiscal year ended December 31, 2020. A facsimile of the certificate is included on page 9. This was the thirteenth 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 Annual Comprehensive Financial Report satisfying both GAAP and applicable legal requirements.

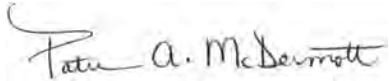
A Certificate of Achievement is valid annually. The City believes that its current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2021 Annual Comprehensive Financial Report to the GFOA to determine its eligibility 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. The 2021 Annual Comprehensive Financial Report was electronically produced in its entirety by accountants within our department.

Respectfully submitted,



David Schmiedicke  
Finance Director



Patricia A. McDermott, CPA  
Accounting Manager

***City of Madison-Mission***

The City of Madison provides the highest quality service for the common good of all residents and visitors.

***Our Values***

Equity, civic engagement, well-being, shared prosperity, and stewardship.





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Madison  
Wisconsin**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO

**CITY OF MADISON**

**LIST OF PRINCIPAL OFFICIALS**

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**MEMBERS OF THE COMMON COUNCIL**

Name

Barbara Harrington-McKinney	Alder, District #1
Patrick W. Heck	Alder, District #2
Erik Paulson	Alder, District #3
Michael E. Verveer	Alder, District #4
Regina M. Vidaver	Alder, District #5
Brian Benford	Alder, District #6
Nasra Wehelie	Alder, District #7
Juliana R. Bennett	Alder, District #8
Nikki Conklin	Alder, District #9
Yannette Figueroa Cole	Alder, District #10
William Tishler	Alder, District #11
Syed Abbas	Alder, District #12
Tag Evers	Alder, District #13
Sheri Carter	Alder, District #14
Grant Foster	Alder, District #15
Jael Currie, Council Vice President	Alder, District #16
Gary Halverson	Alder, District #17
Charles Myadze	Alder, District #18
Keith Furman, Council President	Alder, District #19
Matthew J. Phair	Alder, District #20

**ELECTED OFFICIALS**

Satya Rhodes-Conway	Mayor
Daniel P. Koval	Municipal Judge

**CITY STAFF ISSUING REPORT**

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

**CITY OF MADISON**

**LIST OF PRINCIPAL OFFICIALS**

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**NONELECTED OFFICIALS**

Mayoral Assistants

Mary Bottari  
Christine Baumel  
Katie Crawley  
Dr. Linda Vakunta  
Reuben Sanon  
Jessica Price

Chief of Staff  
Deputy Mayor  
Deputy Mayor  
Deputy Mayor  
Deputy Mayor  
Sustainability and Resilience Manager

Common Council

Karen Kapusta-Pofahl, PhD, MPA

Chief of Staff

Michelle Drea  
Michael Haas  
Maribeth Witzel-Behl  
David Schmiedicke  
Norman Davis  
Tresa Fuchs-Martinez  
Chris Carbon  
Harper Donahue, IV  
Sarah Edgerton  
Gregory Mickells  
Connie Thompson  
Shon F. Barnes  
Janel Heinrich  
Rob Phillips  
Mahanth Joishy  
Eric Knepp  
Charles Romines  
Yang Tao  
David Wills, acting  
Justin Stuehrenberg  
Krishna Kumar  
Matt Wachter

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 General Manager  
Planning & Community &  
Economic Development Director

James O'Keefe

Community Development  
Division Director

Matthew Mikolajewski

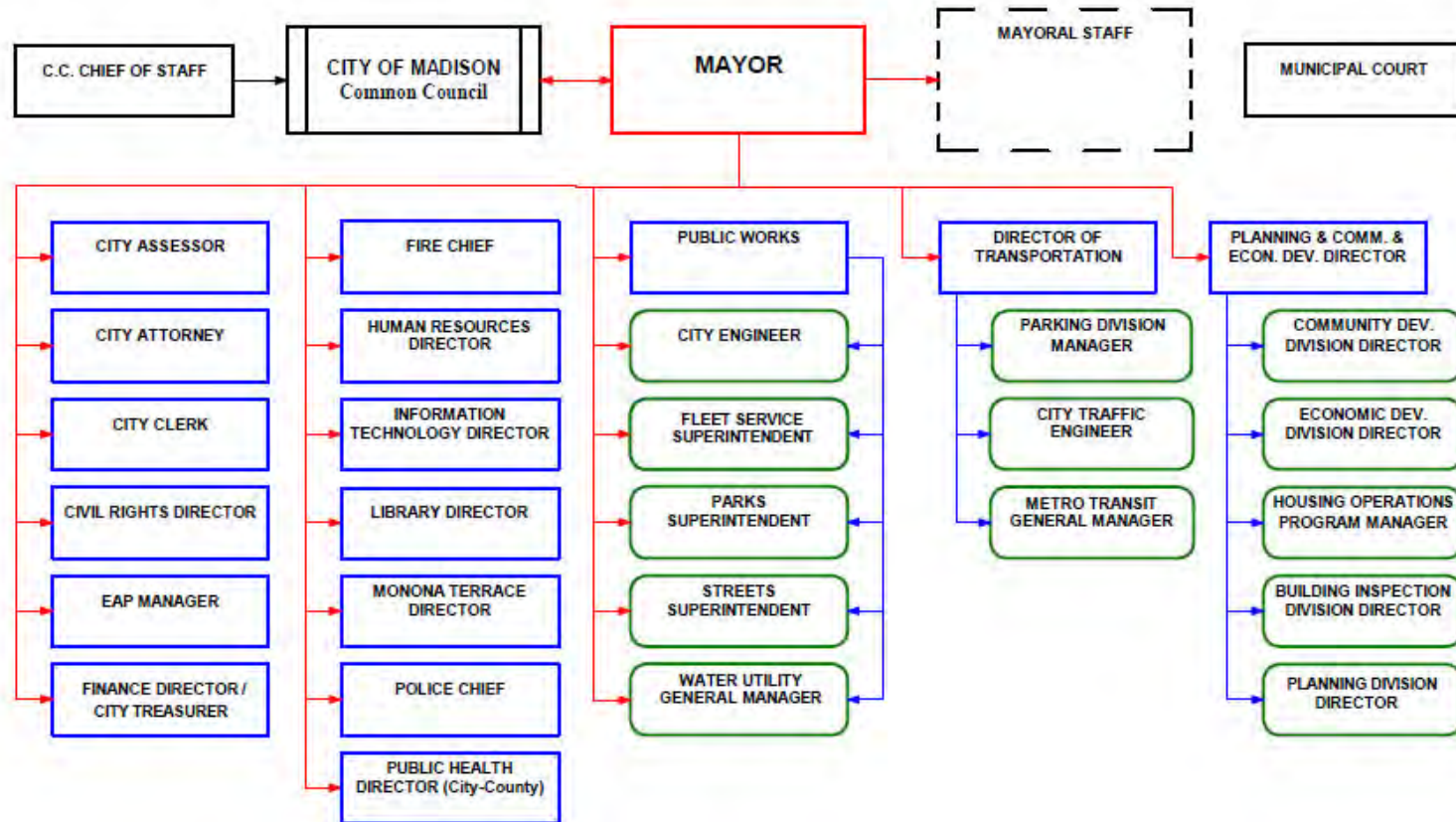
Economic Development  
Division Director

Larry Kilmer  
Matt Tucker  
Heather Stouder  
Thomas Lynch

CDA Executive Director  
Building Inspection Division Director  
Planning Division Director  
Transportation Director

# CITY OF MADISON

## ORGANIZATION OF CITY OF MADISON GOVERNMENT



## **FINANCIAL SECTION**

## Independent Auditors' Report

To the City Council of  
City of Madison

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Madison, Wisconsin, (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2021 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.

We did not audit the financial statements of the 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), Monona Shores and Village on Park presented as major funds of the CDA and CDA 95-1 presented as a nonmajor fund of the CDA, which represent 65 percent, 56 percent and 26 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 opinions, insofar as it relates to the amounts included for the 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), Monona Shores and Village on Park presented as major funds of the CDA and CDA 95-1 presented as a nonmajor fund of the CDA are based solely on the reports of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, the Library Foundation, Madison Parks Foundation, Monona Shores, Village on Park, CDA 95-1 and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **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 is the responsibility of management and, 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'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**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 on our consideration of the City'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 solely 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 the effectiveness of the City's 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's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 27, 2022



**CITY OF MADISON, WISCONSIN  
MANAGEMENTS 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, 2021, with comparative data for the fiscal year ended December 31, 2020. 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 approaching \$3.1 billion, and total liabilities of more than \$1.1 billion, deferred inflows of resources of over \$553.7 million, and deferred outflows of resources at approximately \$199.8 million, the total net position of the City of Madison increased by just under \$91.7 million from the previous year to nearly \$1.6 billion. Of this amount, almost \$1.4 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 over \$49.3 million for 2021. Just under \$270.0 million was held for restricted purposes with a little over \$63.6 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 net pension asset of nearly \$57.6 million from 2020 was valued to be slightly less than \$113.0 million at year-end, or an increase of nearly \$55.4 million. Net pension assets are required to be restricted as part of net position, with the pension related deferred outflows of resources totaling nearly \$59.8 million less than the pension related deferred inflows of resources. Restricting amounts for pensions, impact fees, and tax incremental district activities, largely increased the deficit of the unrestricted net position for the primary government in total when compared to the prior year.
- The primary government reported a little over \$314.6 million in program revenues to cover approximately \$568.8 million in expenses with the remaining general revenues of taxes, intergovernmental revenues not restricted to specific programs, investment income, interest on capital leases, and other miscellaneous sources offsetting the difference of over \$345.8 million, including a surplus of almost \$91.6 million.
- As of December 31, 2021 the governmental funds reported combined ending fund balances of almost \$293.0 million. This amount is broken down as follows: just under \$56.4 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 nearly \$33.0 million for specific purposes with just nearly \$196.3 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 over \$7.3 million at year-end. The nonspendable fund balance is legally or contractually, required to be intact and not expected to be easily converted to cash.

At the end of the fiscal year, just under \$56.4 million of unassigned fund balance remained within the general fund or approximately 16.5% of the adopted 2022 general fund expenditures, which is above the City's stated target ratio of 15.0%. Two of the primary reasons for the increase in unassigned fund balance is the Common Council's decision not to apply \$8.0 million of general fund reserves during the 2022 Operating Budget adoption, along with adding \$7.0 million more in revenues when compared to expenditures during the fiscal year.

Additionally, the unassigned fund balance was approximately 16.5% of the adopted 2022 general fund expenditures; \$100,000 was repaid at year-end for a portion of the outstanding noncurrent advance to the golf enterprise fund from the general fund. This noncurrent advance is the result of cumulative cash shortfalls during the past few years at the golf courses. The remaining noncurrent advance to other funds totals a little more than \$700,000, which is down from \$800,000 the prior year. It is not anticipated that the golf courses will be able to repay the entire amount within the subsequent fiscal year.

- In order to recover from the negative public health and economic impacts caused by the COVID-19 pandemic, the United States Treasury awarded the City of Madison multiple grants. The City was awarded \$47.2 million of federal funding through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) component of the American Rescue Plan Act (ARPA). The City has adopted a plan to use these funds to address critical community issues, support an equitable recovery, and continue to provide government services. Approximately, \$22.8 million is allocated to community investments in five priority areas: violence prevention and youth engagement, homelessness support, affordable housing, emerging needs, neighborhood and small business revitalization. These investments will support communities that were most impacted by the pandemic, while allowing the City to improve long-term resiliency. The remaining \$24.4 million of CSLFRF funding is planned to address deficits in the operating budgets due to pandemic-related revenue losses. The City received the first disbursement of CSLFRF funding (\$23.6 million) in May 2021 and the second half of this funding (\$23.6 million) was received in June 2022. The Treasury also created the Emergency Rental Assistance (ERA) Program, which makes funding available to assist households unable to pay rent or utilities. The City of Madison was awarded a total of \$48.9 million through this program.
- The room tax fund transferred \$2.4 million to the general fund in 2021. This is still well below the 2019 amount of \$10.5 million provided to the general fund prior to the pandemic. These revenues remain lower by about \$8.1 million, or about 77.1% from 2019 amounts, but are slowly beginning to recover. Under normal operations, thirty percent of room tax revenues are transferred to the general fund; the remaining seventy percent is held in the room tax fund for expenditures at the direction of the City's Room Tax Commission.
- Intergovernmental revenues decreased from the prior year by over \$300,000, largely due to decreases of \$560,000 in payments for municipal services and \$200,000 in shared revenues. These were offset to some extent by a new revenue source for video service providers, which totaled \$490,000. Video service provider aid is replacing lost own-source revenues from video service franchise fees which were capped under state law. Further, general fund licenses and permits were over budget by about \$600,000 during the year, and were higher than the prior year by approximately \$1.9 million with most of the increase related to building permits of \$1.8 million. Additionally, fines and forfeitures were below budget by just over \$500,000, but did increase by over \$900,000 from 2020, due almost entirely to parking violations rebounding after the pandemic.

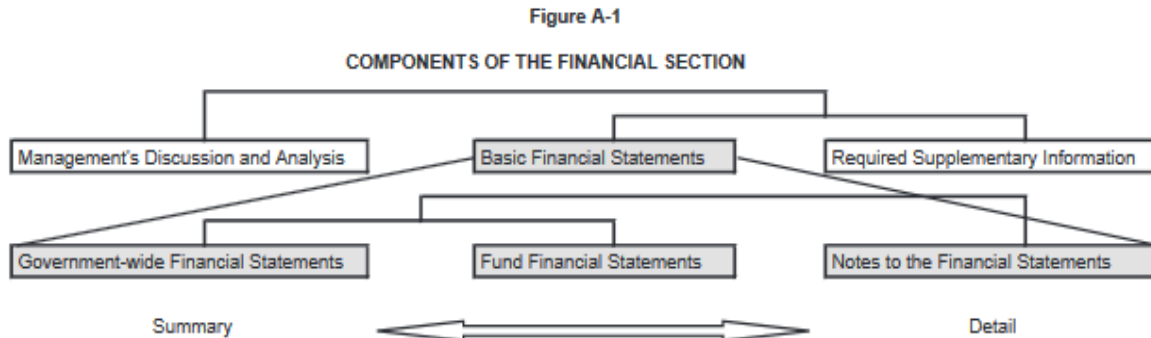
- Investment income was under the final adopted budget by just over \$1.2 million, and was down by almost \$4.0 million when compared to 2020. Investment income revenues include any to-market adjustments for the City’s investment portfolio and life insurance reserves at year-end, which when computed, totaled a loss of about \$820,000. Interest rates began the year at about 0.17%; however, due to the slight increase in economic recovery caused by the lessening of the pandemic, were up to about 0.27% by the close of fiscal year 2021.
- Outstanding General Obligation bonds and notes as of December 31, 2021, totaled just under \$564.4 million (excluding the joint venture), with approximately \$498.0 million related to governmental activities. Business-type activities closed the year with under \$308.6 million in revenue bond and general obligation debt.
- At December 31, 2021, the City reported an asset of nearly \$113.0 million, for its proportionate share of the Wisconsin Retirement System’s net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. The City recognized a pension expense of almost \$12.5 million, or approximately \$6.8 million less than what was recorded in the prior year. Net differences between projected and actual earnings on pension plan investments, largely contributed to a roughly \$55.4 million increase of the net pension asset from the close of 2020.
- Other post-employment benefits accrued liability was nearly \$84.6 million at year-end; an increase of approximately 2.7%, from about \$82.4 million when compared to the prior year. The obligation was based on an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. Approximately 61.2% or about \$51.7 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 over \$32.9 million or roughly 38.8% for 2021.
- 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 48 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.



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

Further explanation of the basic financial statement sections follows:

### **Government-Wide Financial Statements**

The two *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The government-wide financial statements can be found on pages 42 through 45 of this report.

The *Statement of Net Position* presents information on all of the City of Madison's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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. For the City of Madison, the primary deferred outflows of resources are for unamortized loss on advance refunding, pension related, and other post-employment benefits related amounts, with deferred inflows of resources mostly for property tax revenues levied in 2020, but will not be collected until 2021, 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.

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

The discretely presented component units are; the Community Development Authority (CDA) of the City of Madison which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID); the Olbrich Botanical Society and Olbrich Botanical Society Foundation (OBS and OBSF); and the Madison Public Library Foundation, Inc. (MPLF); and the Madison Parks Foundation (MPF). These entities are described in Note IV-I page 115 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 46 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, Other Grants 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 four governmental funds is provided in the form of combining statements in the supplementary information section beginning on page 182.

**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 54 of this report.

The City's fund financial statements present separate major enterprise fund information for the Water Utility, Sewer Utility, Stormwater Utility, and Transit Utility. The Parking Utility, Convention Center and Golf operations are presented as nonmajor Enterprise Funds beginning on page 191.

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

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

These are presented separately in the combining statement of net position internal service funds presentation beginning on page 195 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 custodial 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 custodial funds financial statements can be found beginning on page 64 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 70 of this report.

## **Supplementary and Statistical Information**

Compliance with the City's annual operating budget for the year ended December 31, 2021 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 173. 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 182-198 includes combining statements for the nonmajor governmental, nonmajor enterprise, internal service, agency and component unit funds, schedules of revenues and expenditures and changes in fund balances-budget and actual for all governmental funds for which a budget has been adopted, the sewer remediation revenue bond covenant analysis, and capital projects schedules.

The statistical section beginning on page 209 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, 2021, and 2020, are summarized in the table below.

The change in net position improved by almost \$91.7 million during the year, to just under \$1.6 billion by the close of the year, or a little more than 6.2%. The upward change in net position is mostly attributable to the City generating approximately \$314.6 million in program revenues, recognizing over \$345.8 million in total general revenues and transfers to support expenses that increased by almost \$4.4 million from the prior year, to just under \$568.9 million.

Additionally, the primary government investments in capital assets such as 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 86.8% 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 39 of this report for information related to capital assets.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and Other Assets	\$ 847,242	\$ 725,070	\$ 173,997	\$ 160,399	\$ 1,021,239	\$ 885,469
Capital Assets (net)	<u>1,135,590</u>	<u>1,143,156</u>	<u>912,120</u>	<u>890,276</u>	<u>2,047,710</u>	<u>2,033,432</u>
Total Assets	<u>\$ 1,982,832</u>	<u>\$ 1,868,226</u>	<u>\$ 1,086,117</u>	<u>\$ 1,050,675</u>	<u>\$ 3,068,949</u>	<u>\$ 2,918,901</u>
Deferred Outflows of Resources	<u>\$ 160,434</u>	<u>\$ 118,347</u>	<u>\$ 39,345</u>	<u>\$ 30,489</u>	<u>\$ 199,779</u>	<u>\$ 148,836</u>
<b>Liabilities:</b>						
Current Liabilities	\$ 110,147	\$ 66,361	\$ 49,876	\$ 42,660	\$ 160,023	\$ 109,021
Noncurrent Liabilities	<u>645,794</u>	<u>645,429</u>	<u>341,667</u>	<u>366,602</u>	<u>987,461</u>	<u>1,012,031</u>
Total Liabilities	<u>\$ 755,941</u>	<u>\$ 711,790</u>	<u>\$ 391,543</u>	<u>\$ 409,262</u>	<u>\$ 1,147,484</u>	<u>\$ 1,121,052</u>
Deferred Inflows of Resources	<u>\$ 504,228</u>	<u>\$ 435,076</u>	<u>\$ 49,475</u>	<u>\$ 35,748</u>	<u>\$ 553,703</u>	<u>\$ 470,824</u>
<b>Net Position:</b>						
Net investment in capital assets	\$ 740,301	\$ 754,118	\$ 620,927	\$ 586,205	\$ 1,361,228	\$ 1,340,323
Restricted	227,447	164,049	42,511	30,844	269,958	194,893
Unrestricted (deficit)	<u>(84,651)</u>	<u>(78,460)</u>	<u>21,006</u>	<u>19,104</u>	<u>(63,645)</u>	<u>(59,356)</u>
Total Net Position	<u>\$ 883,097</u>	<u>\$ 839,707</u>	<u>\$ 684,444</u>	<u>\$ 636,153</u>	<u>\$ 1,567,541</u>	<u>\$ 1,475,860</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	70%	73%	155%	143%	92%	93%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	-7%	-7%	5%	4%	-4%	-4%

Approximately 17.2% or less than \$270.0 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 as a result of legal limitations established through constitutional provisions or enabling legislation.

The year concluded, with the primary government's total unrestricted net position at a deficit of just over \$63.6 million. It is important to note, that a little over \$21.0 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 accounted for 92% of total liabilities and deferred inflows at the end of 2021, for both governmental and business-type activities. However, unrestricted net position was at a deficit of approximately 7% of total liabilities and deferred inflows for governmental activities. The same measure was 5% for business-type activities, and totaled a deficit of 4% 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	
	2021	2020	2021	2020	2021	2020
<b>Revenue:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 47,776	\$ 42,379	\$ 141,887	\$ 128,353	\$ 189,663	\$ 170,732
Operating grants and contributions	55,788	29,798	31,354	39,772	87,142	69,570
Capital grants and contributions	17,109	17,231	20,725	13,608	37,834	30,839
<b>General revenues:</b>						
Property Taxes	288,911	275,783	-	-	288,911	275,783
Intergovernmental revenues not restricted to specific programs	28,354	28,322	-	-	28,354	28,322
Investment income	(281)	5,754	289	1,079	8	6,833
Other	18,456	9,589	10,151	6,397	28,607	15,986
<b>Total revenues</b>	<b>\$ 456,113</b>	<b>\$ 408,856</b>	<b>\$ 204,406</b>	<b>\$ 189,209</b>	<b>\$ 660,519</b>	<b>\$ 598,065</b>
<b>Expenses:</b>						
General government	\$ 34,545	\$ 38,953	-	-	\$ 34,545	\$ 38,953
Public safety	137,072	160,688	-	-	137,072	160,688
Public works and transportation	94,686	88,639	-	-	94,686	88,639
Planning and development	75,710	34,621	-	-	75,710	34,621
Culture and recreation	41,921	45,743	-	-	41,921	45,743
Interest and fiscal charges	9,803	9,760	-	-	9,803	9,760
Water	-	-	30,510	31,740	30,510	31,740
Sewer	-	-	44,299	41,421	44,299	41,421
Stormwater	-	-	16,844	18,727	16,844	18,727
Parking	-	-	13,478	20,598	13,478	20,598
Transit	-	-	58,558	61,181	58,558	61,181
Convention Center	-	-	8,088	9,228	8,088	9,228
Golf courses	-	-	3,324	3,195	3,324	3,195
<b>Total expenses</b>	<b>\$ 393,737</b>	<b>\$ 378,404</b>	<b>\$ 175,101</b>	<b>\$ 186,090</b>	<b>\$ 568,838</b>	<b>\$ 564,494</b>
Excess before transfers	62,376	30,452	29,305	3,119	91,681	33,571
Transfers	(18,986)	(137)	18,986	137	-	-
Change in net position	43,390	30,315	48,291	3,256	91,681	33,571
Net position, beginning of year	839,707	809,392	636,153	632,897	1,475,860	1,442,289
Net position, end of year	<b>\$ 883,097</b>	<b>\$ 839,707</b>	<b>\$ 684,444</b>	<b>\$ 636,153</b>	<b>\$ 1,567,541</b>	<b>\$ 1,475,860</b>

Property tax general revenues and charges for services program revenues financed just over 84.1% 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 just under 27.0% 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 2021 increased net position by just under \$43.4 million. Total revenues exceeded total expenses by almost \$62.4 million; however approximately \$19.0 million (net) was transferred to the business-type activities, thereby slightly 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 about \$280,000 from the prior year as follows:
  1. Cable Franchise Fees were down by about 380,000,
  2. Reimbursed expenses for unemployment and workshare programs were up by just over \$407,000,
- Public safety increased by approximately \$2.8 million from 2020:
  1. Ambulance conveyance fees collected during the year were up by just over \$1.2 million when compared to the prior year, as the City delayed collections in 2020 due to the pandemic,
  2. Parking violations were also up by almost \$1.0 million as individuals come back to work and downtown area events slowly return,
  3. There was an increase of just over \$1.0 million attributable to provide fire services including those for the Town of Madison totaling approximately \$830,000,
  4. The remaining decrease of about \$400,000 was due to changes between year-end, unavailable revenue accruals, mostly related to timing for ambulance fees, and grant revenue recognitions,
- Public works and transportation decreased by around \$300,000 for the following:
  1. Building permit revenues were up by almost \$1.8 million,
  2. Other governmental revenues for capital cost sharing construction projects and design work decreased by over \$4.9 million, primarily for CTH M, Ice Age Trail, and Buckeye Rd projects being in 2020,
  3. Increase of nearly \$500,000 for Urban Forestry charges,
  4. Moreover, the difference of about \$2.1 million increase 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 increased from the prior year by almost \$2.1 million for the following:
  1. TIF Increment guarantees increased by about \$600,000 during the year,
  2. Impact fee revenues were up by just over \$1.0 million for newer projects in which fees were collected during the year when planning is initiated,
  3. Program appreciation fees on loans was up almost \$300,000 from 2020,
- Culture and recreation increased by just under \$600,000 from the prior year for the following:
  1. Parks use increased by almost \$450,000,
  2. Library charges for services were higher by almost \$100,000,
  3. Cemetery fees increased by almost \$30,000.

#### Operating Grants and Contributions:

- General government increased by just under \$3.8 million from the prior year due to the pandemic for the following:
  1. American Rescue Plan Act grants totaled over \$6.9 million. This funding replaced lost revenue from the economic downturn,
  2. CARES Act funding was reduced within this category by approximately \$3.0 million,
  3. The Clerk's Office received grant funding in the amount of about \$150,000 for election precautionary measures,
- Public works and transportation was up by approximately \$300,000 for the following:
  1. State highway aids were up around \$200,000,
  2. Federal government revenues were up by around \$100,000,
- Planning and development increased by just over \$24.0 million during 2021, including
  1. CARES Act additional funding of \$2.2 million was received for the Wisconsin Emergency Solutions Grant,
  2. A new grant was received for Emergency Rental Assistance of \$16.5 million,
  3. An additional \$1.0 million for the Home Investment Partnership Program,
  4. There was \$1.5 million in American Rescue Plan Act funding, which included \$1.3 million for Unsheltered Homeless Support,
  5. Timing for revenue recognition of almost \$2.1 million for increases related to grant amount that were available but unearned at year-end,
- Culture and recreation decreased by approximately \$340,000 as a result of reduced Library Foundation donations and contributions during the year,
- Interest and fiscal charges decreased as debt service funds earned less interest rebate from the federal government of approximately \$50,000 at year-end.

#### Capital Grants and Contributions:

- General government capital grants increased by \$61,000 during 2021 due to an urban sustainability grant,
- Public works and transportation decreased from the prior year, by a little under \$2.9 million,
  1. Special assessment revenues were down by about \$200,000,
  2. Timing for revenue recognition, which collectively totaled nearly \$3.4 million more from that of the prior year, was for deferred special assessments not collected in 2021, and reduced capital contributions to infrastructure projects,
  3. There was an increase in federal funds of just over \$825,000 for specific projects including the Garver bike path,
- Planning and development capital contributions increased by approximately \$2.5 million,
  1. There were \$1.8 million in increases for state capital revenues and TIF contributions,
  2. Federal housing assistance grants increased by almost \$1.1 million during the year,
  3. There was a \$400,000 decrease due to revenue recognition and timing of capital leases,

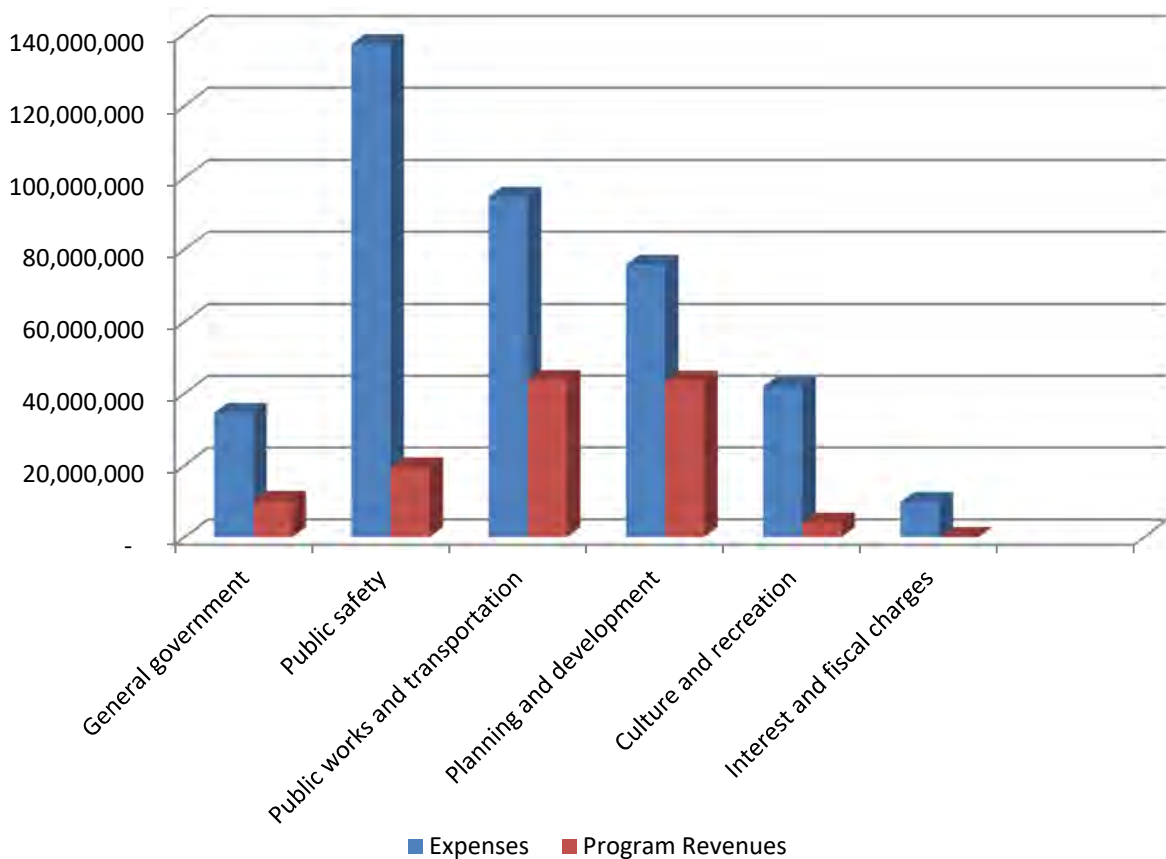
- Culture and recreation capital funding increased from the prior year, by approximately \$200,000 for donations related to library infrastructure and equipment projects.

**Expenses:**

- General government expenses decreased by approximately \$4.4 million 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 expenses down by just under \$2.0 million,
  2. Room tax grants increased by almost \$1.5 million,
  3. Compensated absences decreased by almost \$1.7 million as emergency paid leave policies expired at year-end,
  4. Purchased services directly related to the pandemic such as gloves, masks, and sanitizer were down by around \$600,000,
  5. Clerk's office spending was down around \$1.0 million due to the 2020 national election,
- Public safety expenses decreased by approximately \$23.6 million when compared to 2020, including required conversion entries to full accrual from modified accrual fund statements. The fund statement change between years increased by about \$400,000 and the conversion entries in aggregate, netted to a decrease of about \$24.1 million. The following list identifies larger changes in total between years:
  1. Salaries and overtime wages were higher by about \$4.0 million for Fire and down almost \$3.2 million for Police. Police reductions related to significant overtime in 2020, due to protests and difficulties hiring and retaining staff,
  2. Benefits were higher including those for annual retirements, health insurance, pensions, and FICA, totaling approximately \$1.1 million,
  3. Supplies and purchased service expenses were down almost \$500,000,
  4. Pension expenses related to the increased net pension asset at year-end, decreased by about \$21.3 million,
  5. Compensated absences were down by around \$4.2 million compared to 2020, as emergency paid leave accruals expired at year-end,
  6. The City portion of Public Health Madison Dane County levy support increased by \$765,000 from 2020,
- Public works and transportation expenses between years, netted to an increase of just over \$6.0 million, which is due to the increases between the fund statements and the conversion entries required for full accrual reporting of \$2.4 million and increases in fund statement spending of \$3.6 million. The most notable were the following:
  1. Pension-related expenses were down by almost \$2.7 million,
  2. Compensated absence expenses were down by just over \$1.9 million as emergency leave accruals expired at year-end,
  3. A net \$7.0 million increase due to disposals of capital assets,
  4. An increase of \$2.2 million in capital project spending from 2020,
- Planning and development expenses increased by just under \$41.1 million in 2020, when netted against the conversion entries required for full accrual reporting. The most significant were the following:
  1. Affordable housing and rental assistance grants increased by just over \$22.8 million from 2020, due primarily to receipt of American Rescue Plan Act grants,
  2. Tax Increment District (TID #25) preliminary paid out nearly \$15.0 million to taxing jurisdictions, and Tax Increment District (TID #46) expensed a developer loan totaling \$2.6 million,

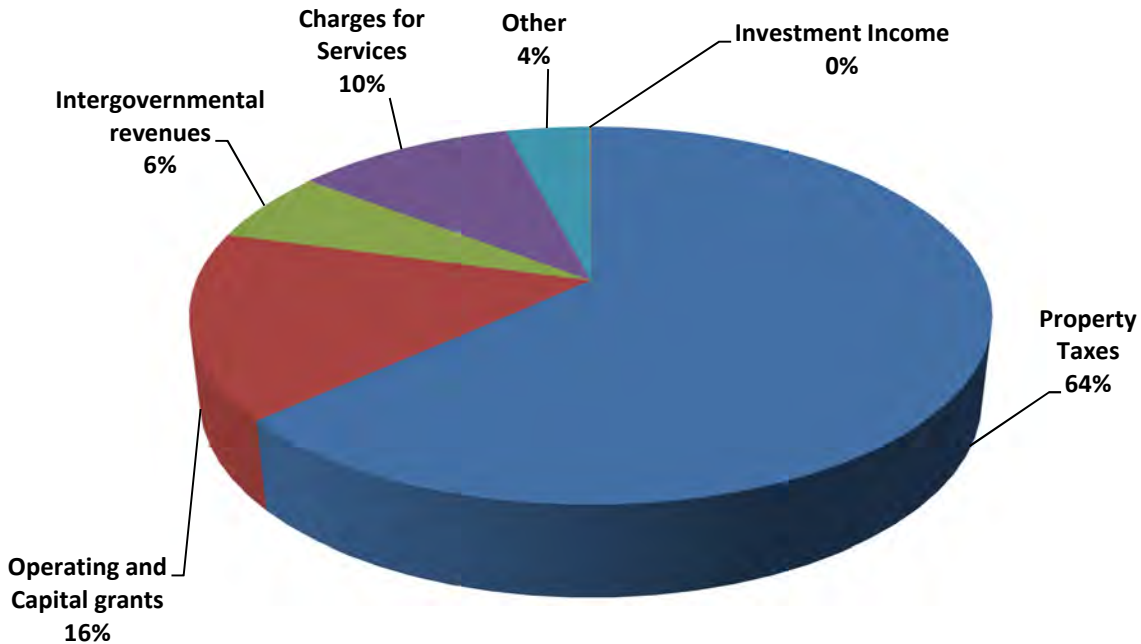
- 3. Pension-related expenses were down by almost \$1.0 million,
- 4. Contingent loans increased by almost \$5.8 million during the year,
- Culture and recreation expenses were lower by just over \$3.8 million due to the following:
  - 1. There was a \$600,000 decrease in capital spending from 2020,
  - 2. Compensated absences were lower by almost \$1.6 million as emergency paid leave accruals expired at year-end,
  - 3. Pension expenses were lower by just over \$1.6 million at year-end,
- Interest and fiscal charges between years were up minimally by about \$43,000 as required interest paid, issuance costs for debt, and amortizations for premiums and/or discounts increased slightly when compared to 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 64% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 22%, while charges for services and all other sources account for 14% of total governmental activity resources.

**City of Madison  
Governmental Activities  
2021 Funding Sources**



**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 under \$48.3 million including transfers netting almost \$19.0 million for 2021. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled over \$17.5 million, with approximately \$3.7 million of room tax revenues funding Convention Center continuing operations and capital project improvements. The governmental activities transferred capital assets to the utilities totaling over \$10.9 million largely for transit projects.

The business-type activities remitted payments in lieu of taxes (PILOT) to the general fund totaling just under \$9.5 million. Total revenues exceeded expenses by approximately \$29.3 million prior to any transfer of funds activity by the close of 2021. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 99.

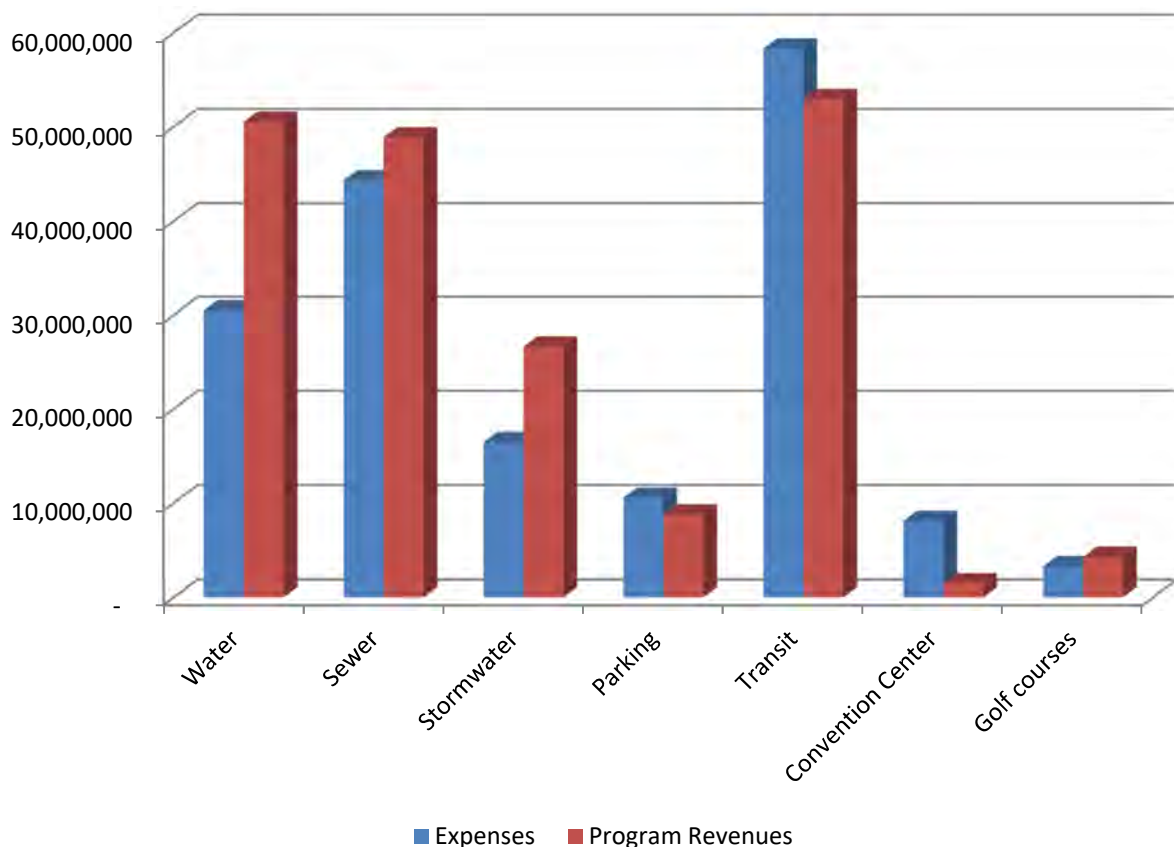
Program revenues for business-type activities increased from the prior year to over \$193.9 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate over \$13.5 million more than the prior year, in charges for services revenues to support operating expenses.

- Water Utility’s rate increase was approved June of 2020, for 8.9% by the Public Service Commission. The rate increase was projected to generate approximately \$3.8 million more annually from usage charges for services. The utility recorded an additional \$3.2 million in operating revenues from 2020, to 2021 due to the new rates being in effect for the entire fiscal year.
- Sewer Utility’s volume and demand charge rates increased by 6.6% on average for 2021, up from 5.6% in 2020.

- Stormwater Utility impervious, pervious, and customer charge rates increased on average by 9.7% for 2021, compared to the increase of 14.8% in 2020.
- The Parking Utility’s last rate increase was adopted in 2018. In 2021, there were reductions in parking garage usage, parking lot and street meter occupancy, largely due to the pandemic and remote working.

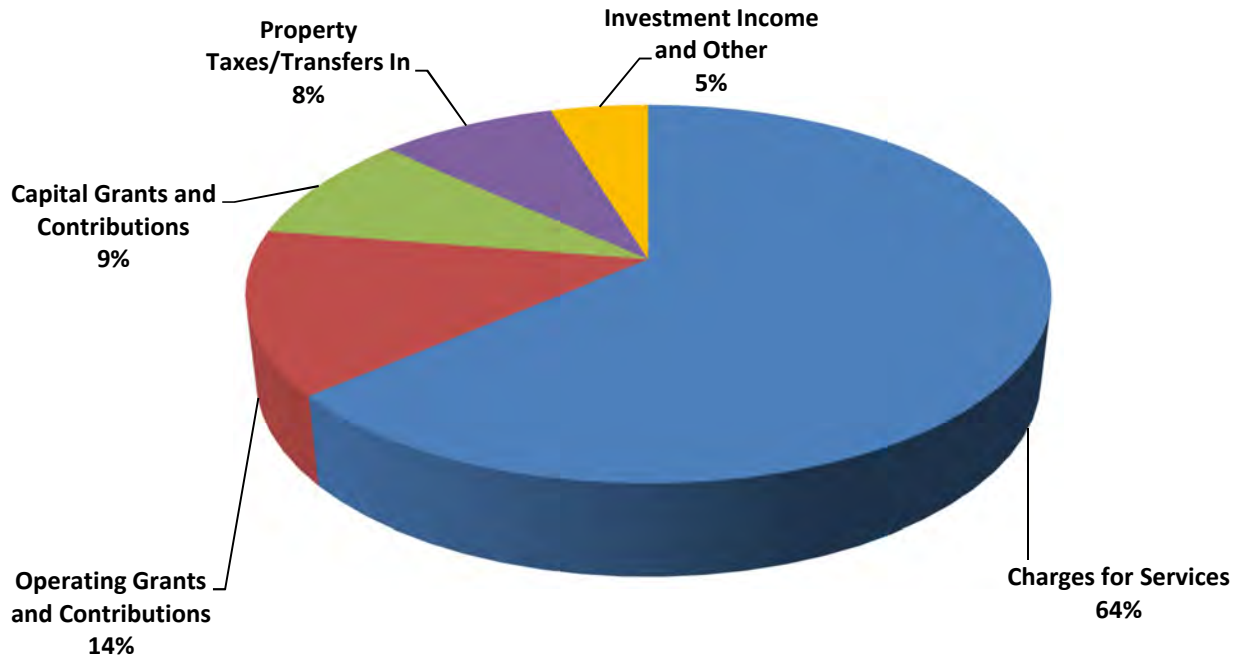
Total operating expenses for the business-type activities decreased by a little under \$11.0 million at year-end. Much of the decrease in spending is attributable to the Water, Sewer, Parking, and Transit Utilities capital, personnel costs, pension, other post-retirement benefits, and transportation 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 64% of the total. State and federal aids and grants continue to be an important revenue source at 23%. Transfers from the primary government are comprised of property taxes and minor investment income representing 13% of business-type revenues.

**City of Madison  
Business-Type Activities  
2021 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, 2021 for all major and nonmajor governmental funds:

	Fund Balance 2021	Fund Balance 2020	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 77,807,096	\$ 70,812,167	\$ 6,994,929
Library	2,719,727	2,242,244	477,483
Other Grants	306,247	-	306,247
Debt Service	27,945,927	47,005,503	(19,059,576)
Capital Projects	119,702,781	88,707,234	30,995,547
Other Nonmajor Governmental	64,476,983	55,713,811	8,763,172
<b>Total</b>	<b>\$ 292,958,761</b>	<b>\$ 264,480,959</b>	<b>\$ 28,477,802</b>



As of December 31, 2021, the City of Madison's governmental funds reported combined ending fund balances of nearly \$293.0 million, or an increase of just under \$28.5 million from the prior year.

Of this total, over \$7.3 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 Courses enterprise fund, and to the Community Development Authority component unit, inventories, prepaid health insurance and flex spending deductions for January 2022 premiums, and trust activities.

Over \$196.2 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 \$33.0 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 about \$56.4 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 under 50.5% 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 over \$77.8 million represented approximately 30.5% of roughly \$255.1 million in 2021 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while approximately \$56.4 million unassigned balance represented just over 22.1% 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 2022 general fund budget authorized expenditures of \$341,254,123.

The general fund 2021 unassigned fund balance was at 16.5% of the subsequent year's budget, which increased from last year's percentage of 13.3%, higher than the historical target due to the following:

- During 2021, city management assigned roughly \$5.3 million less than the prior year, primarily due to no fund balance application in the 2022 budget. During 2020, \$8.0 million was applied to the 2021 Operating Budget, to help offset projected revenue losses due to the pandemic. For life and disability premium stabilization, there was an increase of approximately \$1.9 million, an increase of encumbrances of about \$160,000; and higher compensated absences reserves of just under \$300,000 due to vacation and compensation paid leaves not taken during the year.

- The investment's book, par, and market values were tracked throughout 2021. The City's investment portfolio incurred a mark-to-market loss of over \$2.7 million, while the premium stabilization fund for life and disability benefits incurred a gain or mark-to-market adjustments of over \$1.9 million. This adjustment was combined with the general fund income earnings of about \$543,000 at year-end, or a roughly 68.1% decrease from the prior year which had totaled \$1.7 million.
- Personal property exemption aid decreased by almost \$200,000 during the year, while payments for municipal services decreased by around \$560,000. Shared revenues also decreased by around \$200,000, while highway aids increased by \$200,000. There was a new Video Service Provider Aid of almost \$500,000 to help offset a reduction in franchise fee rates, resulting in total state aids decreasing by almost \$400,000 for the fiscal year.
- Total expenditure variances ended the year favorably at approximately \$11.2 million, and less than 3.4% from the final amended budget, due to savings of just under \$2.1 million in the Police Department, \$625,000 in Parks, \$1.4 million in the Planning and Community Development Division, \$480,000 in the Fire Department, \$650,000 in Traffic Engineering, and \$780,000 in Information Technology. The savings in the Police Department expenditures were the result of salaries and benefits being \$1.6 million below budget due to difficulties in retaining and/or hiring staff.

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 increased in 2021 by about \$480,000, due to the high number of retirements of long-term staff leaving vacancies, which were eventually filled by entry-level wages.

The **other grants** fund had a total fund balance of approximately \$306,000 at year-end, and increased by more than \$732,000 compared to the prior year. This change is a result of an increase in revenue from the \$23.6 million distribution of CSLFRF funding in May 2021, and was offset by an increase in expenditures of \$16.6 million, decreases in transfers in of \$1.0 million and increases in transfers out of nearly \$3.0 million. Increases in Emergency Rental Assistance grants created an increase in associated expenditures of nearly \$18.0 million.

The **debt service** fund had a total fund balance of nearly \$28.0 million at year-end. The fund balance changed, or decreased by nearly \$19.1 million as a result of crossover advance refundings of general obligation debt that occurred in 2020, increases in the debt premium and transfers in, as well as increases in transfers out. Crossover advance refundings in 2020, accounted for \$46.0 million in revenues, which were offset by \$17.5 million in principal payments related to the current refunding of the 2012-A, and the 2010-C issuances. In addition, the debt service premium allocated to governmental activities increased \$6.2 million in 2021, transfers in increased by \$5.4 million, but were offset by increases in transfers out totaling \$2.7 million.

The City issued \$81.3 million in tax-exempt promissory notes, with a true interest cost of 0.94%. The City also issued approximately \$4.0 million in taxable promissory notes, with a true interest cost of 1.22%, and \$17.8 million in bonds, with a true interest cost of 1.57% to finance various city capital projects. The premiums received because of general obligation borrowing, totaled approximately \$8.6 million, which represents about 8.7% of the par value of the tax-exempt debt.

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

The special assessments fund is used to account for the long-term receivables associated with the City's Special Assessment Program. This fund saw a net decrease of one opened special assessment district in 2021, down to 641 from 642 in 2020. Additionally, the ending receivable balance increased by just over \$1.5 million from the prior year. Delinquent special assessments decreased by about \$52,000 during the year, to approximately \$1.1 million.

Of the approximately \$31.0 million change, or increase to the capital projects fund balance noted above, the special assessments fund balance decreased by just under \$500,000 at year-end. This was largely due to an increase of about \$1.9 million in transfers out to the Capital Projects Fund in 2021, for capital asset acquisitions. This was somewhat offset by a net increase of \$1.6 million of prior year revenues, and expenditures closing to fund balance. Revenues related to charges for services were also lower by just over \$150,000.

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. A few TIDs received advances from the Other Capital Projects Fund of approximately \$5.7 million at the close of 2021, which was down by approximately \$3.0 million from the prior year.

The City had 14 active districts during the year. The districts generated, in total, over \$32.5 million in tax increment. The districts did not borrow any General Obligation funds in 2021. TID #46 (Research Park) disbursed a developer loan of nearly \$2.6 million to University Park Acquisitions to support a new housing development. Approximately \$790,000 was received for state computer reimbursements, \$1.6 million was received for state personal property aid, and a little less than \$135,000 was earned in investment income. Further, a \$3.0 million donation was made from TID #39 (Stoughton Road) to TID #42 (Wingra) to support ongoing projects. A new district, TID #48 (Regent Street) was created in 2021, and existing district TID #38 (Badger Ann Park) was closed with no surplus to distribute to underlying jurisdictions.

The fund balance for the TIDs in total increased by a little more than \$6.2 million at the end of the year. The districts paid roughly \$10.0 million for principal and interest on long-term debt, and spent just under \$5.0 million for capital improvements. These included the nearly \$2.6 million developer loan described above, \$1.2 million for various street/storm reconstruction and resurfacing projects, \$590,000 in special assessment payoffs, \$89,000 in homeownership grants, and \$82,000 for improvements at the Village on Park facility. In 2021, TID #25 (Wilson Street Corridor) issued a preliminary disbursement to its overlying jurisdictions totaling over \$15.0 million. This district is scheduled to close and issue final distributions of the remaining surplus in fiscal year 2023.

The following is a listing of noteworthy TID projects active during 2021:

- Public Market-TID #36
- Dairy Drive-TID #39
- Old Middleton Rd-TID #41
- Cedar Street-TID #42
- South Street-TID #42
- Homeownership Grants-TID #42
- Village on Park-TID #42

The other capital projects fund accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure. The fund balance increased by about \$25.0 million from the prior year, largely due to an increase in unspent proceeds of \$27.0 million in 2020, to approximately \$55.0 million in 2021. Annual investments in capital assets decreased from about \$41.0 million in 2020, to \$36.0 million in 2021, mainly due to the completion of larger road projects such as Gammon Rd, and County Highway M.

Significant capital expenditures were as follows: \$8.0 million contributed to Metro to help fund the construction of new facilities, \$5.0 million for land purchases and landbanking efforts throughout the city, \$2.8 million for a new temporary family shelter, and \$2.1 million for the Small Business Equity & Recovery program. Some of the largest public works project expenditures included \$1.8 million for the Garver bike path, \$1.5 million for street reconstruction around Dean Avenue, and \$1.4 million for Park Street improvements.

Revenues for the other capital projects fund are mostly general obligation debt proceeds, transfers from other governmental funds, and intergovernmental cost sharing revenues, which collectively totaled approximately \$95.4 million for the year.

The aggregated ***other nonmajor governmental*** funds column includes various special revenue and permanent funds such as: Community Development Block Grant (CDBG), revolving loans, other restricted funds, and permanent funds, used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The nonmajor governmental fund balances increased in total to approximately \$64.5 million. Of this amount, the accumulated fund balances for the special revenue funds increased to \$59.1 million at year-end. The Affordable Housing special revenue funds expended approximately \$4.5 million in loans to provide low-income housing rentals to city residents, which was an increase of \$3.6 million from the prior year. Developer paid impact fees totaled about \$8.8 million during at year-end, or an increase of \$1.0 million when compared to the prior year. Further, approximately \$3.9 million was spent on capital project improvements and debt service payments during the fiscal 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.

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 2021	Net Position 2020	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 154,584,076	\$ 141,984,079	\$ 12,599,997
Sewer Utility	126,966,823	122,354,773	4,612,050
Stormwater Utility	266,735,032	252,738,343	13,996,689
Metro Transit Utility	39,027,525	20,272,045	18,755,480
Nonmajor Enterprise	103,410,723	105,062,061	(1,651,338)
Total	<u>\$ 690,724,179</u>	<u>\$ 642,411,301</u>	<u>\$ 48,312,878</u>

The net position of the *enterprise-type* proprietary funds at the end of 2021, totaled over \$690.7 million, up approximately \$48.3 million from the previous year.

The Water Utility's total operating revenues increased by \$3.2 million or 7.1% when compared to the prior year. The current rates became effective on July 2, 2020. The utility filed an application to review rates with the Public Service Commission of Wisconsin that was accepted on December 8, 2021.

The utility is currently ranked sixth for residential rates out of 80 utilities, and classified as AB with customers over 4,000 in Wisconsin. In 2021, the utility added 496 new customers, down approximately 21.0% from the prior year. Operation and maintenance expenses were down by approximately \$1.0 million for 2021; utility staff very closely monitored costs during the year, to coincide with quarterly revenue projections. Depreciation was up by \$175,000, or about 2.1% from that of the prior year.

Furthermore, the Water Utility added \$9.1 million of plant in service in 2021. Of this amount, approximately \$3.0 million was contributed by developers and contractors, or received by special assessments. Capital projects paid for by the utility included approximately \$4.3 million for new and replacement water mains, laterals and hydrants, \$986,000 for pumping plant and telemetry equipment: motor control center (MCC) SCADA upgrades, programmable logic controllers (PLC), transformers, and variable frequency drives (VFD), \$296,000 for transportation and power equipment, and \$291,000 for the continued meter program.

Rate increases of approximately 6.6% for the Sewer Utility, and 9.7% for the Stormwater Utility were in effect as of April 1, 2021. These increases helped to keep the net positions positive for both enterprise funds.

The Sewer Utility generated income before capital contributions of nearly \$4.3 million. In addition, the utility added nearly \$5.7 million in public projects including the following: \$880,000 in CIPP Lining projects, \$852,000 for the Cedar, South & Wingra projects, \$709,000 for the Holly, Euclid and Toepfer projects, \$602,000 for the Dunning, Jackson and Lafollette projects and \$589,000 for the Dean, Allis, Tyler and Seth projects. Approximately \$725,000 was added for equipment during the year. There were no revenue bonds issued in 2021, as the utility only borrows every other year.

The Stormwater Utility had income before contributions totaling just over \$6.2 million at year-end. The utility also added \$12.5 million in public projects to plant from construction in progress, which included: almost \$1.4 million for the Cedar, South and Wingra projects, \$1.4 million for the Gammon Road project, \$1.3 million for the second phase of the Cityview Drive project, \$1.3 million for the Cottage Grove Road project, and approximately \$1.1 million for the Holly, Euclid and Toepfer projects. The utility also replaced equipment totaling approximately \$818,000 largely for two street sweepers, and two Vector trucks.

Additionally, land was contributed to the utility totaling nearly \$3.8 million during the year. Lastly, the utility recorded just over \$7.7 million in capital contributions.

The net position of Metro Transit increased just under \$18.8 million for 2021. This is mostly attributed to the acquisition of the satellite facility on the Far East side of Madison, which is necessary for the addition of Bus Rapid Transit service beginning in 2024.

Employee compensation and benefits accounted for approximately 77.2% of total operating expenses excluding depreciation, but remained under budget by about \$5.7 million at year-end. Passenger revenues totaled just under \$9.0 million for the fiscal year, which was up \$500,000 from 2020. Metro's ridership in 2021 totaled about 5.4 million. This is up about 15.0% from 2020, as schools and employers headed back to in-person and hybrid working arrangements during the year. The City implemented a \$40.00 per vehicle registration fee in 2020, to help fund city provided transit services. These revenues totaled a little less than \$7.0 million by the end of the fiscal year.

In addition to adding the satellite facility in 2021 and planning for Bus Rapid Transit, upgrades continue at Metro's current bus garage located at 1101 East Washington Avenue. Phase III of remodeling began in the summer of 2021, and will continue throughout 2022. This includes upgrades to maintenance bays/lifts, new boilers and water heaters, remodeling of administration and office areas, new driver locker rooms, restrooms, and standby room, and new HVAC and lighting. Metro was awarded a \$6.4 million bus and bus facilities grant from the federal government. This award will help to cover the rising costs of construction due to labor shortages, inflation and scarcity of materials. To ensure that Metro staff is well equipped to continue to expand service and use resources in the most efficient ways, they continue implementing other transformative projects, such as a \$10.0 million technology infrastructure upgrade, a new fare technology system, and a redesign of the entire transit network to be implemented in 2023.

The nonmajor enterprise funds include the Parking Utility, Convention Center, and Golf courses. The net position for the Parking Utility decreased by about 3.7% or over \$3.0 million by the close of the fiscal year; the utility remains debt free, collected just over \$8.7 million from customers, and used excess reserves to fund operating expenses that totaled almost \$13.5 million.

In 2021, occupancy of garages, lots and street meters picked up as restrictions related to the pandemic eased. Event parking or special event parking revenues and activity began to return in the fourth quarter of 2021. However, revenues have not resumed to pre-pandemic levels, parking staff managed expenses by limiting overtime, and keeping positions not filled after retirements and turnover during the fiscal year.

The Convention Center's net position increased by over \$575,000, or about 2.4% for 2021, largely due to room tax amounts transferred into this fund, and grants received to assist with revenues losses incurred during the pandemic. In 2021, the Convention Center had 337 events, compared to only 174 events in 2020. Additionally, the Center held nine conventions in 2021, up from only five in 2020. In order to manage expenses, the Center held open ten permanent positions and reduced spending on advertising.

Golf Courses' net position increased by over \$777,000 (including pilot payments to the general fund) from last year, or about 165.7%. Due to the pandemic, demand for socially distanced outdoor activities such as golfing increased, and in 2021, demand remained high. In 2021, the total rounds of golf were just under 140,000, or about 3.2% higher than the prior year. Revenue increased by nearly \$580,000, or approximately 16.0%, while expenses remained steady, with an increase of just over \$138,000, or 4.4% by the end of the fiscal year.

The net position of the City's three *internal service-type* proprietary funds outlined below, increased in total by just under \$485,000 from the prior year, to a positive total net position of almost \$9.5 million in 2021.

Approximately \$380,000 was transferred to fleet services from the general fund, to replace police vehicles and other equipment. This transfer helped to keep a positive net position within the Fleet Services Fund, to just under \$3.0 million at the end of the year.

Furthermore, the insurance fund experienced over \$750,000 in claims during the year, while the Worker's Compensation fund paid out about \$3.2 million. The Worker's Compensation fund also incurred a roughly \$56,000 positive adjustment to its required reserve balance in 2021. Overall, all three internal service funds had positive net position balances as of December 31, 2021.

	Net Position 2021	Net Position 2020	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ 2,991,819	\$ 2,236,138	\$ 755,681
City Insurance	1,843,709	1,932,232	(88,523)
Worker's Compensation	4,661,903	4,844,305	(182,402)
Total	<u>\$ 9,497,431</u>	<u>\$ 9,012,675</u>	<u>\$ 484,756</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 173, the original 2021 general fund budget authorized expenditures of approximately \$330.6 million funded by anticipated revenues of slightly over \$322.6 million.

During the year, the Common Council authorized additional expenditures of a little more than \$970,000 from additional budgeted revenues of over \$5.6 million, for an amended budget amount approximately \$331.6 million in expenditures and \$328.3 million in revenues.

The City ended the year with favorable general fund final budget variances for expenditures of over \$11.2 million, and a negative variance of revenues totaling nearly \$920,000, resulting in a net positive variance of over \$10.3 million. The large variances in both expenditures and revenues were largely due to lost revenues and cost saving measures put in place during the year, given the economic impacts caused by the continued pandemic.

The Police Department had over \$2.0 million in expenditure savings, \$480,000 in reductions from the Fire Department, \$625,000 in Parks, \$1.4 million in Planning and Community Development, and cost savings of about \$1.7 million within the general government functional category. There was also \$1.4 million in cost savings within the public works agencies, including \$647,000 for Traffic Engineering.

The revenue variances were unfavorable by nearly \$920,000. Intergovernmental revenues were up slightly by about \$26,000 when compared to the budget, additionally, licenses and permit revenues were up by just over \$650,000 collectively. The general fund received nearly \$550,000 in investment income, which was offset by negative mark-to-market adjustments totaling \$824,000, which was about \$1.3 million below the adopted budget.

Parking enforcement violations were below budget by around \$350,000. In 2021, the room tax fund transferred \$2.4 million to the general fund, usually the general fund receives approximately \$6.0 million annually from this important revenue source. Charges for ambulance services were also down by almost \$600,000.

## 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, 2021 totaled nearly \$3.1 billion. Roughly, 70.2% of capital assets were related to infrastructure and plant in service. For financial statement purposes, land costs and construction in progress are reported separately and are not combined with the City’s infrastructure networks.

Total accumulated depreciation was calculated to be a little over \$1.0 billion, or approximately 33.4% of the historical asset cost. Depreciation expense by function totaled just over \$75.8 million for both governmental and business-type activities. Net of accumulated depreciation, the City’s investment in capital assets totaled just over \$2.0 billion as of December 31, 2021.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 242,461	\$ 228,750	\$ 82,163	\$ 71,186	\$ 324,625	\$ 299,935
Construction in Progress	44,585	55,611	15,441	20,673	60,026	76,283
Land Improvements	46,304	44,859	-	-	46,304	44,859
Buildings	298,379	292,870	-	-	298,379	292,870
Machinery and Equipment	172,120	169,597	-	-	172,120	169,597
Intangibles	12,780	13,241	-	-	12,780	13,241
Infrastructure	977,395	957,571	-	-	977,395	957,571
Plant in Service	-	-	1,183,069	1,154,384	1,183,069	1,154,384
Subtotal	\$ 1,794,024	\$ 1,762,499	\$ 1,280,673	\$ 1,246,243	\$ 3,074,698	\$ 3,008,740
Less Accumulated Depreciation	(658,434)	(619,343)	(368,553)	(355,967)	(1,026,987)	(975,310)
Total net capital assets	<u>\$ 1,135,590</u>	<u>\$ 1,143,156</u>	<u>\$ 912,120</u>	<u>\$ 890,276</u>	<u>\$ 2,047,711</u>	<u>\$ 2,033,430</u>

Some notable additions to the City’s capital assets during 2021 (in millions, including transfers from Construction in Progress (CIP) where applicable) included:

- Infrastructure Street Network in service .....\$26.8
- Water pumping, treatment, transmissions, distributions, and sanitary sewers ....15.1
- Infrastructure Street Network Construction in Progress (CIP) .....11.9
- Land and land improvements .....8.5
- Major motor equipment fleet and vehicle additions .....7.4
- Buildings, building improvements .....5.7



- Traffic signals, and street lights .....3.2
- Bridge Network in service and CIP.....3.1
- Bike paths in service and CIP .....1.7

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 95.

## LONG TERM DEBT

On December 31, 2021, the City of Madison had \$807,372,857 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 497,983,138	\$ 498,945,765	\$ 64,709,719	\$ 70,902,113	\$ 562,692,857	\$ 569,847,878
Revenue Bonds	-	-	243,860,000	262,540,000	243,860,000	262,540,000
Capital Leases	820,000	1,620,000	-	-	820,000	1,620,000
Total	<u>\$ 498,803,138</u>	<u>\$ 500,565,765</u>	<u>\$ 308,569,719</u>	<u>\$ 333,442,113</u>	<u>\$ 807,372,857</u>	<u>\$ 834,007,878</u>

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the city’s jurisdiction.

Applicable debt of the City totaled \$564,374,500 or a little under 34.3% of the maximum legal limit of \$1,647,018,420.

During 2021, the primary government issued new debt for the following dates, types, amounts and ratings:

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

Date	Type of Debt	Amount	Moody's Rating
10/1/2021	General Obligation Notes	\$ 81,300,000	Aaa
10/2/2021	Taxable General Obligation Notes	3,990,000	Aaa
10/3/2021	General Obligation Bonds	17,800,000	Aaa
		<u>\$ 103,090,000</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 103.

## CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

### Financial Outlook

The 2022 budget adopted by the Madison Common Council in November 2021, authorized an increase in total budgeted expenditures of almost \$10.8 million, funded by a 1.2% increase in the property tax levy, an increase in other revenue sources of just under \$18.5 million, including \$13.0 million in American

Rescue Plan Act funds. City management is projecting 2022 actual revenues recognized, to be at or near the adopted budget due to the economic recovery from the pandemic with expenditures incurred to be relatively close to the adopted budget.

A simple projection of results from the first three months of 2022, suggests the general and library funds revenues will be at or near budgeted levels. It is anticipated that there will be a significant negative mark-to-market adjustment for the City's investments. This happens in an environment of rapidly rising interest rates, which reduces the value of the City's long-term investments at lower interest rates. Given the City's policy of holding these investments to maturity, the actual loss will not be realized. Interest earnings are projected to be above budget; however, will most likely not be enough to offset any mark-to-market adjustments.

The 2022 Adopted Operating Budget for general and library fund expenses totals \$360,321,028. Due to salary savings and other cost reductions, most city agencies within these funds should likely finish the year at or below budgeted expenses. Fire maybe the exception, and remains projecting a deficit of approximately \$2.5 million by the close of fiscal year 2022. While it's early in the year, most projected deficits should be covered by \$1.8 million of contingent reserves, reallocating parts of the city's direct appropriations (i.e., appropriations not assigned to specific city departments), and closely monitoring any budget surplus from other city agencies.

## **Economic Factors**

The local economy remained resilient during fiscal year 2021 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 2.8%, below the state average rate of 3.8% and national rate of 5.3%.

The City's population increased to 259,233 from 257,197 as estimated by the Wisconsin State Department of Administration.

Locally assessed real estate value increased by approximately 5.9% between 2020 and 2021. Commercial property increased by 4.3% while total residential assessments increased by 6.7%. New construction was down from \$622.0 million in 2020, to \$509.0 million in 2021. Assessed values are as of January 1, 2021.

The average single family home assessment increased by about 6.3% from \$315,200 to \$335,200. These assessment figures compare favorably to the rest of the state and nation given the City's economy.

This report is designed to provide our residents, 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](mailto:finance@cityofmadison.com).

# CITY OF MADISON

## STATEMENT OF NET POSITION As of December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 288,871,135	\$ 72,352,056	\$ 361,223,191	\$ 25,702,846
Receivables (net)				
Taxes	304,491,110	-	304,491,110	-
Accounts	9,916,102	9,020,597	18,936,699	654,295
Special assessments	13,322,057	10,410,740	23,732,797	310,898
Accrued interest	343,478	-	343,478	7,782
Accrued revenue	1,354,099	3,949	1,358,048	-
Long-term loans	27,525,631	-	27,525,631	262,987
Other	14,648,830	-	14,648,830	-
Pledge receivable	-	-	-	1,723,413
Internal balances	6,262,026	(6,262,026)	-	-
Due from other governmental units	42,034,587	3,956,068	45,990,655	165,124
Inventories	4,023,544	1,505,072	5,528,616	39,174
Prepaid items	4,847,050	1,203,051	6,050,101	1,840,410
Advances to component unit	5,570,649	-	5,570,649	-
Lease receivable	820,000	-	820,000	-
Lease receivable from primary government	-	-	-	820,000
Other Assets				
Net non-utility property	-	971,196	971,196	-
Prepaid expenses - land lease	-	17,210	17,210	-
Beneficial interest in assets held by MCF	-	-	-	9,015,597
Other	-	761,622	761,622	808,588
Restricted Assets				
Cash and investments	26,868,302	59,476,658	86,344,960	5,332,707
Net pension asset	92,528,077	20,467,775	112,995,852	1,127,158
Investment in Wisconsin Municipal Mutual Insurance	3,815,820	-	3,815,820	-
Property held for future use/resale	-	112,429	112,429	1,935,153
Capital Assets				
Land	242,461,511	82,163,477	324,624,988	8,650,251
Construction in progress	44,585,134	15,441,135	60,026,269	-
Land improvements	46,304,172	-	46,304,172	-
Buildings	298,379,103	-	298,379,103	-
Machinery and equipment	172,119,919	-	172,119,919	-
Intangibles	12,779,578	-	12,779,578	-
Infrastructure	977,394,771	-	977,394,771	-
Plant in service	-	1,183,068,964	1,183,068,964	109,309,461
Accumulated depreciation	(658,434,002)	(368,553,250)	(1,026,987,252)	(67,267,364)
Total Assets	<u>\$ 1,982,832,683</u>	<u>\$ 1,086,116,723</u>	<u>\$ 3,068,949,406</u>	<u>\$ 100,438,480</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on advance refunding	-	577,128	577,128	-
Pension related amounts	151,822,960	36,161,377	187,984,337	1,866,152
Other post-employment benefits related amounts	8,611,026	2,607,097	11,218,123	89,504
Total Deferred Outflows of Resources	<u>\$ 160,433,986</u>	<u>\$ 39,345,602</u>	<u>\$ 199,779,588</u>	<u>\$ 1,955,656</u>

See accompanying notes to financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<b>LIABILITIES</b>				
Accounts payable	\$ 19,495,197	\$ 11,374,966	\$ 30,870,163	\$ 778,161
Accrued payroll and payroll taxes	17,300,444	5,850,621	23,151,065	2,693,764
Other accrued liabilities and deposits	26,787,304	1,273,049	28,060,353	-
Due to other governmental units	41,898	3,239,190	3,281,088	-
Payable from Restricted Assets				
Accrued liabilities	-	3,896,211	3,896,211	-
Current maturities of revenue bonds	-	15,995,000	15,995,000	-
Other liabilities	-	1,569,271	1,569,271	-
Other liabilities	34,144	401,673	435,817	1,161,826
Advances from primary government	-	-	-	5,570,649
Unearned revenues	46,488,315	6,275,920	52,764,235	624,551
Noncurrent Liabilities:				
Due within one year	87,590,259	11,315,424	98,905,683	1,756,423
Due in more than one year	493,278,539	310,695,180	803,973,719	5,858,038
Other post-employment benefits	64,924,884	19,656,832	84,581,716	674,836
Total Liabilities	<u>\$ 755,940,984</u>	<u>\$ 391,543,337</u>	<u>\$ 1,147,484,321</u>	<u>\$ 19,118,248</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes/assessments for subsequent year	295,774,316	-	295,774,316	310,898
Pension related amounts	200,695,009	47,057,163	247,752,172	2,399,281
Other post-employment benefits related amounts	7,759,075	2,349,159	10,108,234	80,649
Unamortized gain on refunding	-	68,485	68,485	-
Total Deferred Inflows of Resources	<u>\$ 504,228,400</u>	<u>\$ 49,474,807</u>	<u>\$ 553,703,207</u>	<u>\$ 2,790,828</u>
<b>NET POSITION</b>				
Net investment in capital assets	740,301,263	620,926,585	1,361,227,848	41,016,160
Restricted for				
Debt service	18,819,139	19,942,046	38,761,185	-
Equipment replacement	-	2,101,770	2,101,770	-
Loan programs	35,392,819	-	35,392,819	-
Library	3,401,137	-	3,401,137	3,855,312
Park purposes	924,652	-	924,652	5,393,935
Impact fees	18,523,934	-	18,523,934	-
Other grants	1,276,353	-	1,276,353	-
Other restricted special revenue funds	1,871,568	-	1,871,568	-
TID activities	50,042,124	-	50,042,124	-
Trust purposes - expendable	3,892,130	-	3,892,130	-
Trust purposes - nonexpendable	774,847	-	774,847	-
Pensions	92,528,077	20,467,775	112,995,852	1,127,158
Unrestricted (deficit)	(84,650,758)	21,006,005	(63,644,753)	29,092,495
<b>TOTAL NET POSITION</b>	<u>\$ 883,097,285</u>	<u>\$ 684,444,181</u>	<u>\$ 1,567,541,466</u>	<u>\$ 80,485,060</u>

See accompanying notes to financial statements.

# CITY OF MADISON

## COMBINING STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities			
General government	\$ 34,545,400	\$ 3,163,091	\$ 6,924,428
Public safety	137,071,682	15,801,519	3,520,053
Public works and transportation	94,686,457	15,441,647	13,976,404
Planning and development	75,710,257	11,545,986	29,482,868
Culture and recreation	41,920,554	1,824,192	1,884,388
Interest and fiscal charges	9,802,741	-	147
Total Governmental Activities	\$ 393,737,091	\$ 47,776,435	\$ 55,788,288
Business-type activities			
Water	30,510,250	48,111,893	-
Sewer	44,299,588	47,618,433	959,293
Stormwater	16,843,807	21,611,202	-
Parking utility	13,478,024	8,710,330	83,755
Transit	58,557,772	10,122,406	30,180,070
Convention center	8,087,693	1,519,386	130,701
Golf courses	3,324,184	4,193,247	-
Total Business-type Activities	\$ 175,101,318	\$ 141,886,897	\$ 31,353,819
Total Primary Government	\$ 568,838,409	\$ 189,663,332	\$ 87,142,107
Component Units			
CDA (Housing)	\$ 32,025,610	\$ 8,500,572	\$ 20,944,494
Business Improvement District	418,017	83,010	367,901
Olbrich Botanical Society and Foundation	2,108,277	1,446,250	2,453,434
Library Foundation	1,497,100	196,506	1,329,929
Parks Foundation	1,257,666	24,109	1,558,085
Total Component Units	\$ 37,306,670	\$ 10,250,447	\$ 26,653,843
General Revenues			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for the library			
Property taxes, levied for TIF districts			
Other taxes			
Intergovernmental revenues not restricted to specific programs			
Investment income			
Interest on capital leases			
Miscellaneous			
Gain on sale of assets			
Special item - CDA			
Transfers - Internal			
Total General Revenues and Transfers			
<b>Change in Net Position</b>			
NET POSITION - Beginning of Year			
<b>NET POSITION - END OF YEAR</b>			

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
\$ 61,786	\$ (24,396,095)	\$ -	\$ (24,396,095)	\$ -
-	(117,750,110)	-	(117,750,110)	-
14,278,190	(50,990,216)	-	(50,990,216)	-
2,485,399	(32,196,004)	-	(32,196,004)	-
283,762	(37,928,212)	-	(37,928,212)	-
-	(9,802,594)	-	(9,802,594)	-
<u>\$ 17,109,137</u>	<u>\$ (273,063,231)</u>	<u>\$ -</u>	<u>\$ (273,063,231)</u>	<u>\$ -</u>
2,440,456	-	20,042,099	20,042,099	-
314,382	-	4,592,520	4,592,520	-
5,037,693	-	9,805,088	9,805,088	-
-	-	(4,683,939)	(4,683,939)	-
12,932,547	-	(5,322,749)	(5,322,749)	-
-	-	(6,437,606)	(6,437,606)	-
-	-	869,063	869,063	-
<u>\$ 20,725,078</u>	<u>\$ -</u>	<u>\$ 18,864,476</u>	<u>\$ 18,864,476</u>	<u>\$ -</u>
<u>\$ 37,834,215</u>	<u>\$ (273,063,231)</u>	<u>\$ 18,864,476</u>	<u>\$ (254,198,755)</u>	<u>\$ -</u>
-	-	-	-	(2,580,544)
-	-	-	-	32,894
-	-	-	-	1,791,407
-	-	-	-	29,335
-	-	-	-	324,528
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (402,380)</u>
\$ 237,466,156	\$ -	\$ -	\$ 237,466,156	\$ -
18,849,564	-	-	18,849,564	-
32,595,416	-	-	32,595,416	-
13,595,359	6,902,604	-	20,497,963	-
28,354,484	-	-	28,354,484	-
(281,153)	289,125	-	7,972	2,976,309
-	-	-	-	42,540
1,780,443	330,458	-	2,110,901	159,292
3,079,973	2,917,842	-	5,997,815	-
-	-	-	-	(218,941)
<u>(18,986,317)</u>	<u>18,986,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 316,453,925</u>	<u>\$ 29,426,346</u>	<u>\$ -</u>	<u>\$ 345,880,271</u>	<u>\$ 2,959,200</u>
\$ 43,390,694	\$ 48,290,822	\$ -	\$ 91,681,516	\$ 2,556,820
839,706,591	636,153,359	-	1,475,859,950	77,928,240
<u>\$ 883,097,285</u>	<u>\$ 684,444,181</u>	<u>\$ -</u>	<u>\$ 1,567,541,466</u>	<u>\$ 80,485,060</u>

See accompanying notes to financial statements.

# CITY OF MADISON

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2021

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	<u>General Fund</u>	<u>Library</u>
<b>ASSETS</b>		
Cash and investments	\$ 99,944,648	\$ 3,227,431
Receivables		
Taxes	240,076,528	19,066,904
Accounts	4,994,494	115,331
Accrued revenue	222,612	4,432
Special assessments	-	-
Accrued interest	306,660	-
Long-term loans	763,680	-
Other receivables	14,648,000	830
Due from other funds	726,239	-
Due from other governmental units	622,467	31,953
Advances to other funds	702,005	-
Advances to component unit	238,000	-
Leases receivable	-	-
Inventories	524,572	-
Prepaid items	2,150,849	264,563
Restricted cash and investments	-	-
<b>TOTAL ASSETS</b>	<b><u>\$365,920,754</u></b>	<b><u>\$ 22,711,444</u></b>

See accompanying notes to financial statements.

<u>Other Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 9,869,521	\$ 11,372,949	\$128,682,136	\$ 17,827,487	\$ 270,924,172
-	-	41,636,212	3,711,466	304,491,110
-	-	4,036,474	516,433	9,662,732
-	-	-	1,127,055	1,354,099
-	-	13,322,057	-	13,322,057
-	-	-	36,818	343,478
-	1,613,365	6,553	25,142,033	27,525,631
-	-	-	-	14,648,830
-	-	-	223,969	950,208
36,119,119	-	1,177,247	4,060,046	42,010,832
-	2,083,323	507,285	-	3,292,613
-	5,332,649	-	-	5,570,649
-	-	820,000	-	820,000
-	-	2,574,975	-	3,099,547
11,821	-	42,017	63,439	2,532,689
-	7,627,142	-	18,337,712	25,964,854
<u>\$ 46,000,461</u>	<u>\$ 28,029,428</u>	<u>\$192,804,956</u>	<u>\$ 71,046,458</u>	<u>\$ 726,513,501</u>

See accompanying notes to financial statements.



**CITY OF MADISON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2021

	General Fund	Library
<b><i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</i></b>		
Liabilities		
Accounts payable	\$ 5,731,293	\$ 100,779
Accrued liabilities	15,665,911	812,152
Deposits	9,406,336	-
Due to other governmental units	3,426	-
Due to other funds	-	-
Advances from other funds	-	-
Other liabilities	34,144	-
Unearned revenues	-	-
Total Liabilities	\$ 30,841,110	\$ 912,931
Deferred Inflows of Resources		
Unavailable revenues	17,256,225	8,935
Property taxes for subsequent year	240,016,323	19,069,851
Total Deferred Inflows of Resources	\$257,272,548	\$ 19,078,786
Fund Balances		
Nonspendable		
Noncurrent advances to other funds	702,005	-
Advances to component units	238,000	-
Inventories	524,572	-
Prepaid items	2,150,849	264,563
Trust activities	-	-
Restricted	763,680	2,455,164
Committed	-	-
Assigned	17,056,222	-
Unassigned	56,371,768	-
Total Fund Balances	\$ 77,807,096	\$ 2,719,727
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$365,920,754</b>	<b>\$ 22,711,444</b>

See accompanying notes to financial statements.

<u>Other Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 886,660	\$ 83,501	\$ 11,581,078	\$ 819,019	\$ 19,202,330
95,263	-	269,537	239,039	17,081,902
-	-	-	-	9,406,336
32,899	-	5,573	-	41,898
-	-	3,753,508	-	3,753,508
-	-	-	507,285	507,285
-	-	-	-	34,144
44,067,365	-	1,536,920	884,030	46,488,315
<u>\$ 45,082,187</u>	<u>\$ 83,501</u>	<u>\$ 17,146,616</u>	<u>\$ 2,449,373</u>	<u>\$ 96,515,718</u>
612,027	-	19,267,417	4,120,102	41,264,706
-	-	36,688,142	-	295,774,316
<u>\$ 612,027</u>	<u>\$ -</u>	<u>\$ 55,955,559</u>	<u>\$ 4,120,102</u>	<u>\$ 337,039,022</u>
-	-	-	-	702,005
-	-	-	-	238,000
-	-	2,574,975	-	3,099,547
11,821	-	42,017	63,439	2,532,689
-	-	-	774,847	774,847
294,426	27,945,927	103,089,668	61,694,373	196,243,238
-	-	-	1,944,324	1,944,324
-	-	13,996,121	-	31,052,343
-	-	-	-	56,371,768
<u>\$ 306,247</u>	<u>\$ 27,945,927</u>	<u>\$ 119,702,781</u>	<u>\$ 64,476,983</u>	<u>\$ 292,958,761</u>
<u>\$ 46,000,461</u>	<u>\$ 28,029,428</u>	<u>\$ 192,804,956</u>	<u>\$ 71,046,458</u>	<u>\$ 726,513,501</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, 2021

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Total Fund Balances - Governmental Funds	\$ 292,958,761
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.	1,068,024,904
Internal service funds are reported in the statement of net position as governmental funds.	15,777,429
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.	41,264,706
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	91,534,482
The other post-employment liability does not relate to current financial resources and is not reported in the governmental funds.	(63,098,999)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	149,983,557
Deferred outflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds	8,368,858
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(198,280,849)
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	(7,540,865)
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>(515,894,699)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 883,097,285</u></b>

See accompanying notes to financial statements.

## CITY OF MADISON

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2021

	General	Library	Other Grants
<b>REVENUES</b>			
Taxes	\$ 238,943,340	\$ 18,849,564	\$ -
Special assessments	-	-	-
Intergovernmental	40,452,543	1,550,831	30,704,022
Licenses and permits	8,270,863	-	-
Fines and forfeitures	4,843,905	-	-
Intergovernmental charges for services	-	-	-
Public charges for services	15,336,166	742,669	-
Investment income (loss)	(281,028)	-	2,091
Miscellaneous	1,063,926	455,838	162,789
Total Revenues	\$ 308,629,715	\$ 21,598,902	\$ 30,868,902
<b>EXPENDITURES</b>			
Current			
General government	25,966,960	-	24,428
Public safety	150,606,837	-	2,012,732
Public works and transportation	38,365,105	-	-
Planning and development	24,799,767	-	19,893,505
Culture and recreation	15,324,952	18,256,663	-
Capital Outlay	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	\$ 255,063,621	\$ 18,256,663	\$ 21,930,665
Excess (deficiency) of revenues over (under) expenditures	\$ 53,566,094	\$ 3,342,239	\$ 8,938,237
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation debt issued	-	-	-
Premium on debt issued	-	-	-
Sale of capital assets	12,378	-	-
Transfers in	19,423,195	21,000	287,689
Transfers out	(66,006,738)	(2,885,756)	(8,493,027)
Total Other Financing Sources (Uses)	\$ (46,571,165)	\$ (2,864,756)	\$ (8,205,338)
<b>Net Change in Fund Balances</b>	\$ 6,994,929	\$ 477,483	\$ 732,899
FUND BALANCES (DEFICIT) - Beginning of Year	70,812,167	2,242,244	(426,652)
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 77,807,096</b>	<b>\$ 2,719,727</b>	<b>\$ 306,247</b>

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ 32,595,416	\$ 12,088,390	\$ 302,476,710
-	3,450,558	-	3,450,558
147	4,547,061	7,796,337	85,050,941
-	-	398,145	8,669,008
-	-	-	4,843,905
-	2,711,804	-	2,711,804
-	304,449	15,936,835	32,320,119
165,055	440,481	734,591	1,061,190
-	1,673,104	5,239	3,360,896
<u>\$ 165,202</u>	<u>\$ 45,722,873</u>	<u>\$ 36,959,537</u>	<u>\$ 443,945,131</u>
-	4,205,290	5,471,195	35,667,873
-	467,018	266,303	153,352,890
-	15,086,191	6,366,885	59,818,181
-	21,802,244	13,721,146	80,216,662
-	1,664,591	216,186	35,462,392
-	40,882,641	-	40,882,641
85,834,779	800,000	-	86,634,779
13,156,221	42,540	-	13,198,761
<u>\$ 98,991,000</u>	<u>\$ 84,950,515</u>	<u>\$ 26,041,715</u>	<u>\$ 505,234,179</u>
<u>\$ (98,825,798)</u>	<u>\$ (39,227,642)</u>	<u>\$ 10,917,822</u>	<u>\$ (61,289,048)</u>
188,644	83,365,849	3,970,000	87,524,493
8,647,860	-	-	8,647,860
-	1,668,421	25,885	1,706,684
73,676,395	5,810,245	2,400,000	101,618,524
<u>(2,746,677)</u>	<u>(20,621,326)</u>	<u>(8,977,187)</u>	<u>(109,730,711)</u>
<u>\$ 79,766,222</u>	<u>\$ 70,223,189</u>	<u>\$ (2,581,302)</u>	<u>\$ 89,766,850</u>
\$ (19,059,576)	\$ 30,995,547	\$ 8,336,520	\$ 28,477,802
<u>47,005,503</u>	<u>88,707,234</u>	<u>56,140,463</u>	<u>264,480,959</u>
<u>\$ 27,945,927</u>	<u>\$ 119,702,781</u>	<u>\$ 64,476,983</u>	<u>\$ 292,958,761</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, 2021

Net change in fund balances - total governmental funds	\$ 28,477,802
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	40,882,641
Less: Some items reported as capital outlay but not capitalized	(3,831,863)
Add: Contributed assets	10,908,494
Depreciation is reported in the government-wide statements	(39,335,501)
Net book value of disposals	(4,621,388)
Net capital asset contributions by governmental activities to business-type activities	(10,942,562)
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.	(2,276,977)
Debt and leases issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(87,524,493)
Principal repaid	86,634,779
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	3,575,456
Disability benefits	6,070
Accrued interest on debt	572,680
Police and Fire Pension	26,834
Net pension asset	45,753,573
Net other post-employment benefits liability	(1,793,440)
Deferred outflows of resources related to pensions	43,115,234
Deferred inflows of resources related to pensions	(60,571,453)
Deferred outflows of resources related to other post-employment benefits	(1,445,087)
Deferred inflows of resources related to other post-employment benefits	(665,077)
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	(8,647,860)
Amortization of discount and premium	4,586,021
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.	506,811
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 43,390,694</b>

See accompanying notes to financial statements.

**CITY OF MADISON**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 15,133,156	\$ 15,000,791	\$ 5,727,917
Accounts receivable (net)	2,708,793	3,553,012	1,670,587
Accrued revenue	-	407	607
Due from other funds	1,043,988	1,282,618	476,694
Due from other governmental units	24,549	58,355	251,836
Inventories	978,475	-	-
Special assessments	66,095	-	-
Other assets	284,374	-	-
Prepaid items	217,413	76,567	134,492
Restricted cash and investments	14,917,677	-	-
Total Current Assets	<u>\$ 35,374,520</u>	<u>\$ 19,971,750</u>	<u>\$ 8,262,133</u>
<b>Noncurrent Assets</b>			
Property held for future use	112,429	-	-
Restricted assets			
Cash and investments	26,183,756	6,002,508	5,274,829
Net pension asset	3,317,731	1,166,429	1,919,314
Investment in mutual insurance company	-	-	-
Capital Assets:			
Land	3,119,261	2,997,353	60,838,037
Construction work in progress	236,689	1,234,441	13,970,005
Plant in service (at cost)	415,098,399	190,918,228	276,274,539
Total Capital Assets	<u>\$ 418,454,349</u>	<u>\$ 195,150,022</u>	<u>\$ 351,082,581</u>
Less: Accumulated depreciation/amortization	<u>(112,280,351)</u>	<u>(39,005,714)</u>	<u>(59,168,106)</u>
Net Capital Assets	<u>\$ 306,173,998</u>	<u>\$ 156,144,308</u>	<u>\$ 291,914,475</u>
<b>Other Property and Investments</b>			
Special assessments receivable	2,282,480	5,219,473	2,842,692
Preliminary survey and investigation	477,248	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	971,196	-	-
Total Other Property and Investments	<u>\$ 3,730,924</u>	<u>\$ 5,219,473</u>	<u>\$ 2,842,692</u>
Total Noncurrent Assets	<u>\$ 339,518,838</u>	<u>\$ 168,532,718</u>	<u>\$ 301,951,310</u>
Total Assets	<u>\$ 374,893,358</u>	<u>\$ 188,504,468</u>	<u>\$ 310,213,443</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on advance refunding	577,128	-	-
Deferred outflows related to pension	5,781,876	2,071,459	3,132,587
Other post-employment benefits related amounts	399,922	217,305	62,827
Total Deferred Outflows of Resources	<u>\$ 6,758,926</u>	<u>\$ 2,288,764</u>	<u>\$ 3,195,414</u>

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
\$ 11,482,623	\$ 25,007,569	\$ 72,352,056	\$ 17,946,963
678,858	409,347	9,020,597	253,370
-	2,935	3,949	-
-	-	2,803,300	-
3,231,780	389,548	3,956,068	23,755
392,868	133,729	1,505,072	923,997
-	-	66,095	-
-	-	284,374	-
578,944	195,635	1,203,051	2,314,361
5,528,617	-	20,446,294	-
<u>\$ 21,893,690</u>	<u>\$ 26,138,763</u>	<u>\$ 111,640,856</u>	<u>\$ 21,462,446</u>
-	-	112,429	-
1,569,271	-	39,030,364	903,448
10,481,436	3,582,865	20,467,775	993,595
-	-	-	3,815,820
8,049,742	7,159,084	82,163,477	2,570,970
-	-	15,441,135	-
143,725,166	157,052,632	1,183,068,964	131,385,127
<u>\$ 151,774,908</u>	<u>\$ 164,211,716</u>	<u>\$ 1,280,673,576</u>	<u>\$ 133,956,097</u>
<u>(80,565,699)</u>	<u>(77,533,380)</u>	<u>(368,553,250)</u>	<u>(66,390,815)</u>
<u>\$ 71,209,209</u>	<u>\$ 86,678,336</u>	<u>\$ 912,120,326</u>	<u>\$ 67,565,282</u>
-	-	10,344,645	-
-	-	477,248	-
17,210	-	17,210	-
-	-	971,196	-
<u>\$ 17,210</u>	<u>\$ -</u>	<u>\$ 11,810,299</u>	<u>\$ -</u>
<u>\$ 83,277,126</u>	<u>\$ 90,261,201</u>	<u>\$ 983,541,193</u>	<u>\$ 73,278,145</u>
<u>\$ 105,170,816</u>	<u>\$ 116,399,964</u>	<u>\$ 1,095,182,049</u>	<u>\$ 94,740,591</u>
-	-	577,128	-
19,067,816	6,107,639	36,161,377	1,839,403
1,474,326	452,717	2,607,097	242,168
<u>\$ 20,542,142</u>	<u>\$ 6,560,356</u>	<u>\$ 39,345,602</u>	<u>\$ 2,081,571</u>

See accompanying notes to financial statements.



**CITY OF MADISON**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 1,059,030	\$ 7,761,850	\$ 268,717
Accrued liabilities	1,363,242	247,064	625,666
Deposits	-	155,748	3,000
Claims payable	-	-	-
Current portion due to other governments	-	-	-
Current portion of general obligation long-term debt	-	-	6,540,645
Current portion of advances from other funds	142,101	-	-
Current portion of accrued compensated absences	-	189,956	211,705
Unearned revenue	-	135,183	-
Liabilities payable from restricted assets:			
Accrued liabilities	3,443,057	126,743	-
Current maturities of revenue bonds	11,525,000	4,470,000	-
Total Current Liabilities	<u>\$ 17,532,430</u>	<u>\$ 13,086,544</u>	<u>\$ 7,649,733</u>
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	33,005,746
Revenue bonds, including unamortized premium	196,271,320	45,341,881	-
Due to other governments	-	-	-
Total Long-Term Debt Net of Current Maturities	<u>\$ 196,271,320</u>	<u>\$ 45,341,881</u>	<u>\$ 33,005,746</u>
Other Noncurrent Liabilities			
Other post-employment benefits	3,015,304	1,638,424	473,700
Accrued compensated absences	1,941,933	838,658	1,125,160
Advances from other funds	314,671	-	-
Unearned revenues	-	-	-
Noncurrent liabilities payable from restricted assets	-	-	-
Other	130,508	-	-
Total Other Noncurrent Liabilities	<u>\$ 5,402,416</u>	<u>\$ 2,477,082</u>	<u>\$ 1,598,860</u>
Total Long-Term Debt Net of Current Maturities and Other Noncurrent Liabilities	<u>\$ 201,673,736</u>	<u>\$ 47,818,963</u>	<u>\$ 34,604,606</u>
Total Liabilities	<u>\$ 219,206,166</u>	<u>\$ 60,905,507</u>	<u>\$ 42,254,339</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized gain on refunding	68,485	-	-
Pension related amounts	7,433,203	2,725,096	4,362,875
Other post-employment benefits related amounts	360,354	195,806	56,611
Total Deferred Inflows of Resources	<u>\$ 7,862,042</u>	<u>\$ 2,920,902</u>	<u>\$ 4,419,486</u>
<b>NET POSITION</b>			
Net investment in capital assets	127,492,427	106,746,645	257,642,911
Restricted for debt service	14,480,498	5,461,548	-
Restricted for equipment replacement	2,101,770	-	-
Restricted for pension	3,317,731	1,166,429	1,919,314
Unrestricted (deficit)	7,191,650	13,592,201	7,172,807
<b>TOTAL NET POSITION</b>	<u>\$ 154,584,076</u>	<u>\$ 126,966,823</u>	<u>\$ 266,735,032</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.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
\$ 1,549,252	\$ 736,117	\$ 11,374,966	\$ 292,867
2,746,046	868,603	5,850,621	670,692
-	1,114,301	1,273,049	-
-	-	-	14,362,289
359,910	-	359,910	-
2,698,526	138,110	9,377,281	8,160,215
438,771	67,441	648,313	-
902,710	633,772	1,938,143	205,593
6,013,332	116,387	6,264,902	-
326,411	-	3,896,211	-
-	-	15,995,000	-
<u>\$ 15,034,958</u>	<u>\$ 3,674,731</u>	<u>\$ 56,978,396</u>	<u>\$ 23,691,656</u>
25,877,384	802,325	59,685,455	58,621,445
-	-	241,613,201	-
2,879,280	-	2,879,280	-
<u>\$ 28,756,664</u>	<u>\$ 802,325</u>	<u>\$ 304,177,936</u>	<u>\$ 58,621,445</u>
11,116,031	3,413,373	19,656,832	1,825,885
3,225,928	2,264,845	9,396,524	553,375
971,141	851,203	2,137,015	-
11,018	-	11,018	-
1,569,271	-	1,569,271	-
271,165	-	401,673	-
<u>\$ 17,164,554</u>	<u>\$ 6,529,421</u>	<u>\$ 33,172,333</u>	<u>\$ 2,379,260</u>
<u>\$ 45,921,218</u>	<u>\$ 7,331,746</u>	<u>\$ 337,350,269</u>	<u>\$ 61,000,705</u>
<u>\$ 60,956,176</u>	<u>\$ 11,006,477</u>	<u>\$ 394,328,665</u>	<u>\$ 84,692,361</u>
-	-	68,485	-
24,400,796	8,135,193	47,057,163	2,414,160
1,328,461	407,927	2,349,159	218,210
<u>\$ 25,729,257</u>	<u>\$ 8,543,120</u>	<u>\$ 49,474,807</u>	<u>\$ 2,632,370</u>
43,162,182	85,882,420	620,926,585	783,622
-	-	19,942,046	-
-	-	2,101,770	-
10,481,436	3,582,865	20,467,775	993,595
(14,616,093)	13,945,438	27,286,003	7,720,214
<u>\$ 39,027,525</u>	<u>\$ 103,410,723</u>	<u>690,724,179</u>	<u>\$ 9,497,431</u>
		<u>(6,279,998)</u>	
		<u>\$ 684,444,181</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, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>CHARGES FOR SERVICES</b>	<b>\$ 48,111,893</b>	<b>\$ 47,618,433</b>	<b>\$ 21,611,202</b>
<b>OPERATING EXPENSES:</b>			
Operation and Maintenance	15,927,457	37,549,401	10,310,104
Depreciation	8,377,801	2,943,355	4,323,861
Total Operating Expenses	<b>\$ 24,305,258</b>	<b>\$ 40,492,756</b>	<b>\$ 14,633,965</b>
 Operating Income (Loss)	 <b>\$ 23,806,635</b>	 <b>\$ 7,125,677</b>	 <b>\$ 6,977,237</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	(31,617)	193,587	84,701
Interest and amortization	(6,118,714)	(1,363,285)	(1,234,687)
Other Taxes	-	-	-
Gain (Loss) on sale of assets	-	2,765	(601,896)
Special assessments	-	959,293	-
Noncapitalized infrastructure improvements	-	(2,447,890)	(396,283)
Intergovernmental revenues	-	-	-
Miscellaneous revenues	3,471	6,401	30,481
Miscellaneous expenses	(76,662)	-	-
Total Nonoperating Revenues (Expenses)	<b>\$ (6,223,522)</b>	<b>\$ (2,649,129)</b>	<b>\$ (2,117,684)</b>
 Income (Loss) Before Transfers and Capital Contributions	 <b>\$ 17,583,113</b>	 <b>\$ 4,476,548</b>	 <b>\$ 4,859,553</b>
<b>TRANSFERS</b>			
Transfers in	189,337	10,885	1,415,486
Transfers out	(7,625,394)	(189,765)	(428)
Net Transfers	<b>\$ (7,436,057)</b>	<b>\$ (178,880)</b>	<b>\$ 1,415,058</b>
 Income (Loss) Before Contributions	 <b>\$ 10,147,056</b>	 <b>\$ 4,297,668</b>	 <b>\$ 6,274,611</b>
<b>CAPITAL CONTRIBUTIONS</b>	2,440,456	314,382	5,037,693
<b>CAPITAL CONTRIBUTIONS - MUNICIPAL</b>	-	-	2,684,385
<b>CAPITALIZED TAX EQUIVALENT</b>	12,485	-	-
 Change in Net Position	 <b>\$ 12,599,997</b>	 <b>\$ 4,612,050</b>	 <b>\$ 13,996,689</b>
 NET POSITION, Beginning of Year	 <b>141,984,079</b>	 <b>122,354,773</b>	 <b>252,738,343</b>
 <b>NET POSITION - END OF YEAR</b>	 <b>\$ 154,584,076</b>	 <b>\$ 126,966,823</b>	 <b>\$ 266,735,032</b>
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

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			Governmental
	Nonmajor		Activites
Transit Utility	Enterprise	Totals	Internal
	Funds		Service Funds
\$ 10,122,406	\$ 14,422,963	\$ 141,886,897	\$ 25,766,268
50,439,008	20,135,480	134,361,450	17,225,289
7,812,713	4,722,004	28,179,734	8,297,905
<u>\$ 58,251,721</u>	<u>\$ 24,857,484</u>	<u>\$ 162,541,184</u>	<u>\$ 25,523,194</u>
<u>\$ (48,129,315)</u>	<u>\$ (10,434,521)</u>	<u>\$ (20,654,287)</u>	<u>\$ 243,074</u>
-	42,454	289,125	7,294
(267,948)	(30,713)	(9,015,347)	(1,762,677)
6,902,604	-	6,902,604	-
-	2,915,077	2,315,946	1,536,314
-	-	959,293	-
-	-	(2,844,173)	-
30,180,070	214,456	30,394,526	-
8,921	268,698	317,972	392,320
-	-	(76,662)	-
<u>\$ 36,823,647</u>	<u>\$ 3,409,972</u>	<u>\$ 29,243,284</u>	<u>\$ 173,251</u>
<u>\$ (11,305,668)</u>	<u>\$ (7,024,549)</u>	<u>\$ 8,588,997</u>	<u>\$ 416,325</u>
8,871,225	7,230,228	17,717,161	382,413
-	(1,857,818)	(9,673,405)	(313,982)
<u>\$ 8,871,225</u>	<u>\$ 5,372,410</u>	<u>\$ 8,043,756</u>	<u>\$ 68,431</u>
<u>\$ (2,434,443)</u>	<u>\$ (1,652,139)</u>	<u>\$ 16,632,753</u>	<u>\$ 484,756</u>
12,932,547	-	20,725,078	-
8,257,376	801	10,942,562	-
-	-	12,485	-
<u>\$ 18,755,480</u>	<u>\$ (1,651,338)</u>	<u>\$ 48,312,878</u>	<u>\$ 484,756</u>
<u>20,272,045</u>	<u>105,062,061</u>	<u>642,411,301</u>	<u>9,012,675</u>
<u>\$ 39,027,525</u>	<u>\$ 103,410,723</u>	<u>\$ 690,724,179</u>	<u>\$ 9,497,431</u>
		\$ 48,312,878	
		<u>(22,056)</u>	
		<u>\$ 48,290,822</u>	

# CITY OF MADISON

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 48,757,138	\$ 47,520,124	\$ 21,515,482
Customer deposits received (returned)	-	-	-
Paid to suppliers for goods and services	(9,520,247)	(32,636,561)	(4,589,214)
Paid to employees for services	(7,142,523)	(4,078,708)	(6,236,031)
Net Cash Flows From Operating Activities	<u>\$ 32,094,368</u>	<u>\$ 10,804,855</u>	<u>\$ 10,690,237</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Repayment of advances from other funds	(137,216)	-	-
Interest paid on advances from other funds	(1,700)	-	-
Transfers from other funds	189,337	10,885	1,415,486
Transfers to other funds - tax equivalent	(7,612,909)	-	-
Transfers to other funds	-	(189,765)	(428)
Special assessments received related to laterals	-	664,421	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(1,878,438)	(396,284)
Interest paid on operating loan	(264,117)	-	-
Principal paid on operating loan	(950,000)	-	-
Operating grants received	-	-	-
Unearned revenue - 2022 State ARPA	-	-	-
Vehicle registration fee	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>\$ (8,776,605)</u>	<u>\$ (1,392,897)</u>	<u>\$ 1,018,774</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(8,555,000)	(9,175,000)	(9,902,734)
Interest paid	(7,013,388)	(1,705,635)	(1,279,481)
Long-term debt issued	-	-	7,056,869
Payments to escrow during refunding	-	-	-
Acquisition and construction of capital assets	(5,445,053)	(5,459,158)	(8,947,698)
Transfers In	-	-	-
Contribution in aid of construction	-	-	437,500
Capital contributions - federal and state	-	-	-
Capital contributions - city and other	99,685	-	688,640
Advances from other funds	-	-	-
Special assessments received	345,940	36,740	496,546
Net Cash Flows From Capital and Related Financing Activities	<u>\$(20,567,816)</u>	<u>\$(16,303,053)</u>	<u>\$(11,450,358)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Marketable securities purchased	(7,120,991)	-	-
Marketable securities sold	7,353,763	-	-
Investment income	(23,209)	193,587	84,701
Net Cash Flows From Investing Activities	<u>\$ 209,563</u>	<u>\$ 193,587</u>	<u>\$ 84,701</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$ 2,959,510</b>	<b>\$ (6,697,508)</b>	<b>\$ 343,354</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>39,151,464</u>	<u>27,700,807</u>	<u>10,659,392</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 42,110,974</b></u>	<u><b>\$ 21,003,299</b></u>	<u><b>\$ 11,002,746</b></u>

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities
<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ 12,792,263	\$ 14,969,054	\$ 145,554,061	\$ 26,159,213
-	50,400	50,400	-
(20,920,945)	(8,601,462)	(76,268,429)	(15,792,121)
<u>(29,282,538)</u>	<u>(12,548,825)</u>	<u>(59,288,625)</u>	<u>(3,661,315)</u>
<u>\$(37,411,220)</u>	<u>\$ (6,130,833)</u>	<u>\$ 10,047,407</u>	<u>\$ 6,705,777</u>
(423,478)	(165,059)	(725,753)	-
(5,248)	-	(6,948)	-
8,871,225	7,230,228	17,717,161	126,452
-	-	(7,612,909)	-
-	(1,857,818)	(2,048,011)	(313,982)
-	-	664,421	-
86,998	-	86,998	-
-	-	(2,274,722)	-
-	-	(264,117)	-
-	-	(950,000)	-
26,708,580	-	26,708,580	-
5,202,206	-	5,202,206	-
<u>6,902,604</u>	<u>-</u>	<u>6,902,604</u>	<u>-</u>
<u>\$ 47,342,887</u>	<u>\$ 5,207,351</u>	<u>\$ 43,399,510</u>	<u>\$ (187,530)</u>
(3,522,958)	(174,303)	(31,329,995)	(7,870,266)
(786,270)	(30,891)	(10,815,665)	(1,921,573)
120,732	230,000	7,407,601	8,157,906
-	-	-	(2,939,981)
<u>(22,348,056)</u>	<u>(814,061)</u>	<u>(43,014,026)</u>	<u>(7,999,708)</u>
-	-	-	255,961
-	801	438,301	-
25,844,176	-	25,844,176	-
-	-	788,325	-
-	3,627,812	3,627,812	1,863,972
-	-	879,226	-
<u>\$ (692,376)</u>	<u>\$ 2,839,358</u>	<u>\$ (46,174,245)</u>	<u>\$ (10,453,689)</u>
-	-	(7,120,991)	-
-	-	7,353,763	2,989,546
-	42,454	297,533	7,294
<u>\$ -</u>	<u>\$ 42,454</u>	<u>\$ 530,305</u>	<u>\$ 2,996,840</u>
\$ 9,239,291	\$ 1,958,330	\$ 7,802,977	\$ (938,602)
<u>9,341,220</u>	<u>23,049,239</u>	<u>109,902,122</u>	<u>18,885,565</u>
<u>\$ 18,580,511</u>	<u>\$ 25,007,569</u>	<u>\$ 117,705,099</u>	<u>\$ 17,946,963</u>

See accompanying notes to financial statements.

# CITY OF MADISON

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Income (loss) from operations	\$ 23,806,635	\$ 7,125,677	\$ 6,977,237
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Nonoperating income	(73,191)	6,401	30,481
Depreciation	8,377,801	2,943,355	4,323,861
Depreciation charged to other accounts	1,075,308	-	-
Change in assets, deferred inflows, liabilities, and deferred outflows			
Accounts receivable	79,601	(62,081)	(84,349)
Other current assets	23,074	-	-
Accrued revenue	-	406	206
Due from other governmental units	34,097	(26,523)	(34,059)
Inventories	(132,339)	-	-
Prepaid items	(9,290)	16,861	26,908
Accounts payable	(80,500)	1,047,960	(7,506)
Accrued liabilities	-	-	-
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	(16,513)	(8,000)
Customer Deposits	-	-	-
Accrued compensated absences	(285,513)	(35,164)	(80,595)
Due to other funds	-	-	-
Other post employment benefits	116,916	75,561	36,599
Pension related deferrals and liabilities	(838,231)	(271,085)	(490,546)
Unearned revenue	-	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 32,094,368</b>	<b>\$ 10,804,855</b>	<b>\$ 10,690,237</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	\$ 15,133,156	\$ 15,000,791	\$ 5,727,917
Restricted cash and investments - statement of net position	41,101,433	6,002,508	5,274,829
Less: noncash equivalents	(14,123,615)	-	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 42,110,974</b>	<b>\$ 21,003,299</b>	<b>\$ 11,002,746</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Municipality, customer and developer financed additions to capital assets	\$ 2,405,019	\$ 314,382	\$ 6,360,889
Gain (loss) on sale of property	\$ -	\$ 2,765	\$ (601,896)
Capital additions assessed to customers	\$ 468,726	\$ -	\$ -
Adjustments to special assessments	\$ (1,053,847)	\$ -	\$ -
Special assessments levied to customers and revised	\$ -	\$ (67,974)	\$ 424,641

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			
<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	Governmental Activities
			<u>Internal Service Funds</u>
\$(48,129,315)	\$ (10,434,521)	\$ (20,654,287)	\$ 243,074
8,921	483,154	455,766	392,320
7,812,713	4,722,004	28,179,734	8,297,905
-	-	1,075,308	-
951,000	218,920	1,103,091	1,517
-	-	23,074	-
-	-	612	-
-	(203,244)	(229,729)	(891)
(969)	19,984	(113,324)	29,227
5,194	(21,773)	17,900	(2,269,497)
6,589	(10,197)	956,346	(43,344)
(352,410)	-	(352,410)	214,452
148,407	-	148,407	-
-	16,933	(7,580)	-
-	50,400	50,400	-
-	(191,600)	(592,872)	(22,572)
3,239,190	-	3,239,190	-
666,720	60,207	956,003	25,251
(2,572,418)	(839,579)	(5,011,859)	(161,665)
805,158	(1,521)	803,637	-
<u>\$ (37,411,220)</u>	<u>\$ (6,130,833)</u>	<u>\$ 10,047,407</u>	<u>\$ 6,705,777</u>
\$ 11,482,623	\$ 25,007,569	\$ 72,352,056	\$ 17,946,963
7,097,888	-	59,476,658	903,448
-	-	(14,123,615)	(903,448)
<u>\$ 18,580,511</u>	<u>\$ 25,007,569</u>	<u>\$ 117,705,099</u>	<u>\$ 17,946,963</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</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  
CUSTODIAL FUNDS  
As of December 31, 2021

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 219,178,752
Taxes receivable	<u>270,032,400</u>
Total Assets	<u>\$ 489,211,152</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>464,032,398</u>
Total Liabilities	<u>\$ 464,032,398</u>
<b>NET POSITION</b>	
Restricted	<u>25,178,754</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 25,178,754</u></u>

See accompanying notes to financial statements.

**CITY OF MADISON**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS**

For the Year Ended December 31, 2021

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Gifts and bequests	\$ 210,930
Interest and dividends	266,953
Property taxes collected for other governments	461,702,648
Investments	<u>561,872,049</u>
 Total Additions	 <u>\$ 1,024,052,580</u>
<b>DEDUCTIONS</b>	
Administrative expense	27,875,866
Property taxes distributed to other governments	461,702,648
Distributions	<u>535,246,680</u>
 Total Deductions	 <u>\$ 1,024,825,194</u>
 <b>CHANGE IN FIDUCIARY NET POSITION</b>	  \$ (772,614)
 NET POSITION, Beginning of Year	  <u>25,951,368</u>
 <b>NET POSITION, END OF YEAR</b>	  <u><u>\$ 25,178,754</u></u>

See accompanying notes to financial statements.

**CITY OF MADISON**

COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
As of December 31, 2021

	CDA	Olbrich Society and Foundation	Madison Public Library Foundation	Nonmajor Component Units	Totals
<b>ASSETS</b>					
Cash and investments	\$ 9,258,277	\$10,414,404	\$ 2,037,455	\$ 3,992,710	\$ 25,702,846
Receivables					
Accounts	654,295	-	-	-	654,295
Special assessments	-	-	-	310,898	310,898
Accrued interest	7,782	-	-	-	7,782
Long-term loans	262,987	-	-	-	262,987
Pledge receivable	-	935,768	657,678	129,967	1,723,413
Due from other governmental units	112,810	52,314	-	-	165,124
Inventories	-	39,174	-	-	39,174
Prepaid items	1,818,429	1,430	19,264	1,287	1,840,410
Lease receivable from primary government	820,000	-	-	-	820,000
Beneficial interest in assets held by MCF	-	185,209	8,736,705	93,683	9,015,597
Beneficial interest in lead trust held by others	-	572,580	-	-	572,580
Other assets	236,008	-	-	-	236,008
Restricted assets					
Cash and investments	2,531,207	2,738,500	63,000	-	5,332,707
Net pension asset	1,127,158	-	-	-	1,127,158
Assets held for sale	1,935,153	-	-	-	1,935,153
Capital assets					
Land	8,650,251	-	-	-	8,650,251
Capital assets being depreciated	109,301,157	-	8,304	-	109,309,461
Less:Accumulated depreciation/amortization	<u>(67,267,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,267,364)</u>
Total Assets	<u>\$ 69,448,150</u>	<u>\$14,939,379</u>	<u>\$ 11,522,406</u>	<u>\$ 4,528,545</u>	<u>\$ 100,438,480</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	1,866,152	-	-	-	1,866,152
Other post-employment benefits related amounts	<u>89,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,504</u>
Total Deferred Outflows of Resources	<u>\$ 1,955,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,955,656</u>

See accompanying notes to financial statements.

	CDA	Olbrich Society and Foundation	Madison Public Library Foundation	Nonmajor Component Units	Totals
<b>LIABILITIES</b>					
Accounts payable	\$ 395,319	\$ 134,008	\$ 30,428	\$ 218,406	\$ 778,161
Accrued liabilities	2,657,412	-	34,530	1,822	2,693,764
Current maturities of long-term debt	1,638,791	-	-	-	1,638,791
Current maturities of compensated absences	117,632	-	-	-	117,632
Advances from primary government	5,570,649	-	-	-	5,570,649
Mortgage notes	2,161,453	-	-	-	2,161,453
Other loans	3,119,325	-	-	-	3,119,325
Compensated absences	577,261	-	-	-	577,261
Other post-employment benefits	674,836	-	-	-	674,836
Unearned revenues	605,311	19,240	-	-	624,551
Other liabilities	1,161,825	-	-	-	1,161,825
<b>Total Liabilities</b>	<b>\$ 18,679,814</b>	<b>\$ 153,248</b>	<b>\$ 64,958</b>	<b>\$ 220,228</b>	<b>\$ 19,118,248</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Assessments for subsequent year	-	-	-	310,898	310,898
Pension related amounts	2,399,281	-	-	-	2,399,281
Other post-employment benefits related amounts	80,649	-	-	-	80,649
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,479,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 310,898</b>	<b>\$ 2,790,828</b>
<b>NET POSITION</b>					
Net investment in capital assets	41,016,160	-	-	-	41,016,160
Restricted for:					
Library	-	-	3,855,312	-	3,855,312
Parks	-	4,088,988	-	1,304,947	5,393,935
Pensions	1,127,158	-	-	-	1,127,158
Unrestricted	8,100,744	10,697,143	7,602,136	2,692,472	29,092,495
<b>TOTAL NET POSITION</b>	<b>\$ 50,244,062</b>	<b>\$ 14,786,131</b>	<b>\$ 11,457,448</b>	<b>\$ 3,997,419</b>	<b>\$ 80,485,060</b>

See accompanying notes to financial statements.

# CITY OF MADISON

## COMBINING STATEMENT OF ACTIVITIES COMPONENT UNITS For the Year Ended December 31, 2021

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position				
					CDA	Olbrich Society and Foundation	Madison Public Library Foundation	Nonmajor Component Units	Total
CDA	\$ 32,025,610	\$ 8,500,572	\$ 20,944,494	\$ -	\$ (2,580,544)	\$ -	\$ -	\$ -	\$ (2,580,544)
Olbrich Society and Foundation	2,108,277	1,446,250	2,453,434	-	-	1,791,407	-	-	1,791,407
Madison Public Library Foundation	1,497,100	196,506	1,329,929	-	-	-	29,335	-	29,335
Nonmajor Component Units	1,675,683	107,119	1,620,776	-	-	-	-	52,212	52,212
<b>Total Component Units</b>	<b>\$ 37,306,670</b>	<b>\$ 10,250,447</b>	<b>\$ 26,348,633</b>	<b>\$ -</b>	<b>\$ (2,580,544)</b>	<b>\$ 1,791,407</b>	<b>\$ 29,335</b>	<b>\$ 52,212</b>	<b>\$ (707,590)</b>
<b>General Revenues</b>									
Investment income (loss)					\$ 72,584	\$ 1,212,626	\$ 1,285,088	\$ 406,011	\$ 2,976,309
Interest on capital leases					42,540	-	-	-	42,540
Special assessments					-	-	-	305,210	305,210
Miscellaneous					30,095	129,197	-	-	159,292
<b>Total General Revenues</b>					<b>145,219</b>	<b>1,341,823</b>	<b>1,285,088</b>	<b>711,221</b>	<b>3,483,351</b>
Special Item					(218,941)	-	-	-	(218,941)
<b>Change in Net Position</b>					<b>(2,654,266)</b>	<b>3,133,230</b>	<b>1,314,423</b>	<b>763,433</b>	<b>2,556,820</b>
<b>NET POSITION - Beginning of Year</b>					<b>52,898,328</b>	<b>11,652,901</b>	<b>10,143,025</b>	<b>3,233,986</b>	<b>77,928,240</b>
<b>NET POSITION - END OF YEAR</b>					<b>\$ 50,244,062</b>	<b>\$ 14,786,131</b>	<b>\$ 11,457,448</b>	<b>\$ 3,997,419</b>	<b>\$ 80,485,060</b>

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, 2021

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

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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 three methods, discrete presentation, blended, or fiduciary. 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, 2021

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

---

#### **A. Reporting Entity (cont.)**

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

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

The basic financial statements include the Community Development Authority (“CDA”) of the City of Madison as a major component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor of Madison, Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. See Note IV. I. As a component unit, the CDA’s financial statements have been presented as a discrete column in the financial statements. The CDA presented in the basic financial statements includes four component units. These component units are limited liability companies which are used to promote and finance redevelopment of certain CDA properties. The information presented is for the fiscal year ended December 31, 2021. Separately issued financial statements of the Madison Community Development Authority may be obtained from the CDA’s office at 215 Martin Luther King, Jr. Boulevard, Madison, WI 53710-1785.

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

The basic financial statements include the Olbrich Botanical Society and Olbrich Botanical Society Foundation (“OBS”) as a major component unit. OBS is a legally separate organization. The board of OBS consists of nine members, of which five are elected by the Board of Directors for five-year terms. The President, Past President, Treasurer, and the Director of the Olbrich Botanical Gardens, are ex officio Directors of OBS (with voting powers). OBS was created to manage long-term funds, bequests and designated funds for the perpetuity of the Gardens. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the OBS’s financial statements have been presented as a discrete column in the financial statements. The information presented is for the year ended December 31, 2021. Separately issued financial statements of OBS may be obtained from OBS’s office at the Olbrich Botanical Gardens, 3330 Atwood Avenue, Madison, WI 53704.

###### *Business Improvement District*

The basic financial statements include the Business Improvement District (“BID”) as a nonmajor component unit. The BID is a legally separate organization. The board of the District is appointed by the mayor of the City of Madison and approved by City council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID, and also create a potential financial benefit to or burden on the City. See Note IV. I. As a component unit, the BID’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2021. The BID does not issue separate financial statements.



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

---

#### **A. Reporting Entity (cont.)**

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

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

The basic financial statements include the Madison Public Library Foundation ("Foundation") as a component unit. The Foundation is a legally separate organization. The board of the Foundation is composed of thirteen trustees, all are appointed by the Madison Public Library Foundation Board of Directors. The purpose of the Foundation is to provide support to the City of Madison library system. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the Foundation's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2021. Separately issued financial statements of the Madison Public Library Foundation may be obtained from the Foundation's office.

###### *Madison Parks Foundation*

The basic financial statements include the Madison Parks Foundation ("MPF") as a component unit. MPF is a legally separate organization. The board of MPF is composed of twenty-one trustees; nineteen of the trustees are appointed by the MPF Board of Directors; the remaining two are appointed by the Chairman of the Park Commission. The purpose of the MPF is to provide support to the City of Madison parks. See Note IV. I. As a component unit, MPF's financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2021. Separately issued financial statements of the Madison Parks Foundation may be obtained from MPF's office.

#### **B. Government-Wide and Fund Financial Statements**

##### **Government-Wide Financial Statements**

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

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

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

---

#### ***B. Government-Wide and Fund Financial Statements (cont.)***

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

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

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

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

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

The City reports the following major governmental funds:

##### ***Major Governmental Funds***

General Fund – accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Other Grants - accounts for specific revenues that are generally legally restricted to support expenditures for specific program purposes.

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

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

The City reports the following major enterprise funds:

##### ***Major Enterprise Funds***

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

Stormwater Utility – accounts for operations of the stormwater system

Transit Utility – accounts for operations of the transit system

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

#### ***B. Government-Wide and Fund Financial Statements (cont.)***

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

The City reports the following nonmajor governmental and enterprise funds:

###### *Nonmajor Governmental Funds*

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

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

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

- Endowments and Donations

###### *Nonmajor Enterprise Funds*

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

- Parking Utility
- Convention Center
- Golf Courses

In addition, the City reports the following fund types:

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

- Fleet Services
- City Insurance
- Worker's Compensation

Custodial funds are used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

- Board of Education
- Board of Health
- Metropolitan Unified Fiber Network Consortium
- Tax Collection Fund
- Madison School District Investment Fund

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

#### ***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

##### **Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2021, there were \$2,293,646 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 are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

---

#### ***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont.)***

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

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

##### **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net position or Equity***

##### **1. Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

---

#### ***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net position or Equity (cont.)***

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

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

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

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

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

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

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

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

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

##### ***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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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.)**

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, 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, 2021, the MMSD had a cash balance of \$20,592,187 from operating activities.

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 statement of fiduciary net position.

Property tax calendar - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	March 31, 2022
Third installment due	May 31, 2022
Fourth installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### 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, 2021

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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#### ***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 and overhead. 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 straightline 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, 2021

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### 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, 2021 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, 2021

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### 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 \$47,340,000 made up of three issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$35,552,042 made up of five 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.

###### ***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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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#### ***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net position or Equity (cont.)***

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

- 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. Fiduciary fund net position is classified as restricted for pool participants, individuals, organizations, and other governments on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the City believes it is in compliance with all significant restrictions.

##### **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, 2021

### 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	\$ 239,890,541
Construction in progress	44,585,134
Land improvements	46,232,182
Buildings	262,865,538
Machinery and equipment	76,439,872
Intangible assets	12,660,053
Infrastructure	977,394,771
Less: Accumulated depreciation	<u>(592,043,187)</u>
Combined Adjustment for Capital Assets	<u><u>\$ 1,068,024,904</u></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	\$ 432,271,377
Compensated absences	49,859,151
Accrued interest	2,566,530
Unamortized debt premium and discount	30,190,651
Disability benefits	108,316
Police and fire pension	78,674
Capital leases	<u>820,000</u>
Combined Adjustment for Long-Term Liabilities	<u><u>\$ 515,894,699</u></u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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#### ***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.

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

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#### ***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, 2021

#### **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 Risk
Demand deposits	\$ (89,533,155)	\$ 2,950,546	Custodial credit
Non-negotiable CD's	2,575,000	2,575,000	Custodial credit
U.S. agencies implicitly guaranteed	194,821,407	194,821,407	Credit, custodial credit, concentration of credit, interest rate
U.S. treasuries	3,783,002	3,783,002	Custodial credit, interest rate
State and local bonds	16,549,189	16,584,344	Credit, custodial credit, concentration of credit, interest rate
Corporate notes and bonds	5,774,183	5,774,183	Credit, custodial credit, concentration of credit, interest rate
Mutual funds - other than bonds	428,499	428,499	N/A
Mutual funds - money market	203,038,161	100,961,561	Credit
Equity securities/stocks	1,610,899	1,610,899	Custodial credit, concentration of credit
Local Government Investment Pool	325,194,209	325,194,209	Credit
Deposit with WMMIC	903,448	903,448	Credit
Hartford Life - pooled funds	6,788,536	6,788,536	Credit
Petty cash	1,238,205	-	N/A
2a7-like pools	3,113,416	3,113,416	Credit
<b>Total Cash and Investments</b>	<b><u>\$ 676,284,999</u></b>	<b><u>\$665,489,050</u></b>	
Reconciliation to financial statements			
Per statement of net position	\$ 361,223,191		
Per statement of net position - restricted	86,344,960		
Per statement of net position - custodial funds	219,178,752		
Per statement of net position - applicable component units:			
CDA	11,789,484		
Less: Component units of CDA	(2,374,378)		
BID	122,990		
<b>Total Cash and Investments</b>	<b><u>\$ 676,284,999</u></b>		

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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### **NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

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, 2021, the City was a beneficiary of an irrevocable letter of credit in the amount of \$40,000,000 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. \$1,175,000 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, 2021			Total
	Level 1	Level 2	Level 3	
Corporate notes and bonds	\$ -	\$ 5,774,183	\$ -	\$ 5,774,183
State and local bonds	-	16,584,344	-	16,584,344
Equity securities/stock	1,610,899	-	-	1,610,899
Mutual funds - other than bonds	-	428,499	-	428,499
Mutual funds - money market	53,075,258	47,886,303	-	100,961,561
U.S. agencies - implicitly guaranteed	-	194,821,407	-	194,821,407
U.S. treasuries	3,783,002	-	-	3,783,002
2a7 - like pools	-	3,113,416	-	3,113,416
<b>Totals</b>	<b>\$ 58,469,159</b>	<b>\$ 268,608,152</b>	<b>\$ -</b>	<b>\$ 327,077,311</b>



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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
Mutual funds – other than bonds	Net asset value
Mutual funds – money market	\$1 per share
Equity securities/stocks	Market closing price
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
2a7 - like pools	\$1 per share

#### **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, 2021, the City’s deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ 937,816
Uninsured and Uncollateralized	<u>\$ 937,816</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, 2021, the City’s investments were exposed to custodial credit risk as follows:

U.S. agencies - implicitly guaranteed	\$ 194,821,407
U.S. treasuries	3,783,002
State and local bonds	16,584,344
Corporate notes and bonds	5,774,183
Equity securities/Stocks	<u>1,610,899</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 222,573,835</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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, 2021, 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+	\$ 56,333
	A2	A	50,937
	A3	A	251,955
	Aaa	AAA	3,357,224
	Aaa	n/a	991,880
	Baa1	BBB+	10,156
	Baa2	BBB	5,085
	Baa2	BBB-	50,567
	n/a	AAA	994,990
	Ba1	BBB-	5,056
U.S. agencies (implicitly guaranteed)	Aaa	AA+	193,991,774
	Aaa	n/a	829,633
Mutual funds - money market	Aaa	AAAm	100,961,561
State and local bonds	Aa1	n/a	1,955,224
	Aaa	n/a	4,027,181
	n/a	AA+	1,416,942
	n/a	AAA	1,522,700
2a7 - like pools	n/a	AAAm	\$ 3,113,416

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

Wisconsin Municipal Mutual Insurance Company	\$ 903,448
Local Government Investment Pool	325,194,209
Hartford Life - pooled funds	6,788,536
State and local bonds	<u>7,662,297</u>
Total	<u>\$ 654,141,104</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, 2021, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies - implicitly guaranteed	14.425%
Federal Farm Credit Bank	U.S. agencies - implicitly guaranteed	8.096%

## CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

### 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, 2021, the City's investments were as follows:

Investment Type	Fair Value	Less than 1 year thru 12/31/22	1-5 years thru 12/31/26	5-20 years thru 12/31/41
U.S. agencies - implicitly guaranteed	\$ 194,821,407	\$ 13,114,531	\$ 131,285,294	\$ 50,421,582
U.S. treasuries	3,783,002	15,139	3,767,863	-
State and local bonds	16,584,344	12,899,643	3,684,701	-
Corporate notes and bonds	5,774,183	328,292	4,450,901	994,990
Totals	<u>\$ 220,962,936</u>	<u>\$ 26,357,605</u>	<u>\$ 143,188,759</u>	<u>\$ 51,416,572</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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#### **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	\$ 15,411,680
Capital projects fund	14,759,519
Debt service fund	1,539,696
All other nonmajor governmental and internal service funds	21,916,058

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	\$ 5,421,017
Allowance for uncollectible court receivable	16,053,516
Allowance for other uncollectible	35,000
Nonmajor Funds	
Allowance for uncollectible loans	64,417,750



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

##### ***Long Term Debt Accounts (cont.)***

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.
Assessment Fund	–	Used for the purpose of paying construction costs for projects special assessed to customers.

##### ***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.

Following is a list of cash and investments restricted assets at December 31, 2021:

	Restricted Assets
Principal and interest	\$ 14,917,677
Bond reserve account	21,740,555
Bond escrow deposit	7,627,142
Bond depreciation account	750,000
Construction	13,618,768
Assessment fund	1,351,770
Retiree health insurance escrow	1,895,682
Impact fees	17,453,682
Grants deposit	6,086,236
Insurance deposit	903,448
	903,448
Total Restricted Assets	\$ 86,344,960

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

Investment in Wisconsin Municipal Mutual Insurance Company	\$ 3,815,820
Net pension asset	<u>112,995,852</u>
Total Other Restricted Assets	<u>\$ 116,811,672</u>

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

	Restricted Assets
Housing Vouchers	\$ 38,540
Monona Shores fund	64,951
Nonmajor funds	417,512
Component units of CDA	<u>2,010,204</u>
Total Cash and Investments	<u>\$ 2,531,207</u>

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

Net Pension Asset	\$ 1,127,158
Total Other Restricted Assets	<u>\$ 1,127,158</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$ 226,178,920	\$ 16,381,502	\$ (2,669,881)	\$ 239,890,541
Land - internal service	2,570,970	-	-	2,570,970
Construction in progress	55,610,502	17,567,957	(28,593,325)	44,585,134
Total Capital Assets Not Being Depreciated	\$ 284,360,392	\$ 33,949,459	\$ (31,263,206)	\$ 287,046,645
Capital assets being depreciated				
Land improvements	44,786,583	1,445,599	-	46,232,182
Land improvements - internal service	71,990	-	-	71,990
Buildings and improvements	257,941,007	5,123,078	(198,547)	262,865,538
Buildings and improvements - internal service	34,929,434	584,131	-	35,513,565
Machinery and equipment	74,884,709	2,269,811	(714,648)	76,439,872
Machinery and equipment - internal service	94,712,748	7,415,579	(6,448,280)	95,680,047
Intangible assets	13,121,685	-	(461,632)	12,660,053
Intangible assets - internal service	119,525	-	-	119,525
Roads	814,516,200	17,469,759	(1,153,342)	830,832,617
Bridges	50,472,992	1,767,444	-	52,240,436
Street lighting	35,930,534	875,183	(1,802,237)	35,003,480
Traffic signals	19,646,342	2,300,266	(42,576)	21,904,032
Fiber	9,042,610	131,050	-	9,173,660
Bike path	27,962,160	278,386	-	28,240,546
Total Capital Assets Being Depreciated	\$1,478,138,519	\$ 39,660,286	\$ (10,821,262)	\$ 1,506,977,543
Total Capital Assets at Historical Cost	\$1,762,498,911	\$ 73,609,745	\$ (42,084,468)	\$ 1,794,024,188
Less accumulated depreciation for				
Land improvements	(19,809,055)	(3,089,771)	-	(22,898,826)
Land improvements - internal service	(71,990)	-	-	(71,990)
Buildings and improvements	(95,716,156)	(9,111,185)	149,469	(104,677,872)
Buildings and improvements - internal service	(3,017,790)	(1,186,106)	-	(4,203,896)
Machinery and equipment	(61,047,207)	(4,330,935)	604,337	(64,773,805)
Machinery and equipment - internal service	(61,004,226)	(7,111,799)	6,120,621	(61,995,404)
Intangible assets	(8,697,945)	(552,045)	-	(9,249,990)
Intangible assets - internal service	(119,525)	-	-	(119,525)
Roads	(331,083,466)	(19,064,609)	782,258	(349,365,817)
Bridges	(8,489,854)	(684,391)	-	(9,174,245)
Street Lighting	(15,807,066)	(920,145)	867,976	(15,859,235)
Traffic signals	(5,503,162)	(602,785)	17,435	(6,088,512)
Fiber	(3,208,706)	(401,956)	-	(3,610,662)
Bike path	(5,766,544)	(577,679)	-	(6,344,223)
Total accumulated depreciation	\$ (619,342,692)	\$ (47,633,406)	\$ 8,542,096	\$ (658,434,002)
Net Capital Assets Being Depreciated	\$ 858,795,827			\$ 848,543,541
Net Capital Assets	\$1,143,156,219			\$ 1,135,590,186



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### D. CAPITAL ASSETS (CONT.)

Depreciation expenses were charged to functions as follows:

#### Governmental Activities:

General government	\$	795,861
Public safety		3,328,000
Public works and transportation		27,280,713
Planning and development		7,555,000
Culture and Recreation		375,927
Fleet services - internal service		8,297,905
Total	\$	<u>47,633,406</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 71,185,536	\$ 11,743,662	\$ (765,721)	\$ 82,163,477
Construction in progress	20,672,955	25,572,808	(30,804,628)	15,441,135
Total Capital Assets Not Being Depreciated	<u>\$ 91,858,491</u>	<u>\$ 37,316,470</u>	<u>\$ (31,570,349)</u>	<u>\$ 97,604,612</u>
Capital assets being depreciated/amortized				
Land improvements	12,344,095	-	(299,469)	12,044,626
Buildings and improvements	174,660,359	14,149,750	(10,754,549)	178,055,560
Machinery and equipment	118,323,946	4,288,642	(3,068,809)	119,543,779
Intangible assets	727,354	125,501	-	852,855
Infrastructure	255,222,676	12,679,254	(996,329)	266,905,601
Source of supply	13,175,427	140,094	(23,817)	13,291,704
Pumping	24,948,752	715,432	(472,739)	25,191,445
Water treatment	5,814,958	155,107	(185,257)	5,784,808
Transmission and distribution	324,303,831	7,458,103	(927,681)	330,834,253
Administrative and general	44,525,906	720,995	(794,137)	44,452,764
Collection system	176,344,917	6,517,289	(908,264)	181,953,942
Collection system pumping	3,991,723	205,907	(40,003)	4,157,627
Total Capital Assets Being Depreciated/Amortized	<u>\$ 1,154,383,944</u>	<u>\$ 47,156,074</u>	<u>\$ (18,471,054)</u>	<u>\$ 1,183,068,964</u>
Total Capital Assets at Historical Cost	<u>\$ 1,246,242,435</u>	<u>\$ 84,472,544</u>	<u>\$ (50,041,403)</u>	<u>\$ 1,280,673,576</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

**D. CAPITAL ASSETS (CONT.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less: accumulated depreciation/ amortization for:				
Land improvements	(11,794,667)	(119,376)	299,469	(11,614,574)
Buildings and improvements	(78,138,810)	(5,094,258)	10,685,387	(72,547,681)
Machinery and equipment	(72,585,982)	(8,156,723)	2,969,101	(77,773,604)
Intangible assets	(429,036)	(147,974)	-	(577,010)
Infrastructure	(51,768,642)	(3,408,985)	254,411	(54,923,216)
Source of supply	(6,628,525)	(310,199)	41,226	(6,897,498)
Pumping	(10,588,185)	(939,910)	512,263	(11,015,832)
Water treatment	(1,421,019)	(297,538)	117,151	(1,601,406)
Transmission and distribution	(71,213,197)	(6,289,099)	588,442	(76,913,854)
Administrative and general	(16,264,949)	(1,889,701)	756,225	(17,398,425)
Collection system	(33,158,952)	(2,663,996)	574,945	(35,248,003)
Collection system pumping	(1,974,946)	(107,204)	40,003	(2,042,147)
Total Accumulated Depreciation/ Amortization	<u>\$ (355,966,910)</u>	<u>\$ (29,424,963)</u>	<u>\$ 16,838,623</u>	<u>\$ (368,553,250)</u>
Total Capital Assets Being Depreciated/Amortized	<u>\$ 798,417,034</u>			<u>\$ 814,515,714</u>
Net Capital Assets	<u>\$ 890,275,525</u>			<u>\$ 912,120,326</u>

Depreciation/Amortization expense was charged to functions as follows:

**Business-type Activities:**

Water utility	\$ 8,377,801
Sewer utility	2,943,355
Stormwater utility	4,323,861
Transit utility	7,812,713
Parking utility	2,724,590
Convention center	1,894,622
Golf courses	<u>102,792</u>
Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 28,179,734</u>
Total Accumulated Depreciation/Amortization Additions	<u>\$ (29,424,963)</u>

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, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

**D. CAPITAL ASSETS (CONT.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Component Units (CDA only)</b>				
Capital assets not being depreciated				
Land	\$ 10,693,072	\$ 2,003,120	\$ (4,045,941)	\$ 8,650,251
Construction in progress	250,556	283,870	(534,426)	-
Total Capital Assets Not Being Depreciated	<u>\$ 10,943,628</u>	<u>\$ 2,286,990</u>	<u>\$ (4,580,367)</u>	<u>\$ 8,650,251</u>
Capital assets being depreciated				
Land improvements	2,146,733	73,847	-	2,220,580
Buildings and improvements	105,189,417	41,660	(1,612,565)	103,618,512
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,259,121	193,184	(34,177)	3,418,128
Total Capital Assets Being Depreciated	<u>\$ 110,639,208</u>	<u>\$ 308,691</u>	<u>\$ (1,646,742)</u>	<u>\$ 109,301,157</u>
Total Capital Assets at Historical Cost	<u>\$ 121,582,836</u>	<u>\$ 2,595,681</u>	<u>\$ (6,227,109)</u>	<u>\$ 117,951,408</u>
Less: Accumulated depreciation for				
Land improvements	(1,303,360)	(94,637)	-	(1,397,997)
Buildings and improvements	(60,924,541)	(2,856,666)	34,177	(63,747,030)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,903,388)	(111,195)	936,183	(2,078,400)
Total Accumulated Depreciation	<u>\$ (65,175,226)</u>	<u>\$ (3,062,498)</u>	<u>\$ 970,360</u>	<u>\$ (67,267,364)</u>
Net Capital Assets	<u>\$ 56,407,610</u>			<u>\$ 50,684,044</u>

Depreciation expense was charged as follows:

CDA (Housing)	<u>\$ 3,098,049</u>
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**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**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>	Amount	Amount Not Due Within One Year
General	Capital projects	\$ 726,239	\$ -
Water utility	Capital projects	1,043,988	-
Sewer utility	Capital projects	1,282,618	-
Stormwater utility	Capital projects	<u>476,694</u>	<u>-</u>
Total Major Funds		<u>\$ 3,529,539</u>	<u>\$ -</u>
Other restricted funds	Capital projects	<u>223,969</u>	<u>-</u>
Totals		<u><u>\$ 3,753,508</u></u>	<u><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.

***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.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

***Advances (cont.)***

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Golf courses	\$ 702,005	\$ 702,005
Debt service	Water utility	456,772	314,671
Debt service	Transit utility	1,409,912	971,141
Debt service	Convention center	168,368	116,103
Debt service	Golf courses	48,271	33,095
Capital projects	Revolving loans	<u>507,285</u>	<u>507,285</u>
Totals		<u>\$ 3,292,613</u>	<u>\$ 2,644,300</u>
General - primary government	CDA - component unit	\$ 238,000	\$ 238,000
Debt service - primary government	CDA - component unit	<u>5,332,649</u>	<u>4,618,790</u>
Totals		<u>\$ 5,570,649</u>	<u>\$ 4,856,790</u>

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

Receivable Fund	Payable Fund	Amount
Interfund Receivables and Payables		
Governmental activities	Business-type activities	\$ (2,803,300)
Advances		
Governmental activities	Business-type activities	2,785,328
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	<u>6,279,998</u>
Total Government-wide Financial Statements		<u>\$ 6,262,026</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**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	\$ 124,052	Transfer Revenue
General	Convention Center	338,200	PILOT
General	Golf Courses	189,334	PILOT
General	Other Restricted	2,400,000	Operating Costs
General	Parking Utility	1,330,284	PILOT
General	Permanent	199,383	Operating Costs
General	Water Utility	7,625,394	PILOT
General	Capital Projects	770,000	Project Costs
General	Capital Projects	1,543,548	Transfer Revenue
General	Other Grants	4,903,000	Project Costs
Library	Permanent	15,000	Operating Costs
Library	Other Grants	4,000	Operating Costs
Library	City Insurance	2,000	Transfer Revenue
Other Grants	General	287,689	Operating Costs
Debt Service	Capital Projects	2,432,882	Debt
Debt Service	CDBG	11,736	Debt
Debt Service	Other Restricted	120,718	Debt
Debt Service	General	55,912,824	Debt
Debt Service	Other Restricted	237,583	Debt
Debt Service	Library	2,885,756	Debt
Debt Service	Revolving Loans	100,000	Debt
Debt Service	Capital Projects	11,742,918	Debt
Debt Service	Capital Projects	231,978	Debt
Capital Projects	Debt Service	2,746,677	Transfer Revenue
Capital Projects	Other Restricted	246,149	Transfer Revenue
Capital Projects	Other Restricted	766,232	Transfer Revenue
Capital Projects	General	649,039	Project Costs
Capital Projects	City Insurance	9,475	Project Costs
Capital Projects	General	30,000	Project Costs
Capital Projects	Permanent	58,902	Transfer Revenue
Capital Projects	Sewer Utility	428	Project Costs
Capital Projects	Stormwater Utility	428	Project Costs
Capital Projects	Revolving Loans	21,243	Project Costs
Capital Projects	Other Grants	1,281,672	Project Costs
Sewer Utility	Other Restricted	10,885	Project Costs
Stormwater Utility	Other Grants	304,355	Project Costs
Stormwater Utility	City Insurance	2,753	Transfer Revenue
Stormwater Utility	Other Restricted	1,108,378	Project Costs
Water Utility	Sewer Utility	189,337	Joint Cost Allocation
Transit Utility	General	8,871,225	Operating Costs
		<u>\$ 109,705,457</u>	

Total Major Funds

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**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	\$ 2,400,000	Transfer Revenue
Convention Center	Other Restricted	3,680,978	Operating Costs
Convention Center	City Insurance	9,227	Transfer Revenue
Convention Center	Other Grants	2,000,000	Operating Costs
Convention Center	Capital Projects	1,500,000	Transfer Revenue
Parking Utility	City Insurance	40,023	Transfer Revenue
Fleet Service	City Insurance	126,452	Transfer Revenue
Fleet Service	General	<u>255,961</u>	Project Costs
Total Nonmajor Funds		<u>\$ 10,012,641</u>	
Total - Fund Financial Statements		\$ 119,718,098	
Less: Fund eliminations		(127,761,853)	
Less: Transfer capital assets from governmental activities to utilities		<u>(10,942,562)</u>	
Total		<u>\$ (18,986,317)</u>	
Transferred To	Transferred From	Amount	
Governmental activities	Business-type activities	\$ 9,484,068	
Business-type activities	Governmental activities	<u>(28,470,385)</u>	
Total Government-Wide Statement of Activities		<u>\$ (18,986,317)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 430,581,663	\$ 87,524,493	\$ 85,834,779	\$ 432,271,377	\$ 73,808,452
General obligation debt - internal service	68,364,102	8,157,906	10,810,247	65,711,761	8,160,215
Add/Subtract Amounts For:					
Premium on debt	26,128,812	8,647,860	4,586,021	30,190,651	-
Premium on debt - Internal Service	1,192,173	-	122,274	1,069,899	-
Sub-totals	<u>\$ 526,266,750</u>	<u>\$ 104,330,259</u>	<u>\$ 101,353,321</u>	<u>\$ 529,243,688</u>	<u>\$ 81,968,667</u>
Other Liabilities					
Vested compensated absences	53,434,607	4,482,167	8,057,623	49,859,151	4,543,405
Vested compensated absences - internal service	781,541	222,609	245,182	758,968	205,593
Worker's comp disability and death benefits	114,386	-	6,070	108,316	28,203
Police and fire pension	105,508	-	26,834	78,674	24,391
Other post-employment benefits	61,305,559	4,210,100	2,416,660	63,098,999	-
Other post-employment benefits - internal service	1,800,634	95,181	69,930	1,825,885	-
Capital leases	1,620,000	-	800,000	820,000	820,000
Total Other Liabilities	<u>\$ 119,162,235</u>	<u>\$ 9,010,057</u>	<u>\$ 11,622,299</u>	<u>\$ 116,549,993</u>	<u>\$ 5,621,592</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 645,428,985</u>	<u>\$ 113,340,316</u>	<u>\$ 112,975,620</u>	<u>\$ 645,793,681</u>	<u>\$ 87,590,259</u>
<b>Business-Type Activities</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 70,902,113	\$ 7,407,601	\$ 13,599,995	\$ 64,709,719	\$ 9,377,281
Revenue Bonds	262,540,000	-	18,680,000	243,860,000	15,995,000
Add Amounts for:					
Premium on debt	19,945,192	-	1,843,974	18,101,218	-
Sub-totals	<u>\$ 353,387,305</u>	<u>\$ 7,407,601</u>	<u>\$ 34,123,969</u>	<u>\$ 326,670,937</u>	<u>\$ 25,372,281</u>
Other Liabilities					
Vested compensated absences	12,645,551	2,074,710	3,385,594	11,334,667	1,938,143
Other post-employment benefits	19,249,568	1,160,111	752,847	19,656,832	-
Total Other Liabilities	<u>\$ 31,895,119</u>	<u>\$ 3,234,821</u>	<u>\$ 4,138,441</u>	<u>\$ 30,991,499</u>	<u>\$ 1,938,143</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 385,282,424</u>	<u>\$ 10,642,422</u>	<u>\$ 38,262,410</u>	<u>\$ 357,662,436</u>	<u>\$ 27,310,424</u>



**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Component Unit - CDA</b>					
Bonds and Notes Payable:					
Revenue Bonds	\$ 1,620,000	\$ -	\$ 800,000	\$ 820,000	\$ 820,000
Mortgage notes - direct	2,664,323	-	264,266	2,400,057	238,604
Other loans/notes - direct	<u>3,820,431</u>	<u>-</u>	<u>120,919</u>	<u>3,699,512</u>	<u>580,187</u>
Sub-totals	<u>\$ 8,104,754</u>	<u>\$ -</u>	<u>\$ 1,185,185</u>	<u>\$ 6,919,569</u>	<u>\$ 1,638,791</u>
Other Liabilities					
Accrued compensated absences	729,186	174,171	208,464	694,893	117,632
Advances from primary government - City of Madison *	6,144,074	150,000	723,425	5,570,649	713,859
Other post-employment benefits	<u>639,761</u>	<u>60,921</u>	<u>25,846</u>	<u>674,836</u>	<u>-</u>
Total Component Unit - CDA Long-Term Liabilities	<u>\$ 15,617,775</u>	<u>\$ 385,092</u>	<u>\$ 2,142,920</u>	<u>\$ 13,859,947</u>	<u>\$ 2,470,282</u>

\*See Note IV E for additional detail on advances.

**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, 2021, was \$1,647,018,420. Total general obligation debt at year end was:

Outstanding	\$ 562,692,857
Joint venture G.O. debt	<u>1,681,643</u>
Total	<u>\$ 564,374,500</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

**General Obligation Debt (cont.)**

	Date of Issue	Due Date	Interest Rate	Original Indebted- ness	Balance 12-31-21
General obligation notes	03-06-12	07-01-26	0.00	\$ 1,500,000	\$ 900,000
General obligation notes	10-02-12	10-01-22	0.40 - 2.125	12,240,000	1,220,000
General obligation bonds	10-03-12	10-01-32	1.50 - 4.00	15,210,000	8,360,000
General obligation notes	10-02-13	10-01-23	2.00 - 3.40	4,245,000	840,000
General obligation notes	10-22-15	10-01-25	3.00	65,565,000	22,720,000
General obligation notes	10-22-15	10-1-25	1.75 - 2.75	13,345,000	5,335,000
General obligation bonds	10-24-15	10-01-35	2.375- 4.00	12,395,000	8,675,000
General obligation bonds	10-21-16	10-01-26	0.05 - 4.00	85,750,000	36,970,000
General obligation bonds	10-22-16	10-01-26	2.00	7,135,000	3,560,000
General obligation bonds	10-23-16	10-01-36	2.375 - 4.00	6,735,000	5,035,000
General obligation notes	10-19-17	10-1-27	2.00 - 4.00	76,900,000	46,140,000
General obligation notes	10-20-17	10-01-27	2.15 - 2.65	12,950,000	7,770,000
General obligation bonds	10-21-17	10-1-37	2.875 - 5.00	13,865,000	11,085,000
General obligation notes	10-02-18	10-01-28	3.00 - 4.00	85,870,000	60,100,000
General obligation notes	10-03-18	10-01-28	2.80 - 3.50	12,655,000	8,855,000
General obligation bonds	10-04-18	10-01-38	2.50 - 5.00	10,000,000	8,500,000
General obligation notes	10-05-18	10-01-28	2.00 - 3.05	876,000	574,500
General obligation notes	10-17-19	10-01-29	2.25 - 3.00	80,415,000	64,325,000
General obligation bonds	10-18-19	10-01-39	2.00 - 4.00	29,810,000	26,820,000
General obligation notes	10-15-20	10-01-30	1.375 - 4.00	78,545,000	67,675,000
General obligation bonds	10-15-20	10-01-40	2.00 - 3.00	22,600,000	21,470,000
General obligation bonds	10-15-20	10-01-32	0.18 - 1.40	46,725,000	44,355,000
General obligation notes	10-01-21	10-01-31	1.25 - 4.00	81,300,000	81,300,000
General obligation notes	10-02-21	10-01-31	0.30 - 4.00	3,990,000	3,990,000
General obligation bonds	10-03-21	10-01-41	1.00 - 4.00	17,800,000	<u>17,800,000</u>
Sub-Totals - General Obligation					\$ 564,374,500
Less: Business-type Activities General Obligation Debt					(64,709,719)
Less: Joint Venture General Obligation Debt					<u>(1,681,643)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 497,983,138</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**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
2022	\$ 81,968,667	\$ 13,501,654	\$ 9,377,281	\$ 1,803,923
2023	69,694,003	11,280,417	9,018,924	1,537,312
2024	64,298,074	9,406,965	8,123,893	1,287,080
2025	56,625,122	7,728,131	7,438,474	1,066,424
2026	50,394,999	6,125,722	6,635,618	842,912
2027-2031	137,185,202	13,293,306	18,447,601	1,815,976
2032-2036	24,984,421	3,554,816	3,370,580	551,704
2037-2041	12,832,650	716,784	2,297,348	126,841
Totals	<u>\$ 497,983,138</u>	<u>\$ 65,607,795</u>	<u>\$ 64,709,719</u>	<u>\$ 9,032,172</u>

**Revenue Debt**

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

	Sewer	Water
Original indebtedness		
Sewer	\$ 63,685,000	
Water		\$ 232,350,000
Year issued	2012-2020	2012-2019
Proceeds used for	Sewer plant	Water plant
Source of revenue	Sewer charges	Water charges
Payable through	2035	2039
Percent of net revenues required to pay remaining debt service	38.7%	42.2%
Total principal and interest remaining	55,539,360	244,135,196
Principal and interest paid for the current year	10,880,635	16,782,504
Total customer net revenues for current year	10,262,619	32,152,822

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2021 consists of the following:

	Date of issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-21
<b>Water Utility</b>					
Revenue bonds	12-19-12	01-01-33	2.00 - 4.00	\$21,095,000	\$ 13,870,000
Revenue bonds	12-18-13	01-01-34	3.00 - 5.00	24,335,000	17,610,000
Revenue bonds	12-17-15	01-01-36	3.00 - 5.00	41,610,000	33,640,000
Revenue bonds	12-28-16	01-01-37	1.24 - 3.82	23,775,000	20,560,000
Revenue bonds	12-28-16	01-01-37	1.24 - 3.82	14,645,000	9,880,000
Revenue bonds	12-20-18	01-01-39	4.00	30,765,000	28,690,000
Revenue bonds	12-20-18	01-01-28	3.00 - 3.55	9,390,000	7,530,000
Revenue bonds	12-19-19	01-01-31	2.00 - 5.00	26,555,000	26,255,000
Revenue bonds	12-19-19	01-01-31	2.00 - 5.00	7,125,000	6,615,000
Revenue bonds	12-19-19	01-01-32	1.70 - 2.65	13,055,000	12,105,000
Revenue bond anticipation notes	12-06-19	11-01-24	1.50	20,000,000	<u>20,000,000</u>
Total Water Utility					<u>\$ 196,755,000</u>
<b>Sewer Utility</b>					
Revenue bonds	11-15-12	12-01-32	2.00 - 3.00	9,500,000	4,220,000
Revenue bonds	12-01-14	12-01-32	2.50 - 5.00	9,645,000	5,900,000
Revenue bonds	12-28-16	12-01-32	2.50 - 5.00	14,600,000	10,540,000
Revenue bonds	12-20-18	12-01-32	3.25 - 4.00	12,500,000	10,525,000
Revenue bonds	12-22-20	12-01-35	2.00 - 5.00	13,000,000	12,300,000
Revenue bonds	12-23-20	12-01-35	2.00 - 5.00	4,440,000	<u>3,620,000</u>
Total Sewer Utility					<u>\$ 47,105,000</u>
Total Business-type Revenue Debt					<u><u>\$ 243,860,000</u></u>

**Revenue Bond Anticipation Notes (BANS)**

Included in the long-term debt for Water Utility is \$20,000,000 of revenue bond anticipation notes maturing November 1, 2024. The proceeds from the BANS provide funding for certain capital and system improvements for fiscal years 2019 through 2021. The Notes bear interest payable on May 1 and November 1 of each year, commencing May 1, 2020 with the full principal payment due on November 1, 2024 if not refinanced at an earlier date. The BANS are subordinate debt to all outstanding senior revenue debt and include similar bond covenants to the senior bonds. Permanent financing will depend on the availability of funds within eligible State of Wisconsin Revolving Loan programs or traditional revenue bond financings. The utility anticipates refinancing the BANS with permanent financing over the course of the five-year life of the debt.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

**Revenue Debt (cont.)**

**Community Development Authority - Component Unit**

The CDA has pledged future lease revenues to repay lease revenue bonds issued in 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 remaining bond is expected to require 95% of net revenues. Total principal and interest remaining to be paid on the bond is \$842,140. Principal and interest excluding refunded portion paid for the current year and total revenues were \$842,540 and \$882,332, respectively.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-21
Lease revenue refunding bonds	2-26-18	10-01-22	2.00 - 2.75	\$ 3,960,000	\$ 820,000
Total Revenue Debt - Component Unit - Enterprise					\$ 820,000

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Component Unit Revenue Debt	
	Principal	Interest	Principal	Interest
2022	\$ 15,995,000	\$ 8,354,049	\$ 820,000	\$ 22,140
2023	17,360,000	7,645,763	-	-
2024	37,845,000	6,957,319	-	-
2025	18,325,000	5,932,669	-	-
2026	18,010,000	5,212,511	-	-
2027-2031	83,745,000	16,226,269	-	-
2032-2036	44,565,000	5,067,476	-	-
2037-2039	8,015,000	418,500	-	-
Totals	\$ 243,860,000	\$ 55,814,556	\$ 820,000	\$ 22,140

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

**Revenue Debt (cont.)**

**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, 2021, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12-31-21
<b>Community Development Authority</b>					
Housing mortgage note	6-1-92	6-1-22	4.00%	\$ 2,283,492	\$ 49,428
Housing mortgage note	5-17-01	5-1-31	N/A	213,067	213,067
Housing mortgage note	8-26-16	9-1-26	3.25	3,000,000	<u>2,137,562</u>
Total Mortgage Notes					<u>\$ 2,400,057</u>

Years	Component Unit Mortgage Notes - Direct Borrowing	
	Principal	Interest
2022	\$ 238,604	\$ 68,131
2023	211,041	61,304
2024	228,519	54,923
2025	235,432	48,010
2026	1,368,829	30,811
2027-2031	<u>117,632</u>	<u>-</u>
Totals	<u>\$ 2,400,057</u>	<u>\$ 263,179</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### F. LONG-TERM OBLIGATIONS (CONT.)

##### Other Loans/Notes

##### Community Development Authority - Component Units

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, and Johnson Bank.

City of Madison	
Section 17 loans	\$ 85,000
Capital revolving fund	345,000
CDBG home loan <sup>1</sup>	385,000
Affordable housing trust loan* <sup>1</sup>	341,670
Promissory note <sup>2</sup>	60,000
HOME loan	280,000
CDBG loan <sup>2</sup>	400,000
WHEDA WRAP note	111,429
Impact C.I.L, LLC	1,007,281
Johnson Bank <sup>3</sup>	684,132
	<u>                    </u>
Total	<u>\$ 3,699,512</u>

\*Interest is based on the rates of the City of Madison's investment portfolio yield plus 25 basis points, as calculated using the average yield for the previous 12 months.

- <sup>1</sup> Contains clauses that in the event of default, entire balance sheet shall become immediately due and payable and a delinquency charge equal to 12% per annum on unpaid balance will be applicable.
- <sup>2</sup> Contains clauses that in the event of default, a delinquency charge equal to 12% per annum on unpaid balance will be applicable.
- <sup>3</sup> Contains clauses that in the event of default, interest rate shall be increased by adding 5% point margin and borrower shall be charged 5% of the unpaid portion.

The City of Madison loans (other than the capital revolving fund and affordable housing trust loan) and Impact C.I.L LLC are not included in the debt service repayment schedules.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

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

**Other Loans/Notes (cont.)**

Years	Other Loans/Notes - Direct Borrowing	
	Principal	Interest
2022	\$ 555,923	\$ 31,053
2023	100,968	29,578
2024	102,432	28,115
2025	104,127	26,420
2026	105,826	24,726
2027-2031	215,727	95,342
2032-2036	271,862	39,207
2037	25,366	297
Total	<u>\$ 1,482,231</u>	<u>\$ 274,738</u>

**Capital Leases**

Refer to Note IV. G.

**Other Debt Information**

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

**G. LEASE DISCLOSURES**

**The City as Lessee**

The City leases various office space under lease agreements with expiration dates extending to December 2051. The following is a schedule by years of the future minimum rental payments required under these leases as of December 31, 2021:

<u>Year ending December 31,</u>	
2022	\$ 1,046,823
2023	1,033,495
2024	888,395
2025	884,879
2026	727,924
2027-2051	<u>2,662,834</u>
Total Minimum Payments Required	<u>\$ 7,244,350</u>

Total rental expenses/expenditures under the above leases were \$1,091,692 in 2021.



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### *The City as Lessor*

The City leases all or portions of certain properties under several lease agreements with expiration dates extending to December 2116. The cost and net book value of the properties leased is \$6,967,759 and \$6,239,095, respectively.

The following is a schedule by years of future minimum rentals under these leases as of December 31, 2021:

<u>Year Ending December 31,</u>	
2022	\$ 1,964,494
2023	1,660,860
2024	1,376,000
2025	1,320,403
2026	1,289,014
2027-2031	5,735,206
2032-2036	3,213,810
2037-2041	2,702,327
2042-2046	2,595,316
2047-2051	1,458,439
2052-2056	704,619
2057-2061	641,518
2062-2066	555,371
2067-2071	403,710
2072-2076	402,287
2077-2081	388,966
2082-2086	269,262
2087-2091	174,072
2092-2096	159,598
2097-2101	103,505
2102-2106	103,505
2107-2111	96,006
2112-2116	<u>26,919</u>
Total Future Minimum Rentals	<u>\$ 27,345,207</u>

Total rental revenues under the aforementioned leases were \$2,069,665 in 2021.

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, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

Governmental Activities 2018 issue	<u>\$ 820,000</u>
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The annual lease payments by the City to the CDA on the leases are as follows:

	Governmental Activities	
	2018 Issue	
	Principal	Interest
2022	\$ 820,000	\$ 22,140
Totals	\$ 820,000	\$ 22,140

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

Governmental activities net position reported on the government wide statement of net position at December 31, 2021 includes the following:

#### **Governmental Activities**

Net investment in capital assets	
Land	\$ 242,461,511
Construction in progress	44,585,134
Other capital assets, net of accumulated depreciation	848,543,541
Less: Capital related long-term debt outstanding (excluding unspent capital related debt proceeds)	(364,028,373)
Less: Unamortized premium	(31,260,550)
Total Net Investment in Capital Assets	\$ 740,301,263

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**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, 2021 include the following:

Fund Balances	General Fund	Library	Debt Service	Capital Projects	Other Grants	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>							
Advances to other funds	\$ 702,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,005
Advances to component units	238,000	-	-	-	-	-	238,000
Inventories	524,572	-	-	2,574,975	-	-	3,099,547
Prepaid items	2,150,849	264,563	-	42,017	11,821	63,439	2,532,689
Trust activities	-	-	-	-	-	774,847	774,847
<b>Restricted for:</b>							
Library	-	2,455,164	-	-	-	672,591	3,127,755
Grants activities	-	-	-	-	294,426	358,079	652,505
Loans	763,680	-	-	-	-	31,550,036	32,313,716
Debt service	-	-	27,945,927	-	-	5,392,342	33,338,269
Parks	-	-	-	-	-	874,996	874,996
Impact fees	-	-	-	-	-	17,769,167	17,769,167
TID activities	-	-	-	48,430,907	-	-	48,430,907
Landfill	-	-	-	-	-	209,099	209,099
Trust activities	-	-	-	-	-	3,911,098	3,911,098
Capital projects	-	-	-	54,658,761	-	-	54,658,761
Room tax	-	-	-	-	-	956,965	956,965
<b>Committed for:</b>							
Room tax	-	-	-	-	-	563,515	563,515
Loans	-	-	-	-	-	1,380,809	1,380,809
<b>Assigned to:</b>							
Capital projects	-	-	-	13,996,121	-	-	13,996,121
Encumbrances for open contracts	435,236	-	-	-	-	-	435,236
Operating Projects	437,000	-	-	-	-	-	437,000
Compensated absences	9,395,450	-	-	-	-	-	9,395,450
Premium stabilization	6,788,536	-	-	-	-	-	6,788,536
Unassigned	56,371,768	-	-	-	-	-	56,371,768
Totals	<u>\$ 77,807,096</u>	<u>\$ 2,719,727</u>	<u>\$ 27,945,927</u>	<u>\$ 119,702,781</u>	<u>\$ 306,247</u>	<u>\$ 64,476,983</u>	<u>\$ 292,958,761</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

##### *Business-type Activities*

Net investment in capital assets	
Land	\$ 82,163,477
Construction in progress	15,441,135
Other capital assets, net of accumulated depreciation	814,515,714
Less: Related long-term capital debt outstanding	(301,039,720)
Plus: Unspent capital related debt proceeds	14,292,171
Plus: Unamortized premium and loss/gain on refunding	(17,592,575)
Plus: Borrowed reserve fund	13,146,385
Total Net Investment in Capital Assets	<u>\$ 620,926,587</u>

#### *I. COMPONENT UNITS*

This report contains the Community Development Authority (CDA) of the City of Madison, which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Olbrich Botanical Society, 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.

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

##### *Olbrich Botanical Society, Inc. and Olbrich Botanical Society Foundation, Inc.*

Olbrich Botanical Society, Inc. was incorporated as a not-for-profit organization, located in Madison, Wisconsin, to aid and support Olbrich Botanical 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, Inc. is a not-for-profit organization that manages assets for the purpose of supporting Olbrich Botanical Society, Inc. The organizations are primarily supported by contributions from the general public and by annual events.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

A summary of significant accounting policies applied in the preparation of the consolidated financial statements follows:

a. Summary of Significant Accounting Policies

##### **Principles of Presentation**

The consolidated financial statements include the accounts of Olbrich Botanical Society, Inc. and Olbrich Botanical Society Foundation, Inc (collectively, the Society). Olbrich Botanical Society, Inc. has a beneficial interest in the net assets of Olbrich Botanical Society Foundation, Inc. and has control over the Olbrich Botanical Society Foundation through its direct ability to approve its Board of Directors. All significant transactions and balances between the organizations have been eliminated.

##### **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. The Society's Board of Directors has the ability to designate net position without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time.

***Net position with donor restrictions*** – Net position whose use has been limited by donor-imposed purpose restrictions or time restrictions, including net position that has been restricted in perpetuity by donors.

##### **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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

###### Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are restricted or designated for long-term purposes. At December 31, restricted cash and cash equivalents consisted of the following:

	<u>2021</u>
Second draw Paycheck Protection Program funds	\$ 253,800
Donor restricted funds	191,447
Designated reserves	200,036
Funds to be invested at the Foundation	989,702
Capital campaign funds	<u>1,103,515</u>
	<u>\$ 2,738,500</u>

###### Pledges Receivable

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.

###### 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.

###### Beneficial Interest in Assets Held by Madison Community Foundation

The Society established an agency endowment fund at the Madison Community Foundation (MCF). Accounting guidance allows that a specified beneficiary recognize its rights to the assets held by a recipient organization as an asset. The Society has recorded its estimated interest in a fund as a beneficial interest on the consolidated statements of financial position. When the Society transfers the funds to MCF, it recognizes the transfer as a decrease in cash and an increase in the asset called beneficial interest in assets held by MCF. The change in the beneficial interest is recorded in the consolidated statements of activities as revenue. The Society acknowledges that, by virtue of the governing instrument of MCF, the board of governors of MCF has the authority to modify any restrictions 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

###### **Beneficial Interest in Lead Trust Held by Others**

The Society is the beneficiary of a charitable lead annuity trust (CLAT), where the Society is not the trustee. The CLAT provides for annual payments of approximately \$96,000, to the Society for a period of ten years. The Society has recorded a beneficial interest in the CLAT for the present value of the future cash flows expected to be received based on an appropriate discount rate. The value of the beneficial interest in lead trust is included in net position with donor restrictions. Adjustments to the beneficial interest recorded to reflect amortization of the discount or revaluations of the present value of the estimated future payments to the Society are recognized and presented as investment income in the consolidated statements of activities.

###### **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, net of fees, are included in the accompanying consolidated statements of activities. Realized gains and losses on sales of investments are determined on the basis of specific identification of the security sold.

###### **Unearned Revenue**

Unearned revenue consists of advance payments received from recipients for future education programs.

###### **Refundable Advance**

The Society participated in and received funds under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 in the amount of \$253,800 in January 2021, under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid).

The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the Small Business Administration (SBA) and are forgivable after a covered period (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities.

The Society determined the first draw of PPP funding was a conditional contribution when received and concluded that the right of return and barriers associated with forgiveness were not met prior to December 21, 2020. As a result, the Society considered the first draw of PPP funding to be a refundable advance as of December 31, 2020. As of December 31, 2021, the Society had expended all of the PPP funds received on qualified expenses and met all of the conditions attached to the first draw of PPP funding, therefore, the Society recorded \$253,800 as contributions within its consolidated statement of activities for the year ending December 31, 2021. The PPP was forgiven in full by the SBA in January 2021.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

As of December 31, 2021, the Society had expended all of the PPP2 funds received on qualified expenses and met all of the conditions attached to the PPP2, therefore, the Society has recorded \$253,800 as contributions within its consolidated statement of activities for the year ending December 31, 2021. The PPP2 was forgiven in full by the SBA in February 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Society does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

##### **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**

Olbrich Botanical Society, Inc. and Olbrich Botanical Society Foundation, Inc. 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 tax.

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, 2021, 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.

##### **Gift Shop Sales**

Revenue derived from gift shop sales are recognized at the point of sale as goods are delivered to the buyer. Returns are accepted on gift shop sales within seven days of purchase with the assumption that the product is in substantially new condition.

##### **Education Revenue**

Revenue derived from education classes are recognized when the class occurs. Cash received for classes is presented as unearned revenue on the consolidated statements of financial position until the class occurs. Refunds are made to participants if the class is cancelled.



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

###### **Contributions**

Unconditional contributions are recognized as revenue when received or pledged. All contributions are considered available for unrestricted use 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 assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions. Membership, programs and exhibitions support and revenue are considered contributions due to the member or attendee receiving no substantial reciprocal benefits for the amount contributed to the Society

Conditional contributions or grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Certain conditional grants received are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2021, there was approximately \$50,000 of conditional grant revenue, which is expected to be recognized in subsequent years when the conditions are met.

###### **Investment Income**

Investment income, net of fees, is recorded in the period earned.

###### **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 \$44,061 for the year ended December 31, 2021.

###### **Related Parties**

Board members typically make contributions to the Society. Board members may be employees of firms with which the Society has business relationships. Board members are required to disclose those interests.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

---

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

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

###### **Recent Accounting Pronouncement**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

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

##### **Relationship**

The Society and the City of Madison Parks Division work together for the benefit of Olbrich Botanical Gardens (Gardens), which is owned by the City of Madison (City). The City provides free use of space in the Olbrich Botanical Gardens building for the offices and gift shop of the Society in exchange for certain administrative functions. The fair value for the use of space or administrative functions cannot be determined and, therefore, is not reflected in the consolidated financial statements. The Society had a net receivable from the City in the amount of \$52,314 at December 31, 2021 for funds the City collected on its behalf.

##### **Capital Campaign**

The Society donates funds to the City to make capital asset purchases for the Gardens or, if purchased directly by Society, donates all capital assets it purchases to the City. In 2014, the Society began the Rooted and Growing capital campaign to add a dedicated learning center to the Gardens and to build new greenhouses. The Society began the capital campaign with an initial goal of raising \$5 million which was subsequently increased to \$6 million. The capital campaign formally ended in December 2019. The Society has transferred all of the donor restricted contributions to the City at December 31, 2021 except for \$96,384 which remained in net position with donor restrictions for the year ending December 31, 2021. The Society and its Board of Directors have designated a portion of net position without donor restrictions towards the fundraising goal of \$1,228,591 at December 31, 2021. There were no capital asset donations made to the City in 2021. The Society has conditionally committed to provide the remaining amount of \$2,250,000 to meet its conditional \$6 million capital campaign commitment.

Subsequent to December 31, 2021, the City has indicated that the amount to be requested from the Society in total for the project will be in excess of \$6 million. Once the project is closed out and the final amount is known, the Society's Board of Directors remains committed and will work with the City to support the project. The Society's Board of Directors will vote on approval of these funds.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

###### c. Investments

Investments at December 31, 2021 consisted of the following:

Mutual funds	\$ 4,937,824
Common stock	3,868,174
Money market funds	<u>595,331</u>
Investments	<u>\$ 9,401,329</u>

Net Investment income consisted of the following:

Interest and dividends	\$ 271,829
Unrealized and realized gain	927,483
Madison Community Foundation (MCF) Activity	36,712
Change in value of CLAT	16,297
Investment advisory fees	<u>(39,695)</u>
Investment Income	<u>\$ 1,212,626</u>

Investments are exposed to various risks such as interest rate, market, and credit risks. 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 combining statements of activities.

#### 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 1 – Quoted prices in active markets for identical assets or liabilities.
- > Level 2 – 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

- > Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value: There have been no changes in the methodologies used at December 31, 2021.

**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.

**Beneficial interest in assets held by MCF:** Valued based on future cash flows that will be provided from the community foundation. The fair value is based on significant unobservable inputs and is classified within level 3 of the fair value hierarchy.

**Beneficial interest in lead trust held by others:** Based on the present value of the future cash flows expected to be received based on an appropriate discount rate. The fair value is based on significant unobservable inputs and is classified within level 3 of the fair value hierarchy.

**Money Market Fund:** Valued at cost and therefore excluded from the fair value hierarchy.

	2021			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 2,257,973	\$ -	\$ -	\$ 2,257,973
Fixed income mutual funds	2,679,851	-	-	2,679,851
Common stocks	3,868,174	-	-	3,868,174
Beneficial interest in assets held by MCF	-	-	185,209	185,209
Beneficial interest in lead trust held by others	-	-	572,580	572,580
	<u>\$ 8,805,998</u>	<u>\$ -</u>	<u>\$ 757,789</u>	<u>\$ 9,563,787</u>
Investments measured at fair value				
Money market funds				595,331
Total Investments				<u>\$ 10,159,118</u>

The preceding valuation 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.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

***I. COMPONENT UNITS (CONT.)***

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

The following table presents the Society's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of December 31, 2021:

	Beneficial interest in assets held by MCF	Beneficial interest in lead trust held by others
Beginning Balance	\$ 148,497	\$ 651,896
Contributions	13,500	-
Distributions	(4,262)	(95,613)
Change in Value	27,474	16,297
Ending Balance	\$ 185,209	\$ 572,580

d. Pledges Receivable

Pledges receivable are expected to be collected as follows for the year ended December 31, 2021:

Receivable in less than one year	\$	15,000
Receivable in one to five years		100,000
Receivable in greater than five years		990,000
Total Contributions Receivable		1,105,000
Less unamortized discount		(169,232)
Net contributions receivable	\$	935,768

100 percent of pledges receivable were from one donor as of December 31, 2021. The Society applies a discount rate on long-term pledges receivable, which is based on treasury yield rates at the date of the gift of 1.82 percent as of December 31, 2021.

e. Donated Services

The Society recognizes contribution revenue for certain services received at the fair value of those services. The total amount of those services was \$24,350 in 2021. The Society also recognizes contribution revenue for donated materials received at the fair value of those materials. The total amount of those materials was \$26,562 in 2021.

Additionally, the Society received 17,805 hours of volunteer time, provided by 721 individuals and groups during 2021, 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

f. Retirement Plan

All employees are eligible to participate in the Society's 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 \$34,702 in 2021.

g. Concentrations

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. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Contributions

In 2021, there was a gift that made up approximately 46 percent of contributions revenue.

h. Net Position

The Society's Board of Directors has chosen to place the following designations on net position without donor restrictions for the year ended December 31, 2021:

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

Designated for education	\$ 54,254
Designated for orchid fund (conservatory)	56,194
Designated for general stewardship fund	1,341,455
Board designated endowment	<u>4,758,292</u>
Total Foundation	<u>\$ 6,210,195</u>

##### **Olbrich Botanical Society**

Designated for agency endowment at MCF	185,209
Designated for capital campaign	1,228,591
Undesignated	<u>3,073,148</u>
Total Society	<u>\$ 4,486,948</u>
Total Net Position Without Donor Restrictions	<u>\$10,697,143</u>

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

***I. COMPONENT UNITS (CONT.)***

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

Net Position with donor restrictions at December 31, 2021 are restricted for the following purposes:

**Olbrich Botanical Society Foundation**

**Purpose-Restricted:**

Stewardship Fund Garden for the Future	\$ 359,055
Stewardship fund land bank	201,173
Vera Lee Orchidst	1,100,000
Rose Garden Intern	<u>111,454</u>
Total Purpose Restricted	<u>1,771,682</u>

**Perpetual in Nature:**

General endowment fund	29,400
Ursula Schmitt speakers fund	29,852
Shirley Homburg gift shop fund	11,500
Dusso conservatory fund	221,453
Music and arts endowment fund	<u>200,000</u>
Total perpetual in nature	<u>492,205</u>
Total Foundation	<u>\$ 2,263,887</u>

**Olbrich Botanical Society**

**Purpose Restricted:**

Horticulture	69,715
Conservatory	72,683
Education	52,498
Capital Campaign	96,384
Other	<u>24,568</u>
Total Purpose Restricted	<u>315,848</u>

**Time Restricted:**

Beneficial interest in trust held by others	572,579
Pledges receivable	<u>936,674</u>
Total time restricted	<u>\$ 1,509,253</u>
Total Society	<u>\$ 1,825,101</u>
Total Net Position with Donor Restrictions	<u><u>\$ 4,088,988</u></u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

i. Endowment Fund for Olbrich Gardens

In 2006, the Society received notification of a \$300,000 contribution from the Bolz Family Foundation that established the Bolz Family Endowment Fund for Olbrich Botanical Gardens (the Fund) at MCF. The fund is donor advised and is an asset of MCF. The fair value of the fund at MCF was \$321,630 at December 31, 2021. The Society has the option to receive an annual distribution that represents 4.5% of the average value of the assets over a rolling 20-quarter period. The Society received distributions from the fund of \$10,870 during 2021. These amounts are included in contributions on the statement of activities.

j. 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 donor restrictions to be held in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 does not have donor restrictions to be held in perpetuity 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



**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

***I. COMPONENT UNITS (CONT.)***

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

The following table shows the composition of endowment net position by restriction for those endowments under the control of the society for the year ended December 31, 2021:

	With Donor Restrictions			
	Net Earnings on Endowment	Held in Perpetuity	Total	Total Endowment
Donor restricted	\$ -	\$ 492,205	\$ 492,205	\$ 984,410

Endowment activities were as followed:

	With Donor Restrictions			
	Net Earnings on Endowment	Held in Perpetuity	Total	Total Endowment
Beginning balance	\$ -	\$ 262,805	\$ 262,805	\$ 262,805
Additions	-	229,400	229,400	229,400
Investment Income	36,968	-	36,968	73,936
Amounts appropriated for expenditure	(36,968)	-	(36,968)	(73,936)
Ending Balance	<u>\$ -</u>	<u>\$ 492,205</u>	<u>\$ 492,205</u>	<u>\$ 492,205</u>

The Society has included within its endowment any pledges receivable restricted to be held in perpetuity. 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 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 a component of net position with donor restrictions. There were no such deficiencies as of December 31, 2021.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

---

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

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

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 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.

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. The board approved an appropriation of \$294,720 for 2021, which consists of 4.5 percent of the average of the investment balance for the preceding 12 quarters with the last quarter being September 2021. Donor restricted net earnings on endowment whose restrictions are met within the same year as earned are included in investment income, net without donor restrictions in the consolidated statement of activities.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

#### k. Liquidity and Availability of Financial Assets

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

##### Year Ended December 31, 2021

Cash and cash equivalents	\$ 3,751,575
Pledges receivable	935,768
Due from City of Madison	52,314
Beneficial interest in Madison Community Foundation	185,209
Beneficial interest in lead trust held by others	572,580
Investments	<u>9,401,329</u>
Total financial assets available within one year	<u>14,898,775</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Donor restricted for purpose or time	(3,500,399)
Board designated for other purposes	(1,637,112)
Board designated and donor restricted for capital campaign	(1,324,975)
Donor restricted endowment fund	(492,205)
Board designated endowment fund	<u>(4,758,292)</u>
Total financial assets available for general expenditure within one year	<u>\$ 3,185,792</u>

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. The Foundation makes an annual distribution of its net assets to support general operations of the Society.

To help manage unanticipated liquidity needs, the Society also has board-designated endowment funds. 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 Board of Directors.

#### l. Subsequent Events

Management has evaluated subsequent events through April 19, 2022, the date which the consolidated financial statements were available for issue.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

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

Madison Public Library Foundation, Inc. (the Foundation) was formed in 1993 and is incorporated as a not-for-profit foundation. The Foundation's purpose is 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 position without donor restrictions and net position with donor restrictions. Net position 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.

##### **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.

##### **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.

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

For purposes of reporting cash flows, the Foundation considers all investments purchased with an original maturity of three months or less to be cash equivalents, with the exception of 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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#### I. COMPONENT UNITS (CONT.)

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

###### Restricted Cash, Libraries

Restricted cash consists of funds held by the Foundation for the benefit of the following:

	<u>2021</u>
Monroe Street Library League	\$ 21,249
South Madison Friends	10,507
Friends of Lakeview Library	<u>31,244</u>
Totals	<u>\$ 63,000</u>

###### 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 0.34%, with penalties for early withdrawal. Any penalties for early withdrawal do not have a material effect on the financial statements.

###### 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. Uncollectible promises are written off after management has used reasonable collection efforts and determined the promises will not be collected. Management has determined that an allowance for uncollectible promises to give is not necessary.

The organization elected a policy to treat the Paycheck Protection Program (PPP) loans received as of December 31, 2021 as conditional contributions. Conditional contributions are those that contain a measurable performance or other barrier and a right of return and are not recognized as revenue until the conditions on which they depend have been met. The PPP loans are recognized as a refundable advance liability until the conditions have been substantially met.

###### Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is computed on the straight-line method based on an estimated useful life of three to five years. Furniture and equipment was \$18,525. Depreciation expense was \$1,244. Accumulated depreciation was \$12,868.

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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

---

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

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

###### **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 \$26,702 and amortization expense was \$3,970 as of December 31, 2021. Accumulated amortization was \$24,055 as of December 31, 2021.

###### **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.

###### **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, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

---

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

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

###### **Revenue Recognition - special events**

The Foundation sells tickets and offers sponsorships for its special events. Ticket sales and sponsorships are nonrefundable and are comprised of an exchange element based on the value of benefits provided to the donors, and a contribution element for the difference between total ticket sales and sponsorships paid and the exchange element. The Foundation recognizes the exchange portion of these events in the year the event takes place (point in time), and the contribution portion immediately. Included in special event revenue on the statements of activities are ticket sales of \$93,000 for the year end December 31, 2021. Of the total ticket sales revenue, the exchange portion totaled \$14,736 for the year ended December 31, 2021.

###### **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. Certain other indirect, non-personnel costs are allocated by using the percentage of estimated staff time spent on program-related matters or supporting services (management and general) and applying those percentages to the allocation of other costs.

###### **Accounting Standard Update**

In February 2016, the FASB issued ASU No. 2016-02, Leases. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. In June 2020, the FASB issued ASU 2020-05 which deferred the effective date of ASU 2016-02 to fiscal years beginning after December 15, 2021. Early application is permitted. Management is currently evaluating the effects this new standard will have on the Foundation's financial statements.

###### **Subsequent Events**

These financial statements have not been updated for subsequent events occurring after April 4, 2022, which is the date the MPLF financial statements were available to be issued. The Foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

b. Promises to Give

**Unconditional Promises to Give**

Unconditional promises to give at December 31, 2021 consisted of the following:

Pinney Branch Capital Campaign	\$	5,000
Dream Bus		65,750
Annual		2,825
Other		14,116
John H. Lussier Charitable Lead Annuity Trust (CLAT)		<u>628,276</u>
 Total Unconditional Promises to Give	 \$	 715,967
Less: Discounts to net present value		<u>(58,289)</u>
 Unconditional Promises to Give - Net	 \$	 <u><u>657,678</u></u>

At December 31, 2021, \$183,304 of unconditional promises to give are receivable in less than one year and \$478,065 of unconditional promises to give are receivable in one to five years, and \$54,598 is receivable in more than five years.

Unconditional promises to give (excluding the CLAT) receivable in one year or more are discounted to net present value using a discount rate of 3.25%. The discount rate used for the CLAT was 2.75% as of December 31, 2021. Unconditional promises to give receivable in less than one year are measured at net realizable value which approximates fair value.

Split-interest agreements are trusts or other arrangements under which donors have designated beneficiaries. The Foundation is one of twenty beneficiaries of the John H. Lussier Charitable Lead Annuity Trust (CLAT). Under the CLAT, the foundation receives fixed annual annuity payments during the term of the trust, 10 years. The final distribution will be made in 2028. The Foundation was notified it was a beneficiary of the CLAT in 2019. The amounts to be received in the last year will be prorated based on the final balance held in the trust. Any changes in the discounted value of the CLAT are adjusted through the remaining unconditional promise to give balance and contribution revenue. The unconditional promise to give, net of the discount present value, was \$569,987 as of December 31, 2021.

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 Statements of Financial Position as increases to beneficial interest in assets held by MCF.



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

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

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

The balances of the individual agency endowments at December 31, 2021 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$	80,376
Hawthorne Library Endowment Fund		31,283
Judy P. Olson Book Discussion Kit Fund		25,651
Lakeview Library Endowment Fund		151,763
Madison Public Library Foundation Endowment Fund		6,776,619
Monroe Street Branch Endowment Fund		36,021
Pinney Library Endowment Fund		247,708
Print Books Purchase Fund		127,635
Sequoia Branch Endowment Fund		433,019
South Madison Branch Endowment Fund		247,581
Central Library Endowment Fund		220,594
Meadowridge Branch Endowment Fund		162,593
Alicia Ashman Library Endowment Fund		68,641
Professional Development Endowment		26,460
Rosemary Lee Endowment Fund		100,761
Total Agency Endowments	\$	<u>8,736,705</u>

## CITY OF MADISON

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

#### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

d. Fair Value Disclosure

The fair value measurement for the categories of assets that are measured at fair value on a recurring basis at December 31, 2021, are as follows:

	Fair Value Measurement Using			
	Fair Value	Quoted Prices in Active Markets for Identical Inputs (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
Beneficial interest in assets held at MCF <sup>1</sup>	\$ 8,736,705	\$ -	\$ -	\$ 8,736,705
Totals	\$ 8,736,705	\$ -	\$ -	\$ 8,736,705

<sup>1</sup> The Foundation's beneficial interest in assets held by MCF represents an agreement between the Foundation and MCF in which the Foundation transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Foundation by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

The total purchases/contributions to the beneficial interest in assets held by MCF was \$151,276 for the year ended December 31, 2021.

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, 2021:

Madison Public Library Foundation Endowment Fund	\$ 6,776,619
Program Venture Fund	5,000
Undesignated	820,517
Total Net Position Without Donor Restrictions	\$ 7,602,136

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

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

###### 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, 2021:

Ashman Branch	\$	6,453
Ashman Endowment		17,943
Book Festival		554,705
Central Branch		145
Central Endowment		67,912
Dream Bus		346,015
General Library		44,925
Hawthorne Branch		488
Hawthorne Endowment		31,283
Judy P. Olson Book Discussion Kit Endowment		19,258
Lakeview Branch		287,390
Lakeview Endowment		151,763
Friends of Lakeview Library		31,244
Meadowridge Branch		3,732
Meadowridge Endowment		43,355
Monroe Branch		6,811
Monroe Endowment		11,486
Monroe Library League		21,249
Pinney Branch		10,208
Pinney Endowment		247,708
Print Books Purchase		16,869
Professional Development Endowment		6,205
Proctor Endowment		28,412
Rosemary Lee Endowment		25,261
Sequoia Endowment		135,876
South Madison Branch		1,367
South Madison Friends		10,507
South Madison Endowment		75,250
John H. Lussier Charitable Lead Annuity Trust		569,987
Net Position With Donor Restrictions	\$	<u>2,773,807</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 library branch location.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

***I. COMPONENT UNITS (CONT.)***

***Major Component Units of the City of Madison (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, 2021 consisted of the following:

Ashman Branch Endowment Fund	\$	50,698
Central Branch Endowment Fund		152,682
Elizabeth Moon Proctor Scholarship and Professional Development Fund		51,964
Meadowridge Branch Endowment Fund		119,238
Monroe Branch Endowment Fund		24,535
Print Books Endowment Fund		110,766
Sequoia Branch Endowment Fund		297,143
South Madison Branch Endowment Fund		172,331
Judy P. Olson Endowment Fund		6,393
Professional Development Endowment		20,255
Rosemary Lee Endowment Fund		<u>75,500</u>
Net Position With Donor Restrictions – Perpetual Endowments	\$	<u><u>1,081,505</u></u>

f. Endowment

The Foundation’s endowments consist of 14 individual funds established for a variety of purposes. Its endowments include 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.

From time to time, the fair value of assets associated with endowment funds fall below the level that the donor or IPMIFA requires the Foundation to retain as a fund of perpetual duration.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

**I. COMPONENT UNITS (CONT.)**

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

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 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. Endowment assets also included board-designated funds that are held, as directed by the Board of Directors, for current and future needs. Under this policy, as approved by the Board of Directors, all endowment assets are invested in a manner that is intended to produce returns to fund the scholarships, print books purchases, and income streams for certain branch libraries while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on MCF's return strategy in which investment returns are achieved through both realized and unrealized gains/losses and interest and dividends. The Foundation, through MCF, 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, 2021.

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Donor-restricted endowment funds	\$ -	\$ 878,581	\$ 1,081,505
Board-designated endowment funds	6,776,619	-	-
<b>Total Funds</b>	<b>\$ 6,776,619</b>	<b>\$ 878,581</b>	<b>\$ 1,081,505</b>

Changes in endowment net position for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Endowment net position -beginning of year	\$ 5,851,065	\$ 569,094	\$ 1,064,206
Contributions	68,655	65,322	17,299
Amounts released for expenditure	(198,569)	(49,668)	-
Net investment income	1,055,468	293,833	-
<b>Endowment Net Position - End of Year</b>	<b>\$ 6,776,619</b>	<b>\$ 878,581</b>	<b>\$ 1,081,505</b>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

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

g. Mohaupt Fund for the Sequoia Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoia Branch Library (the Mohaupt Fund). MCF holds and manages the Mohaupt Fund and treats assets as a component fund. The balance held in the Mohaupt Fund is not included in the Foundation's financial statements as MCF retains variance power over the assets. Any distributions from the Mohaupt Fund will help fund the Foundation's charitable and exempt purposes. Distributions from the Mohaupt Fund were \$3,667 during 2021. The Mohaupt Fund had a fair value of \$109,437 as of December 31, 2021.

h. Commitments and Contingencies

Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2022. 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.

Paycheck Protection Program

On April 16, 2020, the Foundation received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of \$79,375 (the PPP Loan). The Foundation obtained forgiveness of the PPP Loan on December 21, 2020 and recognized it as contribution revenue in the statements of activities.

On February 5, 2021, the Foundation received a second loan pursuant to PPP from the PPP Lender, for an aggregate principal amount of \$81,240 (the PPP #2 Loan). The Foundation obtained forgiveness of the PPP #2 Loan on August 20, 2021 and recognized it as contribution revenue in the statements of activities.

The SBA retains the right to review the eligibility of any borrower, regardless of the size of the loan. If the SBA subsequently determines the borrower was ineligible for the PPP loan after forgiveness, the borrower must immediately repay the loan to the lender.

i. Pension Plan

The Foundation's Defined Contribution Employee 401(K) Safe Harbor Retirement Plan covers all employees age 18. The Foundation matches contributions to the plan up to 5% of the individual participant's compensation. Pension Plan expense for the year ended December 31, 2021 was \$14,716.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

***I. COMPONENT UNITS (CONT.)***

***Major Component Units of the City of Madison (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, 2021 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 31,2021	\$	11,494,838
Less: Those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions		(1,895,226)
Board designated endowment funds		(6,776,619)
Board designated other		(5,000)
Donor restricted endowment funds		<u>(1,960,086)</u>
Financial Assets Available to Meet Cash needs for General Expenditures Within One Year	\$	<u>857,907</u>

***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 \$122,990.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

#### *NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)*

#### **Madison Parks Foundation, Inc (MPF)**

Madison Parks Foundation, Inc. (the Foundation) is a nonprofit corporation and works to identify and support park improvement opportunities in the City of Madison, 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 assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein is classified and reported as follows:

**Net position without donor restrictions** — Consist of net 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 as of year-end. Unrealized gains and losses are included in the change in net position.

The fair values of the investments, as reported at year-end, are based on the quoted market prices for those investments as reported at year-end.



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

---

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

#### *NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)*

##### **Revenue Recognition**

The Foundation recognizes special event revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services related to special events are transferred at a point in time. The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been sustainably met. As of December 31, 2021, the Foundation has a promise to give conditioned upon the future construction of the Glenway Golf Course.

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 risk-free interest rates applicable to the years in which the promises are to be received.

##### **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 are 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.

##### **Donated Services**

The Foundation records donated services, facilities, and utilities at their estimated fair value on the date of the contribution. Contributions of services that (1) create or enhance non-financial assets or those that require specialized skills, (2) are provided by individuals possessing those skills, and (3) would typically need to be purchased if not provided by donation are recorded at their fair value in the period received.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

##### ***NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)***

###### **Income Tax Status**

The Foundation is 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 2018.

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 U.S. 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. Actual results could differ from those estimates.

###### **Subsequent Events**

In preparing the MPF financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 15, 2022, the date the financial statements were available to be issued.

#### 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, 2021, 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, 2021, the Foundation held investments of \$3,861,876 which were not covered by SIPC insurance.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

#### I. COMPONENT UNITS (CONT.)

##### NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)

#### c. Investments

The Foundation's 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, 2021:

	Market	Cost	
Cash	\$ 220,647	\$ 220,647	
Equities	2,431,673	1,527,612	
Fixed income	1,209,556	1,201,116	
Totals	\$ 3,861,876	\$ 2,949,375	

Investment income from these investments for the year ended December 31, 2021 is summarized as follows:

	2021
Interest and dividends	\$ 50,022
Net realized and unrealized gains	368,503
Investment expense	(27,883)
Totals	\$ 390,642

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

#### d. Fair Value Measurement

The Foundation's investments are reported at fair value in the accompanying statement of net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

**I. COMPONENT UNITS (CONT.)**

**NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)**

		Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level One)	Fair Value Measurements Using: Significant Unobservable Inputs (Level Three)	
	Fair Value			
December 31, 2021				
Cash	\$ 220,647	\$ 220,647		-
Equities	2,431,673	2,431,673		-
Fixed income	1,209,556	1,209,556		-
Beneficial Interest in assets held by MCF	<u>93,683</u>	<u>-</u>	<u>93,683</u>	
Totals	<u>\$ 3,955,559</u>	<u>\$ 3,861,876</u>	<u>\$ 93,683</u>	

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: No Level Two 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 One Fair Value Measurements*

Level One 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 One 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 Three 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, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

**I. COMPONENT UNITS (CONT.)**

**NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)**

e. Beneficial Interest 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, 2021:

	2021
Balance - January 1, 2021	\$ 82,190
Agency endowment return:	
Investment income	15,469
Distributions from agency endowment	(3,108)
Expense and fees	(868)
Balance - December 31, 2021	\$ 93,683

f. Net Position

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

Time and purpose restrictions	\$ 873,799
City Endowment	247,138
MCF Endowment	93,683
Donated funds from City of Madison	90,327
Total	1,304,947

Net position without donor restrictions as of December 31, 2021 are as follows:

Undesignated	2,465,541
Board Designated	159,809
Total Net Position without Donor Restrictions	\$ 2,625,350

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)

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

##### ***NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)***

Additionally, the Foundation's Board of Directors committed \$150,000 to fund the City's Kids Needs Opportunity Warner (KNOW) program over a five-year period. The Foundation and the City are in the process of approving a memorandum of understanding for these funds. This commitment is considered board-designated net position and is included in net position without donor restrictions on the statement of financial position.

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 were required to be maintained in a separate investment account. Also, 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 in interim 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 Coordinator reported directly to the City and was subject to all City rules of employment. Under the agreement, the Foundation was responsible for the reimbursement back to the City for the Coordinator's wages and benefits. 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 2021.

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 position 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.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE IV -DETAILED NOTES ON ALL FUNDS (CONT.)**

***I. COMPONENT UNITS (CONT.)***

***NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)***

	Net Position with Donor Restrictions
Endowment net position, Beginning of year	\$ 128,701
Investment return:	
Unrealized gain	17,060
Investment Income	2,721
Contributions	100,000
Amount appropriated for expenditure	(1,344)
Endowment Net Position, End of Year	\$ 247,138

*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, and fixed income securities.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term objectives of the fund, the Foundation relies on a total return strategy in which investments returns are achieved through current yield (interest). The fund shall be invested in a medium risk fund with 46-66% equities, 25-45% fixed income, 0-10% real estate, and 0-10% commodities with reasonable fees. The fund shall have reasonable liquidity and be diversified by holdings, sector, geography, and market capitalization.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

Income from the fund may be used at the Board of Director's discretion to further the exempt purpose of the Foundation.

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, 2021, 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE IV - DETAILED NOTES ON ALL FUNDS (CONT.)

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#### I. COMPONENT UNITS (CONT.)

##### NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON (CONT.)

	<u>December 31, 2021</u>
Cash and cash equivalents	\$ 7,844
Contributions receivable	129,967
Investments	<u>3,861,876</u>
Total Financial Assets	3,999,687
Less: Those unavailable for general expenditure within one year due to:	
City endowment fund	(247,138)
Other donor-imposed restrictions	(1,057,809)
Board-designated commitments	<u>(159,809)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,534,931</u>

j. Effect of New Accounting Standards on Current Period Financial Statements

The Financial Accounting Standards Board (FASB) has approved the following:

- > In February 2016, the FASB issues ASU 2016-02, Leases (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of net position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is evaluation the effect that ASU 2016-02 will have on its financial statements and related disclosures.

When this becomes effective, the application of these standards may restate portions of these financial statements.

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### NOTE V - OTHER INFORMATION

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#### 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.



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE V - OTHER INFORMATION (CONT.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**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 retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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 (%)
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
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

**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 \$21,025,533 in contributions from the City and \$211,327, in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>		<u>Employer</u>	
General (Executives & Elected Officials)	6.75	%	6.75	%
Protective with Social Security	6.75	%	11.65	%
Protective without Social Security	6.75	%	16.25	%

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE V - OTHER INFORMATION (CONT.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

##### ***Pension (Asset)/Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

##### ***City Information***

At December 31, 2021, the City reported an asset of \$112,995,852, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the City's proportion was 1.809920572%, which was an increase of 0.02559484% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$(12,463,901).

At December 31, 2021, 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	\$ 163,579,951	\$ 35,226,505
Changes in assumptions	2,555,003	-
Net differences between projected and actual earnings on pension plan investments	-	212,220,372
Changes in proportion and differences between employer contributions and proportionate share of contributions	501,348	305,295
Employer contributions subsequent to the measurement date	21,348,035	-
Totals	\$ 187,984,337	\$ 247,752,172

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE V - OTHER INFORMATION (CONT.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)**

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

***CDA Information***

At December 31, 2021, the CDA reported an asset of \$1,127,158, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the CDA's proportion was 0.018054348%, which was an increase of 0.000255314% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the CDA recognized pension expense of \$(165,878).

At December 31, 2021, 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	\$ 1,599,905	\$ 359,857
Changes in assumptions	33,530	-
Net differences between projected and actual earnings on pension plan investments	-	2,036,278
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,965	3,146
Employer contributions subsequent to the measurement date	227,752	-
Total	\$ 1,866,152	\$ 2,399,281

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

##### *City Information*

\$21,348,035 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, 2022. 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:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net) (in dollars)
2022	(20,951,491)
2023	(5,650,711)
2024	(38,314,647)
2025	(16,199,021)

##### *CDA Information*

\$227,752 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net) (in dollars)
2022	(196,529)
2023	(53,005)
2024	(359,399)
2025	(151,948)

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

**Actuarial assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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 geometric real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	51.0	7.2	4.7
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Total Core Fund	115.0	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0	6.6	4.1
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0	7.1	4.6

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.4%

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, 2021

### NOTE V - OTHER INFORMATION (CONT.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

**Single discount rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.00 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension (asset) liability	\$ 107,556,391	\$ (112,995,852)	\$ (274,989,829)
CDA's proportionate share of the net pension (asset) liability	\$ 1,072,898	\$ (1,127,158)	\$ (2,743,083)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reportsand-statements>.

At December 31, 2021, 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 2021 was \$26,834. The present value of estimated future payments based on past service is \$78,674 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, 2021

### 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; and workers compensation. The City purchases commercial insurance for liability 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. 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 occurrence. 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**

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 14,873,767	\$ 14,167,585
Current year claims and changes in estimates	3,087,417	4,160,300
Claim payments	<u>(3,793,599)</u>	<u>(3,965,596)</u>
Unpaid Claims - End of Year	<u>\$ 14,167,585</u>	<u>\$ 14,362,289</u>

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### ***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 37.13% 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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### ***B. RISK MANAGEMENT (CONT.)***

##### ***Public Entity Risk Pool (cont.)***

##### ***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 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, 2021, WMMIC was owned by twenty members, eighteen of which were equity members.

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, 2021. This is a quota share reinsurance agreement with General Reinsurance Corporation (60%) and Governmental Entities Mutual (GEM) Insurance Company (40%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,500,000 per occurrence up to the maximum loss of \$12,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$12,000,000 per occurrence. 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.

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. As of December 31, 2021, 42 buses had been purchased under this contract.

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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### **C. COMMITMENTS AND CONTINGENCIES (CONT.)**

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 \$108,316 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	\$	51,459,811
Nonmajor Governmental Funds		1,049,778
General Fund		435,236

#### **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.

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, 90% 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, 90% of the average for Dane County Tier 1 service providers for those who retired after January 1, 2017 but before January 1, 2021. For those that retire January 1, 2021 or later, the City will contribute 88% of the average for Dane County Tier 1 service providers. 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, the employee reaches age 65 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.

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE V - OTHER INFORMATION (CONT.)**

***D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)***

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.

**Employees covered by benefit terms.** At December 31, 2021, the following employees were covered by the benefit terms:

***City Information***

Active plan members	2,800
Inactive plan members or beneficiaries currently receiving benefit payments	687
	3,487

***CDA Information***

Active plan members	51
Inactive plan members or beneficiaries currently receiving benefit payments	10
	61

The City's total OPEB liability of \$84,581,716 and the CDA's total liability of \$674,836 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

**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	2.50%	
Salary increases	3.00%	
Healthcare cost trend rates	7.5	Initially reduced by decrements to an ultimate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%	
Discount Rate	2.25	

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-2020 Total Dataset Mortality Table fully generational using Scale MP-2020.

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

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE V - OTHER INFORMATION (CONT.)**

**D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)**

**Changes in the Total OPEB Liability**

	City	CDA
	Total OPEB Liability	Total OPEB Liability
Balances at January 1, 2021	\$ 82,355,761	\$ 639,761
Changes for the year:		
Service cost	6,453,630	51,490
Interest	1,848,237	14,746
Changes of benefit terms	-	-
Changes in assumptions	(912,876)	10,032
Differences between expected and actual experience	(1,923,599)	(15,347)
Benefit payments	(3,239,437)	(25,846)
Net changes	\$ 2,225,955	\$ 35,075
Balances at December 31, 2021	\$ 84,581,716	\$ 674,836

Changes of assumptions and other inputs reflect a change in the discount rate from 2.12 percent in 2020 to 2.25 percent in 2021.

**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 (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
City's Total OPEB liability	\$ 91,790,134	\$ 84,581,716	\$ 78,072,212
CDA's Total OPEB liability	\$ 732,348	\$ 674,836	\$ 622,900

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE V - OTHER INFORMATION (CONT.)**

**D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)**

**Changes in the Total OPEB Liability (cont.)**

**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 (7.5% decreasing to 6.5%) or 1-percentage-point higher (7.5% increasing to 8.5%) than the current healthcare cost trend rates:

	1% Decrease (7.5% Decreasing to 6.5%)	Healthcare Cost Trend Rates	1% Increase (7.5% Increasing to 8.5%)
City's Total OPEB liability	\$ 75,576,547	\$ 84,581,716	\$ 95,375,633
CDA's Total OPEB liability	\$ 602,988	\$ 674,836	\$ 760,955

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

**City Information**

For the year ended December 31, 2021, the City recognized OPEB expense of \$8,318,876. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,653,368
Changes of assumptions	11,218,123	1,454,866
Total	<u>\$ 11,218,123</u>	<u>\$ 10,108,234</u>

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

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE V - OTHER INFORMATION (CONT.)**

**D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB (cont.)**

Fiscal Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2022	\$ 17,010
2023	17,010
2024	17,010
2025	17,010
2026	832,723
Thereafter	209,126

**CDA Information**

For the year ended December 31, 2021, the CDA recognized OPEB expense of \$66,372. At December 31, 2021, the CDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 69,041
Changes of assumptions	89,504	11,608
Total	\$ 89,504	\$ 80,649

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

Fiscal Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2022	\$ 136
2023	136
2024	136
2025	136
2026	6,644
Thereafter	1,667



# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE V - OTHER INFORMATION (CONT.)

#### *E. RELATED PARTIES*

##### *Related Parties - Primary Government*

The City had the following related party transactions during 2021.

Name	Committee	Affiliated Organization	Amount
Karen Coller	Madison Guaranteed Income Pilot Program Advisory Task Force	Centro Hispano of Dane County	667,804
Anthony Cooper	Police Civilian Oversight Board/Commission on Sensitive Crimes	Nehemiah Community Development Corporation	400,192
Lindsey Day Farnsworth	Madison Food Policy Council/Public Market Development Committee	University of Madison - Wisconsin	1,755,105
Lamin Drammeh	Sister City Collaboration Committee	CORRE, Inc.	62,159
Laura Dresser	Madison Guaranteed Income Pilot Program Advisory Task Force	University of Madison - Wisconsin	
Stefan Fletcher	Alcohol License Review Committee	University of Madison - Wisconsin	
Taylor Foster	Madison Food Policy Committee	Rooted, Inc	161,435
Melissa Herriges	Affirmative Action Commission	Sankofa Educational Leadership United	423,638
Jacquelyn Hunt	Equal Opportunites Commission/Civilian Oversight Board	Nehemiah Community Development Corporation	
Jason Ilstrup	City-County Homeless Issues Committee	Downtown Madison, Inc.	288,196
Isadore Knox, Jr.	Police Civilian Oversight Board	Overture Center	1,500,065
Brenda Konkel	Public Safety Review Committee	MACH One Health	298,670
Davy Mayer	Downtown Coordinating Committee	University of Madison - Wisconsin	
David Mclean	Landmarks Commission	University of Madison - Wisconsin	
Ryan Moze	Affirmative Action Commission	University of Madison - Wisconsin	
Louis Olson	Building Code, Fire Code, Conveyance Code and Licensing Appeals Board	J. H. Findorff & Son, Inc.	49,762

**CITY OF MADISON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2021

**NOTE V - OTHER INFORMATION (CONT.)**

***E. RELATED PARTIES (CONT.)***

***Related Parties - Primary Government (cont.)***

Name	Committee	Affiliated Organization	Amount
Maia Pearson	Humanitarian Award Commission, Reverend Doctor Martin Luther King, Jr./Police Civilian Oversight Board/Truman Olson Selection Committee	Rise, Inc.	240,500
Corinda Rainey-Moore	Equal Opportunities Commision/Humanitarian Award Commission, Reverend Doctor Martin Luther King, Jr.	UnityPoint Health Meriter	29,179
Karen Reece	Alcohol License Review Committee	Nehemiah Community Development Corporation	
Richard Riphon	Building Code, Fire Code, Conveyance Code and Licensing Appeals Board	University of Madison - Wisconsin	
Jesse Shields	Sustainable Madison Committee	Madison Gas & Electric Company	6,995,242
John Starkweather	Building Code, Fire Code, Conveyance Code and Licensing Appeals Board	Boardman & Clark, LLP	64,806
Belinda Thomas	Housing Strategy Committee	The Road Home Dane County	<u>64,508</u>
		Total	<u>\$ 13,001,261</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.

***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.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### **NOTE V - OTHER INFORMATION (CONT.)**

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#### ***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.

#### ***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 \$6,988,629 to the PHMDC for 2021. 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, 2021 is available directly from the City of Madison, the fiscal agent for PHMDC.

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### ***H. JOINT VENTURE (CONT.)***

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, 2021 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.

#### ***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 2021 were \$6,355,320. \$2,556,000 in loans were disbursed during 2021.

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

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

- > Statement No. 87, *Leases*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus 2020*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*

# CITY OF MADISON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### NOTE V - OTHER INFORMATION (CONT.)

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#### **J. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS NEW ENTRY (CONT.)**

- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

#### **K. SUBSEQUENT EVENTS**

The Federal American Rescue Plan Act (ARPA) was signed into law in early March 2021. Under ARPA, the City of Madison was awarded \$47.2 million of federal funding under the local government aid provisions of the legislation. That funding will be received in two equal tranches of nearly \$23.6 million - the first was on May 19, 2021 and the second was on June 9, 2022 - and is available through December 31, 2024. Funding can be used to address the economic and public health impacts of COVID-19, pay bonuses to essential public and private employees, address local government revenue shortfalls, and for water, sewer and broadband infrastructure.

The City of Madison allocated \$22.8 million to community investments in five priority areas: violence prevention & youth engagement, homelessness support, affordable housing, emerging needs, and neighborhood and small business revitalization. These investments will support communities that were most impacted by the pandemic, while allowing the City to improve long-term resiliency. The remaining \$24.4 million of CSLFRF funding will be used to address deficits in the city budget due to pandemic-related revenue losses. The Treasury also created the Emergency Rental Assistance (ERA) Program, which provides available funding to assist households that are unable to pay rent or utilities. The City of Madison was awarded a total of \$48.9 million through the ERA program to provide assistance to the community. The City has formed an internal Funding and Recovery Team to review the various programs under ARPA and other federal legislation, estimate the amount of funding to be received by the city directly or through organizations and businesses in the city, engage the community on these programs, and seek partnerships for use of the funds to build back the community better.

#### **L. SPECIAL ITEMS**

In August 2021, Reach Dane vacated the North Building, a 30,000 square foot building part the Village on Park property. Significant capital improvements would be required to keep the building open, and the CDA has decided to demolish the North Building and replace it with a surface parking lot. To prepare for the demolition, the Village on Park incurred \$218,941 in expenses related to disconnecting the North Building from the adjacent building.

**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, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 252,097,707	\$ 250,477,009	\$250,826,552	\$ 349,543
Intergovernmental	40,066,587	40,426,497	40,452,543	26,046
Licenses and permits	7,616,920	7,616,920	8,270,863	653,943
Fines and forfeitures	5,350,000	5,350,000	4,843,905	(506,095)
Charges for services	15,233,015	15,233,015	15,336,166	103,151
Investment income (loss)	1,000,000	1,000,000	(281,028)	(1,281,028)
Miscellaneous	1,285,000	8,185,000	7,919,852	(265,148)
Total Revenues	<u>\$ 322,649,229</u>	<u>\$ 328,288,441</u>	<u>\$327,368,853</u>	<u>\$ (919,588)</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Common council	876,144	876,144	717,401	158,743
Mayor	1,123,505	1,123,505	1,070,877	52,628
Municipal court	231,548	231,548	230,101	1,447
Attorney	2,920,682	2,920,682	2,905,472	15,210
Assessor	2,790,146	2,828,631	2,816,171	12,460
Clerk	2,070,391	2,095,391	1,983,759	111,632
Finance	3,744,977	3,822,160	3,733,507	88,653
Information technology	7,864,315	7,864,977	7,076,220	788,757
Human resources	1,672,442	1,681,032	1,615,349	65,683
EAP	454,307	454,307	396,381	57,926
Department of Civil Rights	2,024,298	2,024,298	1,642,612	381,686
Total General Government	<u>\$ 25,772,755</u>	<u>\$ 25,922,675</u>	<u>\$ 24,187,850</u>	<u>\$ 1,734,825</u>
Public Safety				
Fire	61,180,396	63,454,440	62,971,176	483,264
Police	82,794,221	82,816,013	80,737,990	2,078,023
Office of Independent Monitor	450,769	450,769	39,942	410,827
Public health	6,937,629	6,937,629	6,937,629	-
Total Public Safety	<u>\$ 151,363,015</u>	<u>\$ 153,658,851</u>	<u>\$150,686,737</u>	<u>\$ 2,972,114</u>
Public Works and Transportation				
Engineering	4,585,951	4,585,951	4,399,000	186,951
Streets	27,812,921	27,812,921	25,802,241	2,010,680
Transit utility	8,511,315	8,871,225	8,871,225	-
Transportation	486,692	486,692	413,508	73,184
Traffic engineering	8,345,219	8,354,929	7,707,229	647,700
Total Public Works and Transportation	<u>\$ 49,742,098</u>	<u>\$ 50,111,718</u>	<u>\$ 47,193,203</u>	<u>\$ 2,918,515</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 For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>EXPENDITURES</b> (cont.)				
Planning and Development				
Office of the director of planning	\$ 527,617	\$ 522,617	\$ 357,800	\$ 164,817
Planning	3,543,616	3,577,991	3,332,787	245,204
Building inspection	5,015,456	5,055,456	4,876,643	178,813
Community development	15,016,693	15,028,118	14,400,411	627,707
Economic development	2,178,957	2,215,157	2,005,281	209,876
Total Planning and Development	<u>\$ 26,282,339</u>	<u>\$ 26,399,339</u>	<u>\$ 24,972,922</u>	<u>\$ 1,426,417</u>
Culture and Recreation				
Parks	15,585,151	15,701,796	15,076,278	625,518
Total Culture and Recreation	<u>\$ 15,585,151</u>	<u>\$ 15,701,796</u>	<u>\$ 15,076,278</u>	<u>\$ 625,518</u>
Miscellaneous	5,991,042	3,913,553	2,344,110	1,569,443
Total Miscellaneous	<u>\$ 5,991,042</u>	<u>\$ 3,913,553</u>	<u>\$ 2,344,110</u>	<u>\$ 1,569,443</u>
Debt Service	55,912,825	55,912,825	55,912,824	1
Total Expenditures	<u>\$ 330,649,225</u>	<u>\$ 331,620,757</u>	<u>\$ 320,373,924</u>	<u>\$ 11,246,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,999,996)</u>	<u>\$ (3,332,316)</u>	<u>\$ 6,994,929</u>	<u>\$ 10,327,245</u>
Net Change in Fund Balance	<u>\$ (7,999,996)</u>	<u>\$ (3,332,316)</u>	<u>\$ 6,994,929</u>	<u>\$ 10,327,245</u>
FUND BALANCES, Beginning of Year	<u>70,812,167</u>	<u>70,812,167</u>	<u>70,812,167</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 62,812,171</u></u>	<u><u>\$ 67,479,851</u></u>	<u><u>\$ 77,807,096</u></u>	<u><u>\$ 10,327,245</u></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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 18,849,564	\$ 18,849,564	\$ 18,849,564	\$ -
Intergovernmental	1,478,392	1,503,676	1,550,831	47,155
Public charges for services	803,068	803,068	742,669	(60,399)
Miscellaneous	240,907	343,359	455,838	112,479
Total Revenues	<u>\$ 21,371,931</u>	<u>\$ 21,499,667</u>	<u>\$ 21,598,902</u>	<u>\$ 99,235</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	18,431,431	18,582,078	18,256,663	325,415
Total Expenditures	<u>\$ 18,431,431</u>	<u>\$ 18,582,078</u>	<u>\$ 18,256,663</u>	<u>\$ 325,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,940,500</u>	<u>\$ 2,917,589</u>	<u>\$ 3,342,239</u>	<u>\$ 424,650</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,000	15,000	21,000	6,000
Transfers out	<u>(2,955,500)</u>	<u>(2,955,500)</u>	<u>(2,885,756)</u>	<u>69,744</u>
Total Other Financing Sources (Uses)	<u>\$ (2,940,500)</u>	<u>\$ (2,940,500)</u>	<u>\$ (2,864,756)</u>	<u>\$ 75,744</u>
Net Change in Fund Balance	\$ -	\$ (22,911)	\$ 477,483	\$ 500,394
FUND BALANCES - Beginning of Year	<u>2,242,244</u>	<u>2,242,244</u>	<u>2,242,244</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,242,244</u>	<u>\$ 2,219,333</u>	<u>\$ 2,719,727</u>	<u>\$ 500,394</u>

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

## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - OTHER GRANTS For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental	\$ 3,034,537	\$ 67,626,717	\$ 30,704,022	\$ (36,922,695)
Investment income	8,850	12,100	2,091	(10,009)
Miscellaneous	-	50,000	162,789	112,789
Total Revenues	<u>\$ 3,043,387</u>	<u>\$ 67,688,817</u>	<u>\$ 30,868,902</u>	<u>\$ (36,819,915)</u>
<b>EXPENDITURES</b>				
Current				
General government	44,420	44,420	24,428	19,992
Public safety	2,348,950	2,469,817	2,012,732	457,085
Planning and development	1,514,377	59,147,044	19,893,505	39,253,539
Total Expenditures	<u>\$ 3,907,747</u>	<u>\$ 61,661,281</u>	<u>\$ 21,930,665</u>	<u>\$ 39,730,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (864,360)</u>	<u>\$ 6,027,536</u>	<u>\$ 8,938,237</u>	<u>\$ 2,910,701</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	457,847	457,847	287,689	(170,158)
Transfers out	-	(6,900,000)	(8,493,027)	(1,593,027)
Total Other Financing Sources (Uses)	<u>\$ 457,847</u>	<u>\$ (6,442,153)</u>	<u>\$ (8,205,338)</u>	<u>\$ (1,763,185)</u>
Net Change in Fund Balance	\$ (406,513)	\$ (414,617)	\$ 732,899	\$ 1,147,516
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(426,652)</u>	<u>(426,652)</u>	<u>(426,652)</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ (833,165)</u>	<u>\$ (841,269)</u>	<u>\$ 306,247</u>	<u>\$ 1,147,516</u>

## CITY OF MADISON

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CITY) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2021

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
12/31/21	1.80992057%	\$ (112,995,852)	\$ 224,020,519	50.44%	105.26%
12/31/20	1.78514709	(57,561,292)	215,094,354	26.76	102.96
12/31/19	1.74727964	62,162,732	205,699,683	30.22	96.45
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, 2021

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
12/31/21	\$ 21,348,035	\$ 21,348,035	\$ -	\$ 223,111,361	9.57%
12/31/20	21,185,232	21,185,232	-	224,020,519	9.46
12/31/19	19,003,865	19,003,865	-	215,094,354	8.84
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.

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

## CITY OF MADISON

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2021

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
12/31/21	0.01805435%	\$ (1,127,158)	\$ 2,950,806	38.20%	105.26%
12/31/20	0.01697768	(547,438)	2,560,588	21.38	102.96
12/31/19	0.01644257	584,975	2,301,605	25.42	96.45
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, 2021

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
12/31/21	\$ 227,752	\$ 227,752	\$ -	\$ 3,119,143	7.30%
12/31/20	211,327	211,327	-	2,950,806	7.16
12/31/19	180,744	180,744	-	2,560,588	7.06
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	-	2,237,396	7.03

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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



## CITY OF MADISON

### SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS December 31, 2021

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**Valuation Date:**

December 31, 2021 with no adjustments to the December 31, 2021 measurement date. Liabilities as of January 1, 2021 are based on actuarial valuation date of January 1, 2020 projected to January 1, 2021 on a "no gain / no loss" basis.

**Methods and assumptions used to determine total other post-employment benefits liability:**

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	8 years
Asset valuation method	Not applicable
Inflation	2.50 percent
Healthcare cost trend rates	7.5 percent initial, decreasing 0.5 percent every year
Salary increases	3.0 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2020 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on SOA Pub-2010 General, Public Safety and Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

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.

# CITY OF MADISON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2021

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### **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	\$ 308,642,093
Add: Transfers In	19,423,195
Less: Transfers Out	<u>(696,435)</u>
Total Revenues - Budgetary Basis	<u>\$ 327,368,853</u>
Total Expenditures - GAAP Basis	\$ 255,063,621
Add: Transfers Out	66,006,738
Less: Transfers In	<u>(696,435)</u>
Total Expenditures - Budgetary Basis	<u>\$ 320,373,924</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 \$435,236. 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.* No significant change in assumptions were noted from the prior year.

**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 For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 147	\$ 147
Investment income	400,000	400,000	165,055	(234,945)
<b>Total Revenues</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>\$ 165,202</b>	<b>\$ (234,798)</b>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	82,008,000	82,008,000	85,834,779	(3,826,779)
Interest and fiscal charges	16,700,006	16,700,006	13,156,221	3,543,785
<b>Total Expenditures</b>	<b>\$ 98,708,006</b>	<b>\$ 98,708,006</b>	<b>\$ 98,991,000</b>	<b>\$ (282,994)</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ (98,308,006)</b>	<b>\$ (98,308,006)</b>	<b>\$ (98,825,798)</b>	<b>\$ (517,792)</b>
<b>OTHER FINANCING SOURCES AND USES</b>				
General obligation debt issued	-	-	188,644	188,644
Premium on debt issued	9,182,849	9,182,849	8,647,860	(534,989)
Transfers in	89,125,157	89,125,157	73,676,395	(15,448,762)
Transfers out	-	-	(2,746,677)	(2,746,677)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 98,308,006</b>	<b>\$ 98,308,006</b>	<b>\$ 79,766,222</b>	<b>\$ (18,541,784)</b>
Net Change in Fund Balance	\$ -	\$ -	\$ (19,059,576)	\$ (19,059,576)
FUND BALANCES - Beginning of Year	47,005,503	47,005,503	47,005,503	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 47,005,503</b>	<b>\$ 47,005,503</b>	<b>\$ 27,945,927</b>	<b>\$ (19,059,576)</b>

## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 32,595,417	\$ 32,595,417	\$ 32,595,416	\$ (1)
Special assessments	5,500,000	5,500,000	3,450,558	(2,049,442)
Intergovernmental	3,722,913	4,272,913	4,547,061	274,148
Intergovernmental charges for services	410,000	410,000	2,711,804	2,301,804
Public charges for services	359,241	337,793	304,449	(33,344)
Investment income	1,255,000	1,255,000	440,481	(814,519)
Miscellaneous	215,946	215,946	1,673,104	1,457,158
Total Revenues	<u>\$ 44,058,517</u>	<u>\$ 44,587,069</u>	<u>\$ 45,722,873</u>	<u>\$ 1,135,804</u>
<b>EXPENDITURES</b>				
Current				
General government	4,289,000	4,289,000	4,205,290	83,710
Public safety	606,100	606,100	467,018	139,082
Public works and transportation	8,922,000	8,922,000	15,086,191	(6,164,191)
Planning and development	3,672,000	14,272,000	21,802,244	(7,530,244)
Culture and recreation	2,792,500	2,792,500	1,664,591	1,127,909
Capital Outlay	64,285,425	70,377,425	40,882,641	29,494,784
Debt service				
Principal retirement	800,000	800,000	800,000	-
Interest and fiscal charges	42,540	42,540	42,540	-
Total Expenditures	<u>\$ 85,409,565</u>	<u>\$ 102,101,565</u>	<u>\$ 84,950,515</u>	<u>\$ 17,151,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (41,351,048)</u>	<u>\$ (57,514,496)</u>	<u>\$ (39,227,642)</u>	<u>\$ 18,286,854</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
General obligation debt issued	72,537,025	77,857,025	83,365,849	5,508,824
Sale of capital assets	-	-	1,668,421	1,668,421
Transfers in	8,717,000	8,939,000	5,810,245	(3,128,755)
Transfers out	(15,723,773)	(21,623,773)	(20,621,326)	1,002,447
Total Other Financing Sources and Uses	<u>\$ 65,530,252</u>	<u>\$ 65,172,252</u>	<u>\$ 70,223,189</u>	<u>\$ 5,050,937</u>
Net Change in Fund Balance	<u>\$ 24,179,204</u>	<u>\$ 7,657,756</u>	<u>\$ 30,995,547</u>	<u>\$ 23,337,791</u>
FUND BALANCES - Beginning of Year	<u>88,707,234</u>	<u>88,707,234</u>	<u>88,707,234</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 112,886,438</u></u>	<u><u>\$ 96,364,990</u></u>	<u><u>\$ 119,702,781</u></u>	<u><u>\$ 23,337,791</u></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 CDBG City program.

Revolving Loans – Accounts for housing and development loans.

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, 2021

	Special Revenue			Total Nonmajor Special Revenue Funds
	Community Development Block Grant	Revolving Loans	Other Restricted Funds	
<b>ASSETS</b>				
Cash and investments	\$ 5,142,781	\$ 1,889,038	\$ 5,467,023	\$ 12,498,842
Receivables				
Taxes	-	-	3,711,466	3,711,466
Accounts	-	-	516,433	516,433
Accrued revenue	-	-	1,102,039	1,102,039
Accrued interest	-	25,860	135	25,995
Long-term loans	19,119,905	5,655,458	366,670	25,142,033
Due from other funds	-	-	223,969	223,969
Due from other governmental units	4,059,706	-	340	4,060,046
Prepaid items	9,121	558	53,760	63,439
Restricted cash and investments	884,030	-	17,453,682	18,337,712
<b>TOTAL ASSETS</b>	<b>\$ 29,215,543</b>	<b>\$ 7,570,914</b>	<b>\$ 28,895,517</b>	<b>\$ 65,681,974</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 725,271	\$ 255	\$ 93,477	\$ 819,003
Accrued liabilities	37,722	2,754	198,563	239,039
Advances from other funds	-	507,285	-	507,285
Unearned revenues	884,030	-	-	884,030
Total Liabilities	<b>\$ 1,647,023</b>	<b>\$ 510,294</b>	<b>\$ 292,040</b>	<b>\$ 2,449,357</b>
Deferred Inflows of Resources				
Unavailable revenues	3,043,565	25,860	1,044,744	4,114,169
Total Deferred Inflows of Resources	<b>\$ 3,043,565</b>	<b>\$ 25,860</b>	<b>\$ 1,044,744</b>	<b>\$ 4,114,169</b>
Fund Balances				
Nonspendable	9,121	558	53,760	63,439
Restricted	24,515,834	7,034,202	25,560,649	57,110,685
Committed	-	-	1,944,324	1,944,324
Total Fund Balances	<b>\$ 24,524,955</b>	<b>\$ 7,034,760</b>	<b>\$ 27,558,733</b>	<b>\$ 59,118,448</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 29,215,543</b>	<b>\$ 7,570,914</b>	<b>\$ 28,895,517</b>	<b>\$ 65,681,974</b>

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Permanent Funds	Total Nonmajor Governmental Funds
\$ 5,328,645	\$ 17,827,487
-	3,711,466
-	516,433
25,016	1,127,055
10,823	36,818
-	25,142,033
-	223,969
-	4,060,046
-	63,439
-	18,337,712
<u>\$ 5,364,484</u>	<u>\$ 71,046,458</u>
\$ 16	\$ 819,019
-	239,039
-	507,285
-	884,030
<u>\$ 16</u>	<u>\$ 2,449,373</u>
5,933	4,120,102
<u>\$ 5,933</u>	<u>\$ 4,120,102</u>
774,847	838,286
4,583,688	61,694,373
-	1,944,324
<u>\$ 5,358,535</u>	<u>\$ 64,476,983</u>
<u>\$ 5,364,484</u>	<u>\$ 71,046,458</u>

## CITY OF MADISON

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2021

	Special Revenue			Total
	Community Development Block Grant	Revolving Loans	Other Restricted Funds	Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 12,088,390	\$ 12,088,390
Intergovernmental	7,551,039	-	245,298	7,796,337
Public charges for services	686,714	580	15,145,953	15,833,247
Licenses and permits	-	-	398,145	398,145
Investment income	182,498	141,156	96,809	420,463
Miscellaneous	2,500	-	2,739	5,239
Total Revenues	<u>\$ 8,422,751</u>	<u>\$ 141,736</u>	<u>\$ 27,977,334</u>	<u>\$ 36,541,821</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	5,471,195	5,471,195
Public safety	-	-	235,468	235,468
Public works and transportation	-	-	6,366,885	6,366,885
Planning and development	9,050,564	111,598	4,558,984	13,721,146
Culture and recreation	-	-	180,570	180,570
Total Expenditures	<u>\$ 9,050,564</u>	<u>\$ 111,598</u>	<u>\$ 16,813,102</u>	<u>\$ 25,975,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (627,813)</u>	<u>\$ 30,138</u>	<u>\$ 11,164,232</u>	<u>\$ 10,566,557</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
General obligation debt issued	-	-	3,970,000	3,970,000
Sale of capital assets	-	-	25,885	25,885
Transfers in	-	-	2,400,000	2,400,000
Transfers out	(11,736)	(121,243)	(8,570,923)	(8,703,902)
Total Other Financing Sources and Uses	<u>\$ (11,736)</u>	<u>\$ (121,243)</u>	<u>\$ (2,175,038)</u>	<u>\$ (2,308,017)</u>
Net Change in Fund Balances	<u>\$ (639,549)</u>	<u>\$ (91,105)</u>	<u>\$ 8,989,194</u>	<u>\$ 8,258,540</u>
FUND BALANCES - Beginning of Year	<u>25,164,504</u>	<u>7,125,865</u>	<u>18,569,539</u>	<u>50,859,908</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 24,524,955</u>	<u>\$ 7,034,760</u>	<u>\$ 27,558,733</u>	<u>\$ 59,118,448</u>

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Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ 12,088,390
-	7,796,337
103,588	15,936,835
-	398,145
314,128	734,591
-	5,239
<u>\$ 417,716</u>	<u>\$ 36,959,537</u>
-	5,471,195
30,835	266,303
-	6,366,885
-	13,721,146
35,616	216,186
<u>\$ 66,451</u>	<u>\$ 26,041,715</u>
<u>\$ 351,265</u>	<u>\$ 10,917,822</u>
-	3,970,000
-	25,885
-	2,400,000
<u>(273,285)</u>	<u>(8,977,187)</u>
<u>\$ (273,285)</u>	<u>\$ (2,581,302)</u>
\$ 77,980	\$ 8,336,520
<u>5,280,555</u>	<u>56,140,463</u>
<u>\$ 5,358,535</u>	<u>\$ 64,476,983</u>

## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental	\$ 8,155,694	\$ 8,155,694	\$ 7,551,039	\$ (604,655)
Public charges for services	1,385,157	1,805,157	686,714	(1,118,443)
Investment income	183,400	198,400	182,498	(15,902)
Miscellaneous	-	-	2,500	2,500
Total Revenues	<u>\$ 9,724,251</u>	<u>\$ 10,159,251</u>	<u>\$ 8,422,751</u>	<u>\$ (1,736,500)</u>
<b>EXPENDITURES</b>				
Current				
Planning and development	<u>10,206,600</u>	<u>10,206,600</u>	<u>9,050,564</u>	<u>1,156,036</u>
Total Expenditures	<u>\$ 10,206,600</u>	<u>\$ 10,206,600</u>	<u>\$ 9,050,564</u>	<u>\$ 1,156,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (482,349)</u>	<u>\$ (47,349)</u>	<u>\$ (627,813)</u>	<u>\$ (580,464)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(11,711)</u>	<u>(11,711)</u>	<u>(11,736)</u>	<u>(25)</u>
Net Change in Fund Balance	\$ (494,060)	\$ (59,060)	\$ (639,549)	\$ (580,489)
FUND BALANCES - Beginning of Year	<u>25,164,504</u>	<u>25,164,504</u>	<u>25,164,504</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 24,670,444</u></u>	<u><u>\$ 25,105,444</u></u>	<u><u>\$ 24,524,955</u></u>	<u><u>\$ (580,489)</u></u>



## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVOLVING LOANS For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Public charges for services	\$ -	\$ -	\$ 580	\$ 580
Investment income	-	-	141,156	141,156
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,736</u>	<u>\$ 141,736</u>
<b>EXPENDITURES</b>				
Current				
Planning and development	680,000	353,007	111,598	241,409
<b>Total Expenditures</b>	<u>\$ 680,000</u>	<u>\$ 353,007</u>	<u>\$ 111,598</u>	<u>\$ 241,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(680,000)</u>	<u>(353,007)</u>	<u>30,138</u>	<u>383,145</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
General obligation debt issued	218,000	175,126	-	(175,126)
Transfers out	-	-	(121,243)	(121,243)
<b>Total Other Financing Sources and Uses</b>	<u>218,000</u>	<u>175,126</u>	<u>(121,243)</u>	<u>(296,369)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (462,000)</u>	<u>\$ (177,881)</u>	<u>\$ (91,105)</u>	<u>\$ 86,776</u>
FUND BALANCES - Beginning of Year	<u>7,125,865</u>	<u>7,125,865</u>	<u>7,125,865</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 6,663,865</u></u>	<u><u>\$ 6,947,984</u></u>	<u><u>\$ 7,034,760</u></u>	<u><u>\$ 86,776</u></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, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 13,402,327	\$ 13,402,327	\$ 12,088,390	\$ (1,313,937)
Intergovernmental	202,920	273,965	245,298	(28,667)
Licenses and permits	322,008	322,008	398,145	76,137
Public charges for services	614,716	241,016	15,145,953	14,904,937
Investment income	19,290	19,290	96,809	77,519
Miscellaneous	9,300	9,300	2,739	(6,561)
Total Revenues	<u>\$ 14,570,561</u>	<u>\$ 14,267,906</u>	<u>\$ 27,977,334</u>	<u>\$ 13,709,428</u>
<b>EXPENDITURES</b>				
Current				
General government	5,614,948	5,614,948	5,471,195	143,753
Public safety	216,420	216,420	235,468	(19,048)
Public works and transportation	5,816,440	5,946,151	6,366,885	(420,734)
Planning and development	6,120,000	6,120,000	4,558,984	1,561,016
Culture and recreation	206,640	206,640	180,570	26,070
Total Expenditures	<u>\$ 17,974,448</u>	<u>\$ 18,104,159</u>	<u>\$ 16,813,102</u>	<u>\$ 1,291,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,403,887)</u>	<u>\$ (3,836,253)</u>	<u>\$ 11,164,232</u>	<u>\$ 15,000,485</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation debt issued	3,970,000	3,970,000	3,970,000	-
Sale of capital assets	-	-	25,885	25,885
Transfers in	(1,109,625)	1,290,375	2,400,000	1,109,625
Transfers out	(6,001,987)	(4,381,289)	(8,570,923)	(4,189,634)
Total Other Financing Sources (Uses)	<u>\$ (3,141,612)</u>	<u>\$ 879,086</u>	<u>\$ (2,175,038)</u>	<u>\$ (3,054,124)</u>
Net Change in Fund Balance	<u>\$ (6,545,499)</u>	<u>\$ (2,957,167)</u>	<u>\$ 8,989,194</u>	<u>\$ 11,946,361</u>
FUND BALANCES - Beginning of Year	<u>18,569,539</u>	<u>18,569,539</u>	<u>18,569,539</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 12,024,040</u></u>	<u><u>\$ 15,612,372</u></u>	<u><u>\$ 27,558,733</u></u>	<u><u>\$ 11,946,361</u></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, 2021**

	Parking Utility	Convention Center	Golf Courses	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 20,160,636	\$ 4,326,702	\$ 520,231	\$ 25,007,569
Accounts receivable	102,109	307,238	-	409,347
Accrued revenue	-	(340)	3,275	2,935
Due from other governmental units	149,525	155,515	84,508	389,548
Inventories	-	133,729	-	133,729
Prepaid items	114,599	71,084	9,952	195,635
Total Current Assets	<u>\$ 20,526,869</u>	<u>\$ 4,993,928</u>	<u>\$ 617,966</u>	<u>\$ 26,138,763</u>
Noncurrent Assets				
Capital Assets				
Land	6,329,997	25,254	803,833	7,159,084
Land improvements	691,055	69,033	4,644,155	5,404,243
Buildings	79,526,743	59,964,210	709,689	140,200,642
Machinery and equipment	6,180,916	3,037,820	1,501,656	10,720,392
Intangibles	704,205	23,150	-	727,355
Accumulated depreciation/amortization	<u>(32,221,946)</u>	<u>(38,710,363)</u>	<u>(6,601,071)</u>	<u>(77,533,380)</u>
Net Capital Assets	<u>\$ 61,210,970</u>	<u>\$ 24,409,104</u>	<u>\$ 1,058,262</u>	<u>\$ 86,678,336</u>
Restricted net pension asset	<u>2,128,576</u>	<u>1,186,163</u>	<u>268,126</u>	<u>3,582,865</u>
Total Assets	<u>\$ 83,866,415</u>	<u>\$ 30,589,195</u>	<u>\$ 1,944,354</u>	<u>\$ 116,399,964</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	3,279,351	2,332,908	495,380	6,107,639
Other post-employment benefits related amounts	<u>281,840</u>	<u>136,800</u>	<u>34,077</u>	<u>452,717</u>
Total Deferred Outflows of Resources	<u>\$ 3,561,191</u>	<u>\$ 2,469,708</u>	<u>\$ 529,457</u>	<u>\$ 6,560,356</u>
<b>LIABILITIES</b>				
Liabilities				
Current Liabilities				
Accounts payable	503,847	211,795	20,475	736,117
Accrued liabilities	525,422	282,998	60,183	868,603
Deposits	-	1,101,178	13,123	1,114,301
Current portion of general obligation long-term debt	-	113,489	24,621	138,110
Current portion of advances from other funds	-	52,265	15,176	67,441
Current portion of accrued compensated absences	354,594	223,237	55,941	633,772
Unearned revenue	-	116,387	-	116,387
Total Current Liabilities	<u>\$ 1,383,863</u>	<u>\$ 2,101,349</u>	<u>\$ 189,519</u>	<u>\$ 3,674,731</u>
Noncurrent Liabilities				
General obligation long-term debt	-	679,219	123,106	802,325
Advances from other funds	-	116,103	735,100	851,203
Accrued compensated absences	1,267,177	797,759	199,909	2,264,845
Other post-employment benefits	<u>2,125,000</u>	<u>1,031,439</u>	<u>256,934</u>	<u>3,413,373</u>
Total Noncurrent Liabilities	<u>\$ 3,392,177</u>	<u>\$ 2,624,520</u>	<u>\$ 1,315,049</u>	<u>\$ 7,331,746</u>
Total Liabilities	<u>\$ 4,776,040</u>	<u>\$ 4,725,869</u>	<u>\$ 1,504,568</u>	<u>\$ 11,006,477</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	4,335,882	3,169,005	630,306	8,135,193
Other post-employment benefits related amounts	<u>253,956</u>	<u>123,266</u>	<u>30,705</u>	<u>407,927</u>
Total Deferred Inflows of Resources	<u>\$ 4,589,838</u>	<u>\$ 3,292,271</u>	<u>\$ 661,011</u>	<u>\$ 8,543,120</u>
<b>NET POSITION</b>				
Net investment in capital assets	61,210,970	23,760,915	910,535	85,882,420
Restricted for pension	2,128,576	1,186,163	268,126	3,582,865
Unrestricted (deficit)	<u>14,722,182</u>	<u>93,685</u>	<u>(870,429)</u>	<u>13,945,438</u>
<b>TOTAL NET POSITION</b>	<u>\$ 78,061,728</u>	<u>\$ 25,040,763</u>	<u>\$ 308,232</u>	<u>\$ 103,410,723</u>

## CITY OF MADISON

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2021

	Parking Utility	Convention Center	Golf Courses	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,710,330	\$ 1,519,386	\$ 4,193,247	\$ 14,422,963
Total Operating Revenues	<u>\$ 8,710,330</u>	<u>\$ 1,519,386</u>	<u>\$ 4,193,247</u>	<u>\$ 14,422,963</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	10,750,612	6,166,912	3,217,956	20,135,480
Depreciation	2,724,590	1,894,622	102,792	4,722,004
Total Operating Expenses	<u>\$ 13,475,202</u>	<u>\$ 8,061,534</u>	<u>\$ 3,320,748</u>	<u>\$ 24,857,484</u>
Operating Income (Loss)	<u>\$ (4,764,872)</u>	<u>\$ (6,542,148)</u>	<u>\$ 872,499</u>	<u>\$ (10,434,521)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	42,454	-	-	42,454
Interest and amortization	-	(23,786)	(6,927)	(30,713)
Gain on sale of assets	2,915,077	-	-	2,915,077
Intergovernmental revenues	83,755	130,701	-	214,456
Miscellaneous	9,274	158,371	101,053	268,698
Total Nonoperating Revenues (Expenses)	<u>\$ 3,050,560</u>	<u>\$ 265,286</u>	<u>\$ 94,126</u>	<u>\$ 3,409,972</u>
Income (Loss) Before Transfers and Capital Contributions	<u>\$ (1,714,312)</u>	<u>\$ (6,276,862)</u>	<u>\$ 966,625</u>	<u>\$ (7,024,549)</u>
<b>TRANSFERS</b>				
Transfers in	40,023	7,190,205	-	7,230,228
Transfers out	(1,330,284)	(338,200)	(189,334)	(1,857,818)
Net Transfers	<u>\$ (1,290,261)</u>	<u>\$ 6,852,005</u>	<u>\$ (189,334)</u>	<u>\$ 5,372,410</u>
Income (Loss) Before Contributions	<u>\$ (3,004,573)</u>	<u>\$ 575,143</u>	<u>\$ 777,291</u>	<u>\$ (1,652,139)</u>
Capital Contributions - Municipal	801	-	-	801
Change in Net Position	<u>\$ (3,003,772)</u>	<u>\$ 575,143</u>	<u>\$ 777,291</u>	<u>\$ (1,651,338)</u>
NET POSITION (DEFICIT) - Beginning of Year	<u>81,065,500</u>	<u>24,465,620</u>	<u>(469,059)</u>	<u>105,062,061</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 78,061,728</u></u>	<u><u>\$ 25,040,763</u></u>	<u><u>\$ 308,232</u></u>	<u><u>\$ 103,410,723</u></u>

**CITY OF MADISON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2021

	<u>Parking Utility</u>	<u>Convention Center</u>	<u>Golf Courses</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 8,800,160	\$ 1,960,869	\$ 4,208,025	\$ 14,969,054
Customer deposits received (returned)	-	66,990	(16,590)	50,400
Paid to suppliers for goods and services	(4,777,665)	(2,106,002)	(1,717,795)	(8,601,462)
Paid to employees for services	(6,841,362)	(4,081,527)	(1,625,936)	(12,548,825)
Net Cash Flows From Operating Activities	<u>\$ (2,818,867)</u>	<u>\$ (4,159,670)</u>	<u>\$ 847,704</u>	<u>\$ (6,130,833)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Repayment of advances from other funds	-	(50,628)	(114,431)	(165,059)
Transfers in	40,023	7,190,205	-	7,230,228
Transfers out	(1,330,284)	(338,200)	(189,334)	(1,857,818)
Net Cash Flows From Noncapital Financing Activities	<u>\$ (1,290,261)</u>	<u>\$ 6,801,377</u>	<u>\$ (303,765)</u>	<u>\$ 5,207,351</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	-	(149,682)	(24,621)	(174,303)
Interest paid	-	(23,964)	(6,927)	(30,891)
Long-term debt issued	-	230,000	-	230,000
Acquisition and construction of capital assets	(814,061)	-	-	(814,061)
Contribution in aid of construction	801	-	-	801
Proceeds from sale of property	3,627,812	-	-	3,627,812
Net Cash Flows From Capital and Related Financing Activities	<u>\$ 2,814,552</u>	<u>\$ 56,354</u>	<u>\$ (31,548)</u>	<u>\$ 2,839,358</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	42,454	-	-	42,454
Net Cash Flows From Investing Activities	<u>\$ 42,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,454</u>
Net Change in Cash and Cash Equivalents	<u>\$ (1,252,122)</u>	<u>\$ 2,698,061</u>	<u>\$ 512,391</u>	<u>\$ 1,958,330</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	21,412,758	1,628,641	7,840	23,049,239
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 20,160,636</u></u>	<u><u>\$ 4,326,702</u></u>	<u><u>\$ 520,231</u></u>	<u><u>\$ 25,007,569</u></u>

	Parking Utility	Convention Center	Golf Courses	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>				
Income (loss) from operations	\$ (4,764,872)	\$ (6,542,148)	\$ 872,499	\$ (10,434,521)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Nonoperating income	93,029	289,072	101,053	483,154
Depreciation	2,724,590	1,894,622	102,792	4,722,004
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	31,958	274,745	(87,783)	218,920
Due from other governmental units	(73,418)	(129,826)	-	(203,244)
Inventories	-	19,984	-	19,984
Prepaid items	(19,855)	(131)	(1,787)	(21,773)
Accounts payable	(79,707)	79,068	(9,558)	(10,197)
Other current liabilities	16,933	-	-	16,933
Customer deposits	-	66,990	(16,590)	50,400
Accrued compensated absences	(133,105)	(6,508)	(51,987)	(191,600)
Other post-employment benefits, deferrals and liabilities	50,858	12,742	(3,393)	60,207
Pension related deferrals and liabilities	(665,278)	(116,759)	(57,542)	(839,579)
Unearned revenue	-	(1,521)	-	(1,521)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (2,818,867)</b>	<b>\$ (4,159,670)</b>	<b>\$ 847,704</b>	<b>\$ (6,130,833)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>				
Cash and investments - statement of net position	\$ 20,160,636	\$ 4,326,702	\$ 520,231	\$ 25,007,569
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 20,160,636</b>	<b>\$ 4,326,702</b>	<b>\$ 520,231</b>	<b>\$ 25,007,569</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
None				

## **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, 2021

	Fleet Services	City Insurance	Worker's Compensation	Totals
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 1,692,165	\$ 918,322	\$ 15,336,476	\$ 17,946,963
Accounts receivable	70,787	182,583	-	253,370
Due from other governmental units	23,755	-	-	23,755
Inventories	923,997	-	-	923,997
Prepaid items	2,301,640	11,136	1,585	2,314,361
<b>Total Current Assets</b>	<b>\$ 5,012,344</b>	<b>\$ 1,112,041</b>	<b>\$ 15,338,061</b>	<b>\$ 21,462,446</b>
<b>Restricted assets</b>				
Cash and investments	-	490,849	412,599	903,448
Net pension asset	899,130	63,604	30,861	993,595
Investment in mutual insurance company	-	3,815,820	-	3,815,820
<b>Total Restricted assets</b>	<b>\$ 899,130</b>	<b>\$ 4,370,273</b>	<b>\$ 443,460</b>	<b>\$ 5,712,863</b>
<b>Capital Assets:</b>				
Land	2,570,970	-	-	2,570,970
Land improvements	71,990	-	-	71,990
Buildings	35,513,565	-	-	35,513,565
Machinery and equipment	95,680,047	-	-	95,680,047
Intangibles	119,525	-	-	119,525
Accumulated depreciation/amortization	(66,390,815)	-	-	(66,390,815)
<b>Net Capital Assets</b>	<b>\$ 67,565,282</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 67,565,282</b>
<b>Total Assets</b>	<b>\$ 73,476,756</b>	<b>\$ 5,482,314</b>	<b>\$ 15,781,521</b>	<b>\$ 94,740,591</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	1,677,054	106,761	55,588	1,839,403
Other post-employment benefits related amounts	234,501	7,446	221	242,168
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,911,555</b>	<b>\$ 114,207</b>	<b>\$ 55,809</b>	<b>\$ 2,081,571</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	142,776	174	149,917	292,867
Accrued liabilities	646,382	16,905	7,405	670,692
Claims payable	-	3,453,822	10,908,467	14,362,289
Current portion of general obligation long-term debt	8,160,215	-	-	8,160,215
Current portion of accrued compensated absences	180,969	18,111	6,513	205,593
<b>Total Current Liabilities</b>	<b>\$ 9,130,342</b>	<b>\$ 3,489,012</b>	<b>\$ 11,072,302</b>	<b>\$ 23,691,656</b>
<b>Noncurrent Liabilities</b>				
General obligation long-term debt	58,621,445	-	-	58,621,445
Accrued compensated absences	487,096	48,748	17,531	553,375
Other post-employment benefits	1,768,079	56,143	1,663	1,825,885
<b>Total Noncurrent Liabilities</b>	<b>\$ 60,876,620</b>	<b>\$ 104,891</b>	<b>\$ 19,194</b>	<b>\$ 61,000,705</b>
<b>Total Liabilities</b>	<b>\$ 70,006,962</b>	<b>\$ 3,593,903</b>	<b>\$ 11,091,496</b>	<b>\$ 84,692,361</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	2,178,229	152,199	83,732	2,414,160
Other post-employment benefits related amounts	211,301	6,710	199	218,210
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,389,530</b>	<b>\$ 158,909</b>	<b>\$ 83,931</b>	<b>\$ 2,632,370</b>
<b>NET POSITION</b>				
Net investment in capital assets	783,622	-	-	783,622
Restricted for pension	899,130	63,604	30,861	993,595
Unrestricted	1,309,067	1,780,105	4,631,042	7,720,214
<b>TOTAL NET POSITION</b>	<b>\$ 2,991,819</b>	<b>\$ 1,843,709</b>	<b>\$ 4,661,903</b>	<b>\$ 9,497,431</b>

## CITY OF MADISON

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2021

	Fleet Services	City Insurance	Worker's Compensation	Totals
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 19,266,266	\$ 2,850,002	\$ 3,650,000	\$ 25,766,268
Total Operating Revenues	<u>\$ 19,266,266</u>	<u>\$ 2,850,002</u>	<u>\$ 3,650,000</u>	<u>\$ 25,766,268</u>
<b>OPERATING EXPENSES:</b>				
Operation and Maintenance	10,515,111	2,859,326	3,850,852	17,225,289
Depreciation	8,297,905	-	-	8,297,905
Total Operating Expenses	<u>\$ 18,813,016</u>	<u>\$ 2,859,326</u>	<u>\$ 3,850,852</u>	<u>\$ 25,523,194</u>
 Operating Income (Loss)	 <u>\$ 453,250</u>	 <u>\$ (9,324)</u>	 <u>\$ (200,852)</u>	 <u>\$ 243,074</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	7,282	12	7,294
Interest and amortization	(1,762,677)	-	-	(1,762,677)
Gain on sale of assets	1,536,314	-	-	1,536,314
Miscellaneous	146,381	227,501	18,438	392,320
Total Nonoperating Revenues (Expenses)	<u>\$ (79,982)</u>	<u>\$ 234,783</u>	<u>\$ 18,450</u>	<u>\$ 173,251</u>
 Income (Loss) Before Transfers	 <u>\$ 373,268</u>	 <u>\$ 225,459</u>	 <u>\$ (182,402)</u>	 <u>\$ 416,325</u>
<b>TRANSFERS</b>				
Transfers in	382,413	-	-	382,413
Transfers out	-	(313,982)	-	(313,982)
Net Transfers	<u>\$ 382,413</u>	<u>\$ (313,982)</u>	<u>\$ -</u>	<u>\$ 68,431</u>
 Change in Net Position	 <u>\$ 755,681</u>	 <u>\$ (88,523)</u>	 <u>\$ (182,402)</u>	 <u>\$ 484,756</u>
 NET POSITION - Beginning of Year	 <u>2,236,138</u>	 <u>1,932,232</u>	 <u>4,844,305</u>	 <u>9,012,675</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 2,991,819</u></u>	 <u><u>\$ 1,843,709</u></u>	 <u><u>\$ 4,661,903</u></u>	 <u><u>\$ 9,497,431</u></u>

## CITY OF MADISON

### COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2021

	Fleet Services	City Insurance	Worker's Compensation	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 19,340,969	\$ 3,149,806	\$ 3,668,438	\$ 26,159,213
Paid to suppliers for goods and services	(9,566,437)	(2,398,277)	(3,827,407)	(15,792,121)
Paid to employees for services	(3,317,718)	(233,937)	(109,660)	(3,661,315)
Net Cash Flows From Operating Activities	<u>\$ 6,456,814</u>	<u>517,592</u>	<u>(268,629)</u>	<u>\$ 6,705,777</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	126,452	-	-	126,452
Transfers out	-	(313,982)	-	(313,982)
Net Cash Flows From Noncapital Financing Activities	<u>\$ 126,452</u>	<u>(313,982)</u>	<u>-</u>	<u>\$ (187,530)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	(7,870,266)	-	-	(7,870,266)
Interest paid	(1,921,573)	-	-	(1,921,573)
Long-term debt issued	8,157,906	-	-	8,157,906
Acquisition and construction of capital assets	(7,999,708)	-	-	(7,999,708)
Transfers In	255,961	-	-	255,961
Sale of assets	1,863,972	-	-	1,863,972
Payments to escrow during refunding	(2,939,981)	-	-	(2,939,981)
Net Cash Flows From Capital and Related Financing Activities	<u>\$ (10,453,689)</u>	<u>-</u>	<u>-</u>	<u>\$ (10,453,689)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Marketable securities sold	2,939,981	173,123	(123,558)	2,989,546
Investment income	-	7,282	12	7,294
Net Cash Flows From Investing Activities	<u>\$ 2,939,981</u>	<u>180,405</u>	<u>(123,546)</u>	<u>\$ 2,996,840</u>
Net Change in Cash and Cash Equivalents	<u>\$ (930,442)</u>	<u>384,015</u>	<u>(392,175)</u>	<u>\$ (938,602)</u>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>				
	<u>2,622,607</u>	<u>534,307</u>	<u>15,728,651</u>	<u>18,885,565</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
	<u>\$ 1,692,165</u>	<u>\$ 918,322</u>	<u>\$ 15,336,476</u>	<u>\$ 17,946,963</u>

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) from operations	\$ 453,250	\$ (9,324)	\$ (200,852)	\$ 243,074
Adjustments to reconcile operating income to net cash from operating activities				
Nonoperating income	146,381	227,502	18,437	392,320
Depreciation	8,297,905	-	-	8,297,905
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	(70,787)	72,304	-	1,517
Due from other governmental units	(891)	-	-	(891)
Inventories	29,227	-	-	29,227
Prepaid items	(2,261,366)	(8,086)	(45)	(2,269,497)
Accounts payable	(17,475)	(5,256)	(20,613)	(43,344)
Accrued liabilities	15,315	254,650	(55,513)	214,452
Accrued compensated absences	(20,131)	(1,405)	(1,036)	(22,572)
Other post-employment benefits, deferrals and liabilities	20,688	3,769	794	25,251
Pension related deferrals and liabilities	(135,302)	(16,562)	(9,801)	(161,665)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 6,456,814</u>	<u>\$ 517,592</u>	<u>\$ (268,629)</u>	<u>\$ 6,705,777</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>				
Cash and investments - statement of net position	\$ 1,692,165	\$ 918,322	\$ 15,336,476	\$ 17,946,963
Restricted cash and investments - statement of net position	-	490,849	412,599	903,448
Less: Noncash equivalents	-	(490,849)	(412,599)	(903,448)
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,692,165</u>	<u>\$ 918,322</u>	<u>\$ 15,336,476</u>	<u>\$ 17,946,963</u>
<b>NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
None				

## FIDUCIARY FUNDS

Custodial Funds are used to account for assets held by the City and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Board of Education – Accounts for Bassett 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

Tax Collection Fund – Accounts for the tax roll collected, which includes Dane County, Madison Area Technical College and overlapping School Districts.

Madison School District Investment Fund – Accounts for the Madison Metropolitan School District (MMSD) monies.

**CITY OF MADISON**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
As of December 31, 2021

	Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Tax Collection Fund	Madison School District Investment Fund	Total Custodial Funds
<b>ASSETS</b>						
Cash and investments	\$ 379,627	\$ 3,429,331	\$ 777,609	\$ 193,999,998	\$ 20,592,187	\$ 219,178,752
Taxes receivable	-	-	-	270,032,400	-	270,032,400
Total Assets	<u>\$ 379,627</u>	<u>\$ 3,429,331</u>	<u>\$ 777,609</u>	<u>\$ 464,032,398</u>	<u>\$ 20,592,187</u>	<u>\$ 489,211,152</u>
<b>LIABILITIES</b>						
Due to other governmental units	-	-	-	464,032,398	-	464,032,398
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,032,398</u>	<u>\$ -</u>	<u>\$ 464,032,398</u>
<b>NET POSITION</b>						
Restricted	379,627	3,429,331	777,609	-	20,592,187	25,178,754
<b>TOTAL NET POSITION</b>	<u>\$ 379,627</u>	<u>\$ 3,429,331</u>	<u>\$ 777,609</u>	<u>\$ -</u>	<u>\$ 20,592,187</u>	<u>\$ 25,178,754</u>

**CITY OF MADISON**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
For the Year Ended December 31, 2021

	Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Tax Collection Fund	Madison School District Investment Fund	Total Custodial Funds
<b>ADDITIONS</b>						
Gifts and bequests	\$ -	\$ 210,930	\$ -	\$ -	\$ -	\$ 210,930
Interest and dividends	-	-	1,551	-	265,402	266,953
Property taxes collected for other governments	-	-	-	461,702,648	-	461,702,648
Investments	824	29,096,570	743,051	-	532,031,604	561,872,049
Total Additions	<u>\$ 824</u>	<u>\$ 29,307,500</u>	<u>\$ 744,602</u>	<u>\$ 461,702,648</u>	<u>\$ 532,297,006</u>	<u>\$ 1,024,052,580</u>
<b>DEDUCTIONS</b>						
Administrative expense	-	27,140,152	735,714	-	-	27,875,866
Property taxes distributed to other governments	-	-	-	461,702,648	-	461,702,648
Distributions	-	-	-	-	535,246,680	535,246,680
Total Deductions	<u>\$ -</u>	<u>\$ 27,140,152</u>	<u>\$ 735,714</u>	<u>\$ 461,702,648</u>	<u>\$ 535,246,680</u>	<u>\$ 1,024,825,194</u>
Change in Fiduciary Net Position	\$ 824	\$ 2,167,348	\$ 8,888	\$ -	\$ (2,949,674)	\$ (772,614)
NET POSITION - Beginning of Year	<u>378,803</u>	<u>1,261,983</u>	<u>768,721</u>	<u>-</u>	<u>23,541,861</u>	<u>25,951,368</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 379,627</u></u>	<u><u>\$ 3,429,331</u></u>	<u><u>\$ 777,609</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,592,187</u></u>	<u><u>\$ 25,178,754</u></u>

## CITY OF MADISON

### COMBINING STATEMENT OF NET POSITION NONMAJOR COMPONENT UNITS As of December 31, 2021

	Business Improvement District	Madison Parks Foundation	Total Nonmajor Component Units
<b>ASSETS</b>			
Cash and investments	\$ 122,990	\$ 3,869,720	\$ 3,992,710
Receivables			
Special assessments	310,898	-	310,898
Pledge receivable	-	129,967	129,967
Prepaid items	-	1,287	1,287
Beneficial interest in assets held by MCF	-	93,683	93,683
Restricted assets			
Total Assets	\$ 433,888	\$ 4,094,657	\$ 4,528,545
<b>LIABILITIES</b>			
Accounts payable	\$ 55,868	\$ 162,538	\$ 218,406
Accrued liabilities	-	1,822	1,822
Total Liabilities	\$ 55,868	\$ 164,360	\$ 220,228
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessments for subsequent year	310,898	-	310,898
Total Deferred Inflows of Resources	\$ 310,898	\$ -	\$ 310,898
<b>NET POSITION</b>			
Restricted for:			
Parks	-	1,304,947	1,304,947
Unrestricted (deficit)	67,122	2,625,350	2,692,472
<b>TOTAL NET POSITION</b>	<b>\$ 67,122</b>	<b>\$ 3,930,297</b>	<b>\$ 3,997,419</b>



## CITY OF MADISON

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR COMPONENT UNITS For the Year Ended December 31, 2021

	<u>Business Improvement District</u>	<u>Madison Parks Foundation</u>	<u>Total Nonmajor Component Units</u>
<b>OPERATING REVENUES</b>			
Special assessments	\$ 305,210	\$ -	\$ 305,210
Charges for services	83,010	24,109	107,119
Grants and donations	62,691	1,558,085	1,620,776
Total Operating Revenues	<u>\$ 450,911</u>	<u>\$ 1,582,194</u>	<u>\$ 2,033,105</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	418,017	1,257,666	1,675,683
Total Operating Expenses	<u>\$ 418,017</u>	<u>\$ 1,257,666</u>	<u>\$ 1,675,683</u>
Operating Income	<u>\$ 32,894</u>	<u>\$ 324,528</u>	<u>\$ 357,422</u>
<b>NONOPERATING REVENUES</b>			
Investment income	767	405,244	406,011
Total Nonoperating Revenues	<u>\$ 767</u>	<u>\$ 405,244</u>	<u>\$ 406,011</u>
Change in Net Position	<u>\$ 33,661</u>	<u>\$ 729,772</u>	<u>\$ 763,433</u>
<b>NET POSITION -</b>			
Beginning of Year	<u>33,461</u>	<u>3,200,525</u>	<u>3,233,986</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 67,122</u>	<u>\$ 3,930,297</u>	<u>\$ 3,997,419</u>

**CITY OF MADISON**

STATEMENT OF NET POSITION AND  
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET  
BUSINESS IMPROVEMENT DISTRICT  
As of December 31, 2021

	Business Improvement District	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and investments	\$ 122,990	\$ -	\$ 122,990
Receivables			
Special assessments	310,898	-	310,898
Total Assets	\$ 433,888	\$ -	\$ 433,888
<b>LIABILITIES</b>			
Accounts payable	\$ 55,868	\$ -	\$ 55,868
Total Liabilities	\$ 55,868	\$ -	\$ 55,868
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessments for subsequent year	310,898	-	310,898
Total Deferred Inflows of Resources	\$ 310,898	\$ -	\$ 310,898
<b>FUND BALANCE/NET POSITION</b>			
Fund Balance			
Unassigned	67,122	(67,122)	-
Total Fund Balance	\$ 67,122	\$ (67,122)	\$ -
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 433,888		
Net Position			
Unrestricted		67,122	67,122
<b>TOTAL NET POSITION</b>		\$ 67,122	\$ 67,122

**CITY OF MADISON**

STATEMENT OF ACTIVITIES AND GOVERNMENTAL COMPONENT UNIT  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUSINESS IMPROVEMENT DISTRICT  
For the Year Ended December 31, 2021

	Business Improvement District	Adjustments	Statement of Activities
<b>REVENUES</b>			
Special assessments	\$ 305,210	\$ -	\$ 305,210
Charges for services	83,010	-	83,010
Investment income	767	-	767
Contributions	62,691	-	62,691
Total Revenues	<u>\$ 451,678</u>	<u>\$ -</u>	<u>\$ 451,678</u>
<b>EXPENDITURES/EXPENSES</b>			
Planning and development	418,017	-	418,017
Total Expenditures/Expenses	<u>\$ 418,017</u>	<u>\$ -</u>	<u>\$ 418,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,661</u>	<u>\$ (33,661)</u>	<u>\$ -</u>
Change in Net Position	\$ -	\$ (33,661)	\$ 33,661
<b>FUND BALANCE/NET POSITION</b>			
Beginning of Year	<u>33,461</u>	<u>-</u>	<u>33,461</u>
<b>END OF YEAR</b>	<u><u>\$ 67,122</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 67,122</u></u>

## CITY OF MADISON

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUSINESS IMPROVEMENT DISTRICT For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Special assessments	\$ 311,678	\$ 305,210	\$ (6,468)
Charges for services	67,500	83,010	15,510
Investment income	-	767	767
Grants and donations	58,532	62,691	4,159
Total Revenues	<u>\$ 437,710</u>	<u>\$ 451,678</u>	<u>\$ 13,968</u>
<b>EXPENDITURES</b>			
Audit fees	2,020	2,020	-
Management fees	249,387	238,311	11,076
Miscellaneous	2,000	11,970	(9,970)
Advertising/marketing	20,000	7,158	12,842
Map distribution	-	962	(962)
Trolley	-	1,924	(1,924)
Downtown doors	6,500	10,258	(3,758)
Planters	5,000	-	5,000
Winter light program	20,000	34,144	(14,144)
Ambassadors	25,000	15,228	9,772
Gift certificates	2,500	6,930	(4,430)
BID website	10,000	5,406	4,594
Parking passes	500	312	188
Postage	3,000	1,262	1,738
TOS programming	100,000	43,997	56,003
Night Market	-	38,135	(38,135)
Total Expenditures	<u>\$ 445,907</u>	<u>\$ 418,017</u>	<u>\$ 27,890</u>
Net Change in Fund Balance	\$ (8,197)	\$ 33,661	\$ 41,858
FUND BALANCE - Beginning of Year	<u>33,461</u>	<u>33,461</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 25,264</u></u>	<u><u>\$ 67,122</u></u>	<u><u>\$ 41,858</u></u>

**CITY OF MADISON**

**SEWER REVENUE BOND COVENANT  
For the Year Ended December 31, 2021**

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	<u>Sewer Utility</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ <u>47,618,433</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	37,549,401
Depreciation	<u>2,943,355</u>
Total Operating Expenses	\$ <u>40,492,756</u>
 Sewer Net Operating Income	 \$ <u>7,125,677</u>
<b>NONOPERATING REVENUES</b>	
Investment income	193,587
<b>OTHER ADJUSTMENTS</b>	
Depreciation	<u>2,943,355</u>
 <b>NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE</b>	 \$ <u><u>10,262,619</u></u>

## **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, 2021

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
<b>ASSETS</b>					
Cash and investments	\$ 7,301,106	\$ 48,443,368	\$ 72,937,662	\$ -	\$128,682,136
Receivables					
Taxes	4,948,070	36,688,142	-	-	41,636,212
Accounts	-	1,545,330	2,491,144	-	4,036,474
Special assessments	13,322,057	-	-	-	13,322,057
Long-term loans	6,553	-	-	-	6,553
Due from other governmental units	29,167	-	1,148,080	-	1,177,247
Advances to other funds	507,285	-	5,721,493	(5,721,493)	507,285
Leases receivable	-	820,000	-	-	820,000
Inventories	-	-	2,574,975	-	2,574,975
Prepaid items	-	1,088	40,929	-	42,017
<b>TOTAL ASSETS</b>	<b>\$ 26,114,238</b>	<b>\$ 87,497,928</b>	<b>\$ 84,914,283</b>	<b>\$ (5,721,493)</b>	<b>\$192,804,956</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 34,463	\$ 4,119	\$ 11,542,496	\$ -	\$ 11,581,078
Accrued liabilities	-	11,719	257,818	-	269,537
Due to other governmental units	5,573	-	-	-	5,573
Due to other funds	3,753,508	-	-	-	3,753,508
Advances from other funds	-	5,721,493	-	(5,721,493)	-
Unearned revenues	1,536,920	-	-	-	1,536,920
Total Liabilities	<b>\$ 5,330,464</b>	<b>\$ 5,737,331</b>	<b>\$ 11,800,314</b>	<b>\$ (5,721,493)</b>	<b>\$ 17,146,616</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	14,509,649	2,335,545	2,422,223	-	19,267,417
Property taxes for subsequent year	-	36,688,142	-	-	36,688,142
Total Deferred Inflows of Resources	<b>\$ 14,509,649</b>	<b>\$ 39,023,687</b>	<b>\$ 2,422,223</b>	<b>\$ -</b>	<b>\$ 55,955,559</b>
<b>FUND BALANCES</b>					
Nonspendable	-	1,088	2,615,904	-	2,616,992
Restricted	-	48,430,907	54,658,761	-	103,089,668
Assigned	6,274,125	(5,695,085)	13,417,081	-	13,996,121
Total Fund Balances	<b>\$ 6,274,125</b>	<b>\$ 42,736,910</b>	<b>\$ 70,691,746</b>	<b>\$ -</b>	<b>\$119,702,781</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 26,114,238</b>	<b>\$ 87,497,928</b>	<b>\$ 84,914,283</b>	<b>\$ (5,721,493)</b>	<b>\$192,804,956</b>

## CITY OF MADISON

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS For the Year Ended December 31, 2021

	Capital Projects				
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	Total Capital Project Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ 32,595,416	\$ -	\$ -	\$ 32,595,416
Special assessments	3,450,558	-	-	-	3,450,558
Intergovernmental	-	2,383,015	2,164,046	-	4,547,061
Intergovernmental charges for services	-	-	2,711,804	-	2,711,804
Public charges for services	-	-	304,449	-	304,449
Investment income	209,997	134,995	95,489	-	440,481
Miscellaneous	-	1,181,178	491,926	-	1,673,104
<b>Total Revenues</b>	<b>\$ 3,660,555</b>	<b>\$ 36,294,604</b>	<b>\$ 5,767,714</b>	<b>\$ -</b>	<b>\$ 45,722,873</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	4,205,290	-	4,205,290
Public safety	-	-	467,018	-	467,018
Public works and transportation	-	-	15,086,191	-	15,086,191
Planning and development	105,498	9,868,824	11,827,922	-	21,802,244
Culture and recreation	-	-	1,664,591	-	1,664,591
Capital Outlay	-	4,884,885	35,997,756	-	40,882,641
Debt service					
Principal retirement	-	800,000	-	-	800,000
Interest and fiscal charges	-	42,540	-	-	42,540
<b>Total Expenditures</b>	<b>\$ 105,498</b>	<b>\$ 15,596,249</b>	<b>\$ 69,248,768</b>	<b>\$ -</b>	<b>\$ 84,950,515</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ 3,555,057</b>	<b>\$ 20,698,355</b>	<b>\$ (63,481,054)</b>	<b>\$ -</b>	<b>\$ (39,227,642)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	83,365,849	-	83,365,849
Sale of capital assets	-	-	1,668,421	-	1,668,421
Transfers in	30,000	2,746,677	6,873,236	(3,839,668)	5,810,245
Transfers out	(4,071,646)	(17,186,467)	(3,202,881)	3,839,668	(20,621,326)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (4,041,646)</b>	<b>\$ (14,439,790)</b>	<b>\$ 88,704,625</b>	<b>\$ -</b>	<b>\$ 70,223,189</b>
<b>Net Change in Fund Balances</b>	<b>\$ (486,589)</b>	<b>\$ 6,258,565</b>	<b>\$ 25,223,571</b>	<b>\$ -</b>	<b>\$ 30,995,547</b>
<b>FUND BALANCE - Beginning of Year</b>	<b>6,760,714</b>	<b>36,478,345</b>	<b>45,468,175</b>	<b>-</b>	<b>88,707,234</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 6,274,125</b>	<b>\$ 42,736,910</b>	<b>\$ 70,691,746</b>	<b>\$ -</b>	<b>\$ 119,702,781</b>



**STATISTICAL SECTION**

# CITY OF MADISON

## INDEX TO THE STATISTICAL SECTION December 31, 2021

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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

Functions/Programs	Fiscal Year			
	2021	2020	2019	2018
Governmental Activities				
Net investment in capital assets	\$ 740,301,263	\$ 754,118,252	\$ 745,491,927	\$ 722,844,218
Restricted	227,446,780	164,047,971	104,497,274	143,527,401
Unrestricted (deficit)	<u>(84,650,758)</u>	<u>(78,459,632)</u>	<u>(40,596,812)</u>	<u>(53,568,052)</u>
Total Governmental Activities Net Position	<u>\$ 883,097,285</u>	<u>\$ 839,706,591</u>	<u>\$ 809,392,389</u>	<u>\$ 812,803,567</u>
Business-type Activities				
Net investment in capital assets	\$ 620,926,585	\$ 586,205,054	\$ 594,855,763	\$ 533,375,162
Restricted	42,511,591	30,844,343	16,272,554	29,207,255
Unrestricted	<u>21,006,005</u>	<u>19,103,962</u>	<u>21,768,407</u>	<u>48,708,804</u>
Total Business-type Activities Net Position	<u>\$ 684,444,181</u>	<u>\$ 636,153,359</u>	<u>\$ 632,896,724</u>	<u>\$ 611,291,221</u>
Primary Government				
Net investment in capital assets	\$ 1,361,227,848	\$ 1,340,323,306	\$ 1,340,347,690	\$ 1,256,219,380
Restricted	269,958,371	194,892,314	120,769,828	172,734,656
Unrestricted (deficit)	<u>(63,644,753)</u>	<u>(59,355,670)</u>	<u>(18,828,405)</u>	<u>(4,859,248)</u>
Total Primary Government Net Position	<u>\$ 1,567,541,466</u>	<u>\$ 1,475,859,950</u>	<u>\$ 1,442,289,113</u>	<u>\$ 1,424,094,788</u>

Source: City of Madison Finance Department

Fiscal Year

2017	2016	2015	2014	2013	2012
\$ 713,627,552	\$ 696,130,916	\$ 686,732,418	\$ 697,100,797	\$ 669,740,170	\$ 648,240,698
142,807,418	112,778,836	130,519,817	96,845,672	102,065,176	116,189,017
<u>(5,615,467)</u>	<u>40,794,284</u>	<u>24,198,147</u>	<u>(11,365,460)</u>	<u>(15,122,827)</u>	<u>(15,294,186)</u>
<u>\$ 850,819,503</u>	<u>\$ 849,704,036</u>	<u>\$ 841,450,382</u>	<u>\$ 782,581,009</u>	<u>\$ 756,682,519</u>	<u>\$ 749,135,529</u>
\$ 494,387,567	\$ 459,130,784	\$ 449,895,013	\$ 439,940,358	\$ 425,067,257	\$ 424,324,445
12,787,770	12,101,837	17,878,796	9,239,578	7,321,422	6,237,712
<u>61,701,866</u>	<u>78,720,796</u>	<u>67,862,809</u>	<u>58,556,914</u>	<u>51,792,342</u>	<u>43,824,494</u>
<u>\$ 568,877,203</u>	<u>\$ 549,953,417</u>	<u>\$ 535,636,618</u>	<u>\$ 507,736,850</u>	<u>\$ 484,181,021</u>	<u>\$ 474,386,651</u>
\$ 1,208,015,119	\$ 1,155,261,700	\$ 1,136,627,431	\$ 1,137,041,155	\$ 1,094,807,427	\$ 1,072,565,143
155,595,188	124,880,673	148,398,613	106,085,250	109,386,598	122,426,729
<u>56,086,399</u>	<u>119,515,080</u>	<u>92,060,956</u>	<u>47,191,454</u>	<u>36,669,515</u>	<u>28,530,308</u>
<u>\$ 1,419,696,706</u>	<u>\$ 1,399,657,453</u>	<u>\$ 1,377,087,000</u>	<u>\$ 1,290,317,859</u>	<u>\$ 1,240,863,540</u>	<u>\$ 1,223,522,180</u>

Table 2

## CITY OF MADISON

### CHANGES IN NET POSITION Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
Primary Government				
Expenses				
Governmental activities				
General government	\$ 34,545,400	\$ 38,953,333	\$ 41,586,079	\$ 38,195,056
Administration	-	-	-	-
Public safety	137,071,682	160,688,660	160,822,447	145,499,533
Public works and transportation	94,686,457	88,638,696	92,141,702	91,619,298
Planning and development	75,710,257	34,620,491	46,925,502	41,665,883
Culture and recreation	41,920,554	45,742,613	46,900,454	43,669,631
Interest and fiscal charges	9,802,741	9,759,723	9,458,851	8,581,608
Total governmental activities	<u>\$ 393,737,091</u>	<u>\$ 378,403,516</u>	<u>\$ 397,835,035</u>	<u>\$ 369,231,009</u>
Business-type activities				
Water	30,510,250	31,740,380	33,477,692	32,190,652
Sewer	44,299,588	41,421,083	42,448,262	38,804,951
Stormwater	16,843,807	18,726,791	16,805,641	14,675,487
Parking utility	13,478,024	20,598,205	12,313,365	10,406,064
Transit	58,557,772	61,180,712	64,781,713	61,746,157
Convention center	8,087,693	9,227,892	11,484,032	11,169,804
Golf courses	3,324,184	3,195,406	3,106,737	3,124,969
Total business-type activities	<u>\$ 175,101,318</u>	<u>\$ 186,090,469</u>	<u>\$ 184,417,442</u>	<u>\$ 172,118,084</u>
Total Primary Government Expenses	<u>\$ 568,838,409</u>	<u>\$ 564,493,985</u>	<u>\$ 582,252,477</u>	<u>\$ 541,349,093</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 3,163,091	\$ 2,883,298	\$ 3,667,402	\$ 4,166,311
Public safety	15,801,519	13,036,691	15,971,106	14,159,152
Public works and transportation	15,441,647	15,754,947	17,545,762	17,443,301
Planning and development	11,545,986	9,471,241	5,157,300	3,307,780
Culture and recreation	1,824,192	1,233,071	6,750,159	6,715,572
Operating grants and contributions	55,788,288	29,798,074	25,742,434	20,186,786
Capital grants and contributions	17,109,137	17,230,566	18,751,727	15,202,376
Total governmental activities program revenues	<u>\$ 120,673,860</u>	<u>\$ 89,407,888</u>	<u>\$ 93,585,890</u>	<u>\$ 81,181,278</u>
Business-type activities				
Charges for services				
Water	48,111,893	44,929,870	43,944,888	35,099,182
Sewer	47,618,433	42,739,775	40,947,494	37,923,065
Stormwater	21,611,202	19,597,848	17,293,542	16,002,076
Parking utility	8,710,330	6,848,767	16,739,751	15,527,351
Transit	10,122,406	9,429,535	15,067,977	16,654,793
Convention center	1,519,386	1,193,688	5,184,806	5,582,570
Golf courses	4,193,247	3,613,737	2,727,858	2,434,016
Operating grants and contributions	31,353,819	39,772,472	28,104,899	29,436,884
Capital grants and contributions	20,725,078	13,608,377	11,995,773	17,075,653
Total business-type activities program revenues	<u>\$ 193,965,794</u>	<u>\$ 181,734,069</u>	<u>\$ 182,006,988</u>	<u>\$ 175,735,590</u>
Total Primary Government Program Revenue	<u>\$ 314,639,654</u>	<u>\$ 271,141,957</u>	<u>\$ 275,592,878</u>	<u>\$ 256,916,868</u>
Net (expense)/revenue				
Government activities	\$ (273,063,231)	\$ (288,995,628)	\$ (304,249,145)	\$ (288,049,731)
Business-type activities	18,864,476	(4,356,400)	(2,410,454)	3,617,506
Total Primary Government	<u>\$ (254,198,755)</u>	<u>\$ (293,352,028)</u>	<u>\$ (306,659,599)</u>	<u>\$ (284,432,225)</u>

Fiscal Year					
2017 <sup>4</sup>	2016	2015	2014 <sup>3</sup>	2013	2012
\$ 37,776,791	\$ 38,026,460	\$ 32,364,752 <sup>1</sup>	\$ 2,121,656	\$ 2,255,651	\$ 1,958,254
-	-	-	22,848,442	20,687,499	21,669,949
145,485,840	138,832,946	127,693,407	115,721,627	113,255,320	112,216,449
78,568,257	73,049,893	76,018,961	73,923,377	81,105,591	74,174,346
44,592,108	37,986,391	48,069,978	67,065,104	57,401,249	49,614,211
45,818,401	40,912,451	40,131,614 <sup>2</sup>	17,345,247	14,714,621	11,117,422
<u>9,021,539</u>	<u>8,673,810</u>	<u>8,521,134</u>	<u>8,527,351</u>	<u>11,180,783</u>	<u>9,513,832</u>
<u>\$ 361,262,936</u>	<u>\$ 337,481,951</u>	<u>\$ 332,799,846</u>	<u>\$ 307,552,804</u>	<u>\$ 300,600,714</u>	<u>\$ 280,264,463</u>
31,574,165	27,087,143	26,845,428	25,954,120	25,549,223	22,947,444
36,428,410	34,597,239	32,799,172	30,879,641	29,045,341	26,668,531
13,334,019	12,800,118	13,176,054	12,341,348	11,978,662	10,534,871
10,102,429	9,070,617	9,070,059	9,326,944	9,023,631	8,793,504
64,998,558	64,010,188	61,721,601	61,402,871	58,787,093	57,339,818
10,946,668	10,348,530	9,311,942	10,252,087	10,093,985	9,175,872
<u>3,127,281</u>	<u>3,320,180</u>	<u>2,835,591</u>	<u>2,861,549</u>	<u>2,909,508</u>	<u>2,312,548</u>
<u>\$ 170,511,530</u>	<u>\$ 161,234,015</u>	<u>\$ 155,759,847</u>	<u>\$ 153,018,560</u>	<u>\$ 147,387,443</u>	<u>\$ 137,772,588</u>
<u>\$ 531,774,466</u>	<u>\$ 498,715,966</u>	<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>	<u>\$ 447,988,157</u>	<u>\$ 418,037,051</u>
\$ 4,158,506	\$ 1,582,945	\$ 1,327,316 <sup>1</sup>	\$ 3,044,967	\$ 3,099,468	\$ 2,820,507
15,009,256	15,791,545	15,283,825	13,034,385	13,457,460	12,399,734
11,634,568	10,131,496	3,337,537	12,098,555	8,237,731	6,636,579
10,074,010	10,439,621	10,717,502	3,455,614	3,522,503	2,707,851
6,443,102	5,135,854	3,189,570 <sup>2</sup>	592,074	561,459	517,407
15,800,682	16,115,215	18,037,173	13,328,609	15,023,919	12,846,011
<u>21,289,542</u>	<u>13,861,387</u>	<u>24,293,877</u>	<u>41,419,302</u>	<u>30,504,459</u>	<u>27,111,813</u>
<u>\$ 84,409,666</u>	<u>\$ 73,058,063</u>	<u>\$ 76,186,800</u>	<u>\$ 86,973,506</u>	<u>\$ 74,406,999</u>	<u>\$ 65,039,902</u>
34,919,941	35,552,491	29,513,563	29,866,020	28,922,282	29,945,988
36,080,764	34,293,941	32,845,454	33,241,202	30,909,466	30,558,613
15,635,997	15,188,100	14,586,406	14,423,757	13,723,265	13,287,899
16,018,656	14,923,974	13,660,478	13,361,272	12,320,855	11,494,828
18,503,174	18,328,051	18,045,485	18,010,975	17,468,166	16,515,060
5,028,238	5,442,720	4,686,368	4,359,290	4,595,060	4,263,591
2,832,151	3,187,116	3,052,335	2,652,013	2,676,118	2,136,428
29,384,584	27,269,559	27,087,906	26,399,858	25,915,025	25,697,964
<u>16,335,615</u>	<u>14,482,850</u>	<u>13,694,134</u>	<u>18,075,551</u>	<u>7,746,128</u>	<u>8,431,763</u>
<u>\$ 174,739,120</u>	<u>\$ 168,668,802</u>	<u>\$ 157,172,129</u>	<u>\$ 160,389,938</u>	<u>\$ 144,276,365</u>	<u>\$ 142,332,134</u>
<u>\$ 259,148,786</u>	<u>\$ 241,726,865</u>	<u>\$ 233,358,929</u>	<u>\$ 247,363,444</u>	<u>\$ 218,683,364</u>	<u>\$ 207,372,036</u>
\$(276,853,270)	\$(264,423,888)	\$(256,613,046)	\$(220,579,298)	\$(226,193,715)	\$(215,224,561)
<u>4,227,590</u>	<u>7,434,787</u>	<u>1,412,282</u>	<u>7,371,378</u>	<u>(3,111,078)</u>	<u>4,559,546</u>
<u>\$(272,625,680)</u>	<u>\$(256,989,101)</u>	<u>\$(255,200,764)</u>	<u>\$(213,207,920)</u>	<u>\$(229,304,793)</u>	<u>\$(210,665,015)</u>

Table 2 (Cont.)

## CITY OF MADISON

CHANGES IN NET POSITION  
Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
<b>Governmental Activities:</b>				
Taxes				
Property taxes, levied for general purposes	\$ 237,466,156	\$ 231,086,115	\$ 224,423,270	\$ 213,268,863
Property taxes, levied for the library	18,849,564	19,163,603	17,703,565	17,779,030
Property taxes, levied for TIF districts	32,595,416	25,533,533	19,241,269	30,545,605
Other taxes	13,595,359	7,174,015	20,311,690	19,280,303
Intergovernmental revenues not restricted to specific programs	28,354,484	28,322,440	26,647,087	25,393,200
Investment income	(281,153)	5,753,519	9,322,707	5,854,258
Miscellaneous	1,780,443	1,818,362	3,000,331	2,783,864
Gain (loss) on sale of assets	3,079,973	595,515	553,157	551,145
Transfers - Internal	(18,986,317)	(137,272)	(20,365,109)	(45,640,707)
Total governmental activities general revenues	<u>\$ 316,453,925</u>	<u>\$ 319,309,830</u>	<u>\$ 300,837,967</u>	<u>\$ 269,815,561</u>
<b>Business-type Activities:</b>				
Other taxes	6,902,604	6,023,521	-	-
Investment income	289,125	1,079,000	2,736,703	1,817,938
Miscellaneous	330,458	373,242	553,172	371,411
Gain (loss) on sale of assets	2,917,842	-	360,973	7,968
Special item - Water utility	-	-	-	-
Transfers - Internal	18,986,317	137,272	20,365,109	45,640,707
Total business-type activities general revenues	<u>\$ 29,426,346</u>	<u>\$ 7,613,035</u>	<u>\$ 24,015,957</u>	<u>\$ 47,838,024</u>
Total Primary Government General Revenues	<u>\$ 345,880,271</u>	<u>\$ 326,922,865</u>	<u>\$ 324,853,924</u>	<u>\$ 317,653,585</u>
<b>Change in Net Position, Before Special and Extraordinary Items</b>				
Governmental activities	\$ 43,390,694	\$ 30,314,202	\$ (3,411,178)	\$ (18,234,170)
Business-type activities	<u>48,290,822</u>	<u>3,256,635</u>	<u>21,605,503</u>	<u>51,455,530</u>
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	<u>\$ 91,681,516</u>	<u>\$ 33,570,837</u>	<u>\$ 18,194,325</u>	<u>\$ 33,221,360</u>
<b>Special and Extraordinary Items</b>				
Governmental activities				
Special item - loan allowances	-	-	-	-
<b>Change in Net Position, After Special and Extraordinary Items</b>				
Governmental activities	\$ 43,390,694	\$ 30,314,202	\$ (3,411,178)	\$ (18,234,170)
Business-type activities	<u>48,290,822</u>	<u>3,256,635</u>	<u>21,605,503</u>	<u>51,455,530</u>
Total Primary Government Change in Net Position, After Special and Extraordinary Items	<u>\$ 91,681,516</u>	<u>\$ 33,570,837</u>	<u>\$ 18,194,325</u>	<u>\$ 33,221,360</u>

Source: City of Madison Finance Department

- 1 Beginning in 2015 Administration is included in the general government
- 2 Beginning in 2015 Parks is included in culture and recreation
- 3 December 31, 2014, restated net position for GASB 68
- 4 December 31, 2017, restated net position for GASB 75

Fiscal Year					
2017 <sup>4</sup>	2016	2015	2014 <sup>3</sup>	2013	2012
\$ 203,006,609	\$ 194,019,578	\$ 188,040,216	\$ 182,858,993	\$ 179,480,708	\$ 174,282,292
16,915,564	16,288,835	15,453,334	14,513,083	13,839,511	12,136,283
19,043,987	17,893,720	13,759,032	11,939,533	10,134,337	9,272,236
17,027,958	15,957,567	15,261,034	13,606,870	12,240,012	11,376,162
25,915,387	23,943,199	24,058,453	25,723,753	24,711,209	24,911,463
4,473,178	4,810,159	2,804,384	4,914,140	(673,893)	3,520,843
2,057,816	4,051,870	5,193,375	4,605,664	4,402,902	7,323,422
1,209,681	1,024,070	1,351,317	3,659,078	1,944,748	1,476,149
<u>(11,681,443)</u>	<u>(5,311,456)</u>	<u>(11,550,524)</u>	<u>(15,343,326)</u>	<u>(12,338,829)</u>	<u>(10,555,966)</u>
<u>\$ 277,968,737</u>	<u>\$ 272,677,542</u>	<u>\$ 254,370,621</u>	<u>\$ 246,477,788</u>	<u>\$ 233,740,705</u>	<u>\$ 233,742,884</u>
-	-	-	-	-	-
1,870,056	1,123,765	838,752	878,504	393,470	576,275
1,080,123	443,209	498,258	490,977	1,951,480	466,458
9,825	3,582	(1,080,767)	370,450	(1,778,331)	362,718
54,749	-	-	-	-	-
<u>11,681,443</u>	<u>5,311,456</u>	<u>11,550,524</u>	<u>15,343,326</u>	<u>12,338,829</u>	<u>10,555,966</u>
<u>\$ 14,696,196</u>	<u>\$ 6,882,012</u>	<u>\$ 11,806,767</u>	<u>\$ 17,083,257</u>	<u>\$ 12,905,448</u>	<u>\$ 11,961,417</u>
<u>\$ 292,664,933</u>	<u>\$ 279,559,554</u>	<u>\$ 266,177,388</u>	<u>\$ 263,561,045</u>	<u>\$ 246,646,153</u>	<u>\$ 245,704,301</u>
\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ 18,518,323
<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>
<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>	<u>\$ 35,039,286</u>
-	-	-	-	-	(25,560,378)
\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ (7,042,055)
<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>
<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>	<u>\$ 9,478,908</u>



Table 3

## CITY OF MADISON

FUND BALANCES, GOVERNMENTAL FUNDS  
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 3,615,426	\$ 3,740,399	\$ 4,209,585	\$ 3,570,997	\$ 6,676,920	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781
Restricted	763,680	763,680	779,273	822,139	-	-	-	-	-	-
Assigned	17,056,222	22,329,709	9,977,440	8,645,543	9,495,705	10,209,047	7,479,909	8,877,458	13,064,529	14,065,149
Unassigned	56,371,768	43,978,379	53,171,709	49,318,212	42,025,347	39,306,185	38,428,656	39,157,966	38,581,069	42,820,297
Total General Fund	<u>\$ 77,807,096</u>	<u>\$ 70,812,167</u>	<u>\$ 68,138,007</u>	<u>\$ 62,356,891</u>	<u>\$ 58,197,972</u>	<u>\$ 54,215,524</u>	<u>\$ 54,637,598</u>	<u>\$ 56,258,254</u>	<u>\$ 59,792,251</u>	<u>\$ 66,031,227</u>
All Other Governmental Funds										
Nonspendable	\$ 3,731,662	\$ 3,332,463	\$ 2,705,488	\$ 2,682,667	2,484,251	\$ 2,541,344	\$ 636,096	\$ 909,569	\$ -	\$ -
Restricted	195,479,558	174,940,774	123,797,287	134,274,680	154,674,606	110,607,410	73,582,930	80,105,535	-	-
Committed	1,944,324	3,144,761	4,458,560	12,435,477	1,007,604	1,591,645	4,552,377	3,103,793	-	-
Assigned	13,996,121	15,193,759	8,352,618	21,407,705	15,421,485	20,533,818	19,028,843	9,211,062	-	-
Unassigned (deficit)	-	(2,942,965)	-	(11,323,728)	(15,553,974)	-	-	(1,300,500)	-	-
Total All Other Governmental Funds	<u>\$ 215,151,665</u>	<u>\$ 193,668,792</u>	<u>\$ 139,313,953</u>	<u>\$ 159,476,801</u>	<u>\$ 158,033,972</u>	<u>\$ 135,274,217</u>	<u>\$ 97,800,246</u>	<u>\$ 92,029,459</u>	<u>\$ 101,321,844</u>	<u>\$ 105,437,043</u>
Total Fund Balances	<u>\$ 292,958,761</u>	<u>\$ 264,480,959</u>	<u>\$ 207,451,960</u>	<u>\$ 221,833,692</u>	<u>\$ 216,231,944</u>	<u>\$ 189,489,741</u>	<u>\$ 152,437,844</u>	<u>\$ 148,287,713</u>	<u>\$ 161,114,095</u>	<u>\$ 171,468,270</u>

Source: City of Madison Finance Department

Table 4

## CITY OF MADISON

### CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
<b>REVENUES</b>				
Taxes	\$ 302,476,710	\$ 282,957,266	\$ 281,679,794	\$ 280,873,801
Special assessments	3,450,558	3,602,951	4,275,595	4,294,695
Intergovernmental	85,050,941	57,501,002	53,026,886	46,151,555
Licenses and permits	8,669,008	6,777,447	7,700,349	8,223,531
Fines and forfeitures	4,843,905	3,902,015	6,452,870	6,360,901
Intergovernmental charges for services	2,711,804	7,451,554	8,895,746	4,998,982
Public charges for services	32,320,119	27,763,211	25,964,230	22,471,566
Investment income	1,061,190	5,897,383	10,239,976	7,333,935
Grants and donations	-	-	-	-
Miscellaneous	3,360,896	2,122,070	9,776,653	2,857,539
Total Revenues	<u>\$ 443,945,131</u>	<u>\$ 397,974,899</u>	<u>\$ 408,012,099</u>	<u>\$ 383,566,505</u>
<b>EXPENDITURES</b>				
Current				
General government	35,667,873	36,388,954	37,782,876	35,804,545
Administration	-	-	-	-
Public safety	153,352,890	152,915,661	141,678,912	136,200,771
Public works and transportation	59,818,181	56,052,468	49,812,437	48,124,008
Culture and recreation	35,462,392	35,808,899	38,601,471	36,377,166
Planning and development	80,216,662	32,563,191	40,343,000	40,853,027
Capital Outlay	40,882,641	44,141,333	98,526,072	120,587,477
Debt service				
Principal retirement	86,634,779	80,381,093	62,776,875	63,584,609
Interest and fiscal charges	13,198,761	13,909,701	13,896,552	12,404,803
Total Expenditures	<u>\$ 505,234,179</u>	<u>\$ 452,161,300</u>	<u>\$ 483,418,195</u>	<u>\$ 493,936,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (61,289,048)</u>	<u>\$ (54,186,401)</u>	<u>\$ (75,406,096)</u>	<u>\$ (110,369,901)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation debt issued	87,524,493	60,452,362	64,654,330	87,675,220
General obligation refunding debt issued	-	45,978,388	-	-
Premium on debt issued	8,647,860	2,443,803	6,325,495	4,759,354
Interest on capital leases	-	-	-	3,960,000
Sale of capital assets	1,706,684	79,408	80,999	812,802
Transfers in	101,618,524	87,818,405	102,540,800	113,518,626
Transfers out	<u>(109,730,711)</u>	<u>(85,556,966)</u>	<u>(112,577,261)</u>	<u>(123,047,235)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 89,766,850</u>	<u>\$ 111,215,400</u>	<u>\$ 61,024,363</u>	<u>\$ 87,678,767</u>
Net Change in Fund Balances	<u>\$ 28,477,802</u>	<u>\$ 57,028,999</u>	<u>\$ (14,381,733)</u>	<u>\$ (22,691,134)</u>
Debt services as a percentage of non-capital expenditures	21.32 %	22.98 %	19.2 %	19.8 %

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 'non-capital expenditures'. The non-capitalized portion of capital outlay can be found on page 53.
- 4 Beginning in 2017, smaller donations for the library were reclassified to miscellaneous revenue.

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 255,994,118	\$ 244,159,701	\$ 232,513,616	\$ 222,918,478	\$ 215,694,569	\$ 207,066,973
3,603,220	3,380,545	6,510,649 <sup>1</sup>	3,555,076	3,433,496	3,253,150
47,533,164	44,713,157	48,120,548	42,048,795	42,699,076	45,199,898
8,003,350	9,638,235	6,975,916	5,563,190	5,694,748	5,060,653
6,614,108	7,694,509	7,012,225	6,583,550	7,003,338	7,116,451
-	-	-	-	-	-
31,423,696	24,096,115	23,560,642	12,349,216	11,674,054	10,241,783
4,328,764	4,721,172	2,750,270	4,712,405	(928,585)	4,246,576
- <sup>4</sup>	1,094,437	326,485	691,517	2,875,771	4,810,756
3,185,339	2,112,144	5,017,982	11,606,825	14,295,196	12,524,831
<u>\$ 360,685,759</u>	<u>\$ 341,610,015</u>	<u>\$ 332,788,333</u>	<u>\$ 310,029,052</u>	<u>\$ 302,441,663</u>	<u>\$ 299,521,071</u>
35,066,148	35,057,714	30,180,556	4,790,434	1,645,978	1,367,452
-	-	- <sup>2</sup>	21,328,316	19,942,313	19,827,118
130,557,767	127,780,666	121,413,860	114,952,846	113,057,244	110,238,776
43,994,136	44,207,213	45,448,660	56,788,138	55,384,932	45,844,762
37,585,445	31,595,640	32,842,736	13,275,660	12,533,252	11,539,516
36,710,172	34,556,301	29,073,026	34,043,194	34,687,925	41,005,823
73,795,990	41,803,806	74,653,601	57,605,100	58,901,304	59,618,224
54,504,739	59,714,249	53,233,284	47,826,378	47,589,243	40,480,575
11,278,441	11,545,249	11,247,273	10,959,890	11,439,196	10,721,148
<u>\$ 423,492,838</u>	<u>\$ 386,260,838</u>	<u>\$ 398,092,996</u>	<u>\$ 361,569,956</u>	<u>\$ 355,181,387</u>	<u>\$ 340,643,394</u>
<u>\$ (62,807,079)</u>	<u>\$ (44,650,823)</u>	<u>\$ (65,304,663)</u>	<u>\$ (51,540,904)</u>	<u>\$ (52,739,724)</u>	<u>\$ (41,122,323)</u>
87,634,104	71,076,662	66,802,278	42,529,234	48,926,937	61,134,431
-	10,610,598	6,698,966	-	-	-
6,602,862	5,069,697	4,865,460	4,757,647	4,172,560	5,578,933
-	-	-	-	-	-
2,582,286	628,630	1,351,317	3,659,078	1,944,748	1,476,149
85,584,748	78,898,569	74,112,020	73,033,560	72,023,687	57,514,330
<u>(92,854,718)</u>	<u>(84,581,436)</u>	<u>(84,375,247)</u>	<u>(85,264,997)</u>	<u>(84,682,383)</u>	<u>(68,809,660)</u>
<u>\$ 89,549,282</u>	<u>\$ 81,702,720</u>	<u>\$ 69,454,794</u>	<u>\$ 38,714,522</u>	<u>\$ 42,385,549</u>	<u>\$ 56,894,183</u>
<u>\$ 26,742,203</u>	<u>\$ 37,051,897</u>	<u>\$ 4,150,131</u>	<u>\$ (12,826,382)</u>	<u>\$ (10,354,175)</u>	<u>\$ 15,771,860</u>
18.2 %	20.2 %	18.9 %	19.1 %	19.1 % <sup>3</sup>	18.2 %

Table 5

## CITY OF MADISON

### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

*(in thousands)*

Fiscal Year	Levy Year						Personal Property <sup>5</sup>	Total Assessed Value <sup>1</sup>	Less: TIF Increment Value <sup>2</sup>	Total Taxable Assessed Value	Total Direct Tax Rate	Equalized Value	Ratio of Assessed to Equalized <sup>3</sup>
		Residential	Commercial	Manufacturing	Agricultural	Other							
2021	2020	\$ 20,126,193	\$ 11,544,662	\$ 385,138	\$ 5,411	\$ 4,720	\$ 665,046	\$ 32,731,170	\$ 1,572,209	31,158,961	8.67 %	32,940,368	99.4 %
2020	2019	18,787,992	11,113,686	359,257	4,034	10,648	660,121	30,935,738	1,416,204	29,519,534	8.90	33,036,794	93.6
2019	2018	17,836,985	10,359,906	351,400	4,266	15,937	619,613	29,188,107	1,092,809	28,095,298	9.04	30,910,698	94.4
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 <sup>4</sup>	2016	15,736,372	9,513,217	261,837	3,980	18,555	751,388	26,285,349	1,226,207	25,059,142	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	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

Source: Statement of Assessment for the City of Madison

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

<sup>2</sup> TIF assessments are taxable only to the districts

<sup>3</sup> Assessment ratio is calculated by the State of Wisconsin Equalization Board

<sup>4</sup> Amended Statement of Assessment submitted to Wisconsin Department of Revenue

<sup>5</sup> The change in personal property value is due to a change in state law exempting certain personal property from taxation

Table 6

## CITY OF MADISON

### DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			
	Library	General Fund	Total Direct	Madison School District <sup>1</sup>	Dane County	State of Wisconsin <sup>2</sup>	Madison Area Technical College
2021	\$ 0.64	\$ 8.04	\$ 8.67	\$ 11.92	\$ 2.84	- \$	0.92
2020	0.68	8.24	8.90	11.78	2.87	-	0.94
2019	0.66	8.42	9.04	11.58	2.91	-	0.95
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

Source: Annual City of Madison Adopted Operating Budget

<sup>1</sup> This rate is only for the Madison Metropolitan School District.

<sup>2</sup> 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 TAXPAYERS Prior Year and Ten Years Ago

Tax Payer	2020			2011		
	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	\$ 172,175,000	1	0.58 %	\$ 187,321,500	1	0.88 %
CG Growth LLC	164,765,000	2	0.56	-		-
American Family Insurance	132,966,300	3	0.45	161,884,600	2	0.76
Core Campus Madison LLC	89,500,000	4	0.30	-		-
University Research Park, Inc.	88,773,500	5	0.30	-		-
Covance Laboratories, Inc.	78,699,000	6	0.27	117,254,300	4	0.55
Core Campus II Madison LLC	76,700,000	7	0.26	-		-
777 University Ave LLC	67,078,700	8	0.23	-		-
AX Madison Junction LP	62,830,000	9	0.21	-		-
Domain Apartments LLC	57,070,000	10	0.19	-		-
Wingra Building Group/Dean Medical Center	-		-	119,687,500	3	0.56
Gialamas Company	-		-	98,983,300	5	0.46
Terrance R. Wall	-		-	96,292,500	6	0.45
Mullins, Carol	-		-	82,243,200	7	0.39
McAllen Properties LLC/McAllen Investments LP	-		-	64,626,600	8	0.30
CUNA Mutual Group	-		-	61,993,600	9	0.29
Hilldale Building Co LLC	-		-	42,248,800	10	0.20
<b>Total</b>	<b>\$ 990,557,500</b>		<b>3.35 %</b>	<b>\$ 1,032,535,900</b>		<b>4.85 %</b>

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 Year <sup>1</sup>	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of the Levy in Subsequent Years	Total Collections to Date <sup>1</sup>	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2021	2020	\$ 255,933,573	\$ 254,746,725	99.54 %	\$ -	\$ 254,746,725	99.54 %
2020	2019	250,016,152	249,178,049	99.66	692,061	249,870,110	99.94
2019	2018	241,829,722	240,941,642	99.63	754,115	241,695,757	99.94
2018	2017	231,041,537	229,767,881	99.45	1,214,599	230,982,480	99.97
2017	2016	219,728,630	219,181,700	99.75	482,333	219,664,033	99.97
2016	2015	209,856,552	209,124,596	99.65	671,644	209,796,240	99.97
2015	2014	202,870,333	202,157,694	99.65	613,578	202,771,272	99.95
2014	2013	198,441,725	197,888,080	99.72	479,688	198,367,768	99.96
2013	2012	193,400,074	192,614,826	99.59	667,104	193,281,930	99.94
2012	2011	186,737,361	186,183,242	99.70	437,229	186,620,471	99.94

Source: City of Madison Finance Department

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

<sup>1</sup> Collections as of January 31, 2021.

Table 9

## CITY OF MADISON

### RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Debt <sup>1</sup>	Restricted Debt Service <sup>2</sup>	Net General Obligation Debt	Ratio of Net General Obligation Debt to Equalized Property Value <sup>3</sup>	Net General Obligation Debt Per Capita <sup>4</sup>
2021	\$ 598,306,424	\$ 18,819,139	\$ 579,487,285	1.76 %	\$ 2,219
2020	602,019,368	15,241,038	586,778,330	1.78	2,263
2019	548,761,844	19,692,455	529,069,389	1.71	2,070
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

Source: City of Madison Finance Department

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

<sup>1</sup> Gross General Obligation Debt years 2010 - 2012 do not include premium/discount.

<sup>2</sup> "Restricted/Reserved Debt Service Funds" prior to 2013.

<sup>3</sup> Wisconsin uses equalized value for calculating legal debt limit. Equalized property value data can be found in Table 5: Assessed and Actual Value of Taxable Property on page 219.

<sup>4</sup> Population data can be found in Table 15: Demographic and Economic Statistics, on page 229.



Table 10

## CITY OF MADISON

### RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>3</sup>	Per Capita
	General Obligation Debt <sup>1</sup>	Capital Leases	General Obligation Debt	Revenue Bonds <sup>2</sup>		Capital Leases			
				Water Utility	Sanitary Sewer Utility				
2021	\$ 529,243,688	\$ 820,000	\$ 69,062,736	\$ 207,796,320	\$ 49,811,881	\$ -	\$ 856,734,625	4.82 %	\$ 3,305
2020	526,266,750	1,620,000	75,752,618	218,334,794	59,299,893	-	881,274,055	5.11	3,408
2019	486,801,626	2,405,000	61,960,218	226,823,268	44,342,529	260,500	822,593,141	5.06	3,218
2018	466,130,630	3,170,000	46,255,016	222,179,105	52,606,786	1,025,500	791,367,037	5.24	3,134
2017	433,330,438	4,181,585	41,340,518	187,690,887	42,900,834	1,765,500	711,209,762	5.00	2,844
2016	395,721,685	4,881,585	38,063,463	197,686,093	46,572,358	2,510,500	685,435,684	4.99	2,773
2015	367,176,802	5,506,585	37,361,066	179,666,207	34,115,796	3,275,500	627,101,956	4.87	2,589
2014	342,207,487	6,061,585	35,129,619	141,968,952	36,790,831	4,020,500	566,178,974	4.58	2,358
2013	339,230,797	9,446,585	33,547,350	147,452,311	32,972,504	4,720,500	567,370,047	4.67	2,395
2012	312,594,109	15,163,679	29,754,727	121,510,000	35,130,000	6,715,000	520,867,515	4.49	2,220

Source: City of Madison Finance Department

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

<sup>1</sup> General Obligation Debt years 2010 - 2012 do not include premium/discount.

<sup>2</sup> Revenue Bonds years 2010 - 2012 do not include premium.

<sup>3</sup> See Table 15: Demographic and Economic Statistics on page 229 for personal income and population data.

Table 11

## CITY OF MADISON

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of December 31, 2021

Government Unit	Governmental Activities Debt Outstanding	Percentage Applicable to City	Amount Applicable to City <sup>2</sup>
<b>Direct</b>			
City of Madison	\$ 530,063,688	100.00 %	\$ 530,063,688
<b>Indirect</b>			
Dane County School Districts: <sup>1</sup>	432,240,000	43.34	187,332,816
DeForest	136,333,632	9.41	12,828,995
Madison Metropolitan	144,820,000	89.27	129,280,814
McFarland	59,255,000	9.85	5,836,618
Middleton-Cross Plains	190,470,000	21.74	41,408,178
Monona Grove	83,285,000	0.11	91,614
Sun Prairie Area	330,690,000	15.16	50,132,604
Verona	157,768,998	3.67	5,790,122
Waunakee Community	61,090,000	2.48	1,515,032
Madison Area Technical College	<u>184,145,000</u>	31.61	<u>58,208,235</u>
Total Overlapping	<u>\$ 1,780,097,630</u>		<u>\$ 492,425,028</u>
Total Direct and Overlapping	<u>\$ 2,310,161,318</u>		<u>\$ 1,022,488,716</u>

Source: City of Madison Finance Department

- <sup>1</sup> Under Wisconsin annexation laws, properties annexed from one municipality to another do not automatically change school districts. Therefore, portions of the City of Madison are in seven school districts in addition to the Madison Metropolitan School District.
- <sup>2</sup> The percent applicable to the City is calculated by dividing the City's equalized value into the total equalized value of the indirect debt entity.

Table 12

## CITY OF MADISON

### LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

<i>(in thousands)</i>	Fiscal Year					Fiscal Year				
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Equalized Value <sup>1</sup>	\$ 32,940,368	\$ 33,036,794	\$ 30,910,698	\$ 28,727,408	\$ 26,768,654	\$ 24,596,422	\$ 23,685,668	\$ 22,710,892	\$ 21,853,251	\$ 21,697,081
Debt limit <sup>2</sup>	1,647,018	1,651,840	1,545,535	1,436,370	1,338,433	1,229,821	1,184,283	1,135,545	1,092,663	1,084,854
Debt Applicable to Limit										
General Obligation Debt	562,693	569,848	519,336	484,747	447,740	409,860	381,836	355,769	352,797	342,349
General Obligation Debt - Joint Venture	1,682	2,005	2,055	2,314	905	745	559	676	698	696
Total debt applicable to debt limit	<u>\$ 564,375</u>	<u>\$ 571,853</u>	<u>\$ 521,391</u>	<u>\$ 487,061</u>	<u>\$ 448,645</u>	<u>\$ 410,605</u>	<u>\$ 382,395</u>	<u>\$ 356,445</u>	<u>\$ 353,495</u>	<u>\$ 343,045</u>
Less: Debt Service fund available for payment of principal	<u>\$ 18,819</u>	<u>\$ 15,241</u>	<u>\$ 19,692</u>	<u>\$ 17,648</u>	<u>\$ 16,951</u>	<u>\$ 15,658</u>	<u>\$ 15,029</u>	<u>\$ 16,528</u>	<u>\$ 16,405</u>	<u>\$ 23,975</u>
Net debt applicable to debt limit	<u>\$ 545,556</u>	<u>\$ 556,612</u>	<u>\$ 501,699</u>	<u>\$ 469,413</u>	<u>\$ 431,694</u>	<u>\$ 394,947</u>	<u>\$ 367,366</u>	<u>\$ 339,917</u>	<u>\$ 337,090</u>	<u>\$ 319,070</u>
Total debt applicable to the limit as a percentage of debt limit	34.3 %	34.6 %	33.7 %	33.9 %	33.5 %	33.4 %	32.3 %	31.4 %	32.4 %	31.6 %

<sup>1</sup> Source: Wisconsin Department of Revenue

<sup>2</sup> In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's Jurisdiction.

Table 13

## CITY OF MADISON

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

Fiscal Year	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest <sup>3</sup>	
2021	\$ 47,812,020	\$ 37,549,401	\$ 10,262,619	\$ 4,340,000 <sup>6</sup>	\$ 1,705,635	1.70
2020	43,000,162	36,217,953	6,782,209	3,605,000 <sup>5</sup>	1,577,583	1.31
2019	41,788,314	33,524,128	8,264,186	3,490,000	1,857,893	1.55
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 <sup>4</sup>	1,391,516	1.66
2014	33,841,450	25,705,916	8,135,534	2,015,000	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

Source: City of Madison Finance Department

Note: Sewer Revenue Bonds are now backed by sewer rates only. Prior to 2020, the Sewer Revenue Bonds were also backed by landfill remediation fees.

<sup>1</sup> Operating Revenues plus investment income.

<sup>2</sup> Total Operating Expenses do not include interest, depreciation or amortization expenses.

<sup>3</sup> Gross interest. Amount is not net of tax credits, when available.

<sup>4</sup> Actual principal paid in 2014 was \$6,680,000 in order to retire \$4,665,000 of 2006 Revenue Bonds.

<sup>5</sup> Actual principal paid in 2019 was \$8,095,000 in order to retire \$4,605,000 of 2008 Revenue Bonds.

<sup>6</sup> Actual principal paid in 2021 was \$9,175,000 in order to retire \$4,835,000 of 2010 Revenue Bonds.

Table 14

## CITY OF MADISON

### PLEDGED REVENUE COVERAGE - WATER UTILITY Last Ten Fiscal Years

Fiscal Year	Gross Revenue <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Available Revenues for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest <sup>3</sup>	
2021	\$ 48,080,279	\$ 15,927,457	\$ 32,152,822	\$ 12,705,000	\$ 5,999,067	1.72
2020	45,440,204	16,979,254	28,460,950	7,455,000	6,810,091	2.00
2019	44,956,425	17,285,238	27,671,187	9,255,000	8,837,736	1.53
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

Source: City of Madison Finance Department

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

<sup>1</sup> Operating Revenues plus investment income.

<sup>2</sup> Total Operating Expenses do not include interest, depreciation or amortization expenses.

<sup>3</sup> 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

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup> ( <i>in thousands</i> )	Per Capita Personal Income <sup>3</sup>		Annualized Unemployment Rates <sup>4</sup>		
			Dane County	State of Wisconsin	City of Madison	Dane County	State of Wisconsin
2021	259,233	\$ 17,772,835	\$ 68,559	\$ 58,564	2.8 %	2.8 %	3.8 %
2020	257,197	16,999,179	66,094	55,030	4.8	4.8	6.3
2019	255,650	16,280,559	63,683	52,417	2.4	2.4	3.3
2018	252,546	15,461,119	61,221	50,818	2.2	2.2	3.0
2017	250,073	14,550,247	58,184	48,741	2.3	2.4	3.3
2016	247,207	13,954,835	56,450	47,205	2.9	2.9	4.1
2015	242,216	13,319,942	54,992	46,548	3.1	3.2	4.6
2014	240,153	12,505,967	52,075	44,709	3.7	3.8	5.5
2013	236,900	11,919,860	50,316	43,050	4.6	4.6	6.7
2012	234,625	11,566,309	49,297	42,944	4.7	4.7	6.9

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

<sup>2</sup> Personal income is computed by multiplying City population by County per capita personal income.

<sup>3</sup> Source - Bureau of Economic Analysis - U.S. Department of Commerce, except for 2021 Dane County, which is an estimate based on the prior nine years of growth.

<sup>4</sup> Source - Department of Workforce Development - State of Wisconsin - Annualized Unemployment Rates.

Table 16

## CITY OF MADISON

### PRINCIPAL EMPLOYERS Prior Year and Ten Years Ago

Employer	2020			2011		
	Employees <sup>1</sup>	Rank	Percentage of Total Area Employment <sup>2</sup>	Employees <sup>3</sup>	Rank	Percentage of Total Area Employment
State of Wisconsin	44,708 <sup>4,5</sup>	1	11.43 %	16,300	1	5.03 %
University of Wisconsin	24,398 <sup>4,5</sup>	2	6.24	16,000	2	4.94
UW Health	15,112 <sup>6</sup>	3	3.86	7,615	3	2.35
Epic Systems	9,600	4	2.46	3,550	8	1.10
SSM Health Care	6,660 <sup>5</sup>	5	1.70	-	-	-
United States Government	5,739	6	1.47	4,990	5	1.54
American Family Mutual Insurance Group	4,173 <sup>5</sup>	7	1.07	3,850	6	1.19
Madison Metropolitan School District	4,028 <sup>5</sup>	8	1.03	6,144	4	1.90
UnityPoint Health - Meriter	3,125	9	0.80	3,000	10	0.93
City of Madison	3,101	10	0.79	-	-	-
University of Wisconsin Medical Foundation	-	-	-	3,644	7	1.13
Dean Health Systems	-	-	-	3,540	9	1.09
<b>Total</b>	<b>120,644</b>		<b>30.85 %</b>	<b>68,633</b>		<b>21.20 %</b>

<sup>1</sup> Sources: Madison InBusiness, 2020 Report; Dane County; UW Madison 2020-2021 Data Digest

<sup>2</sup> Source: Wisconsin Department of Workforce Development for Madison MSA.

<sup>3</sup> Source: Telephone survey of individual employers, August 2011

<sup>4</sup> Includes full- and part-time, limited term and student employees.

<sup>5</sup> Includes full- and part-time employees.

<sup>6</sup> Includes all State and University of Wisconsin employees within Dane County.

Table 17

## CITY OF MADISON

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

Function/Program	Full-time Equivalent Employees (FTEs)			
	2021	2020	2019	2018
<b>Public Safety and Health</b>				
Fire	417	413	411	411
Police	598	604	599	588
Public Health - Madison and Dane County <sup>1</sup>	157	146	143	138
Office of Independent Monitor	3	-	-	-
<b>General Government</b>				
Common Council	4	4	4	4
Mayor	12	12	12	12
Municipal Court	5	5	5	5
<b>Administration</b>				
Department of Civil Rights	19	18	18	18
Attorney	24	25	26	26
Assessor	24	24	24	24
Clerk	10	10	9	9
Treasurer	-	-	-	6
Finance	-	-	-	41
Information Technology	54	54	54	54
Human Resources	18	18	18	17
Employee Assistance Program <sup>2</sup>	4	4	4	3
Finance/City Treasurer <sup>5</sup>	48	48	47	-
<b>Public Facilities</b>				
Monona Terrace	55	55	55	55
<b>Department of Public Works and Transportation</b>				
Engineering	144	144	117	115
Sewer Utility <sup>3</sup>	17	17	38	36
Stormwater Utility <sup>3</sup>	12	12	15	12
Parks	138	140	171	172
Golf Enterprise	8	8	8	8
Streets	229	227	191	193
Water Utility	130	130	130	130
Metro Transit	462	462	457	473
Traffic Engineering	67	66	67	66
Parking Utility	75	75	75	71
Fleet Services	39	43	43	43



Full-time Equivalent Employees (FTEs)

2017	2016	2015	2014	2013	2012
393	393	389	390	389	389
584	593	586	581	580	580
138	138	136	135	134	152
-	-	-	-	-	-
2	2	2	2	2	2
12	12	12	12	12	12
5	5	5	5	5	5
16	16	15	15	15	15
27	27	27	27	27	27
24	24	24	24	24	24
9	8	8	7	7	7
6	6	5	5	5	5
42	42	39	38	38	39
53	53	49	48	47	47
16	16	18	18	18	19
3	3	-	-	-	-
-	-	-	-	-	-
55	55	55	55	55	58
112	77	149	143	138	137
35	44	-	-	-	-
11	39	-	-	-	-
167	165	161	148	144	144
8	8	8	8	8	7
190	187	183	177	177	177
130	130	129	128	128	127
476	474	472	472	466	461
64	63	64	62	62	61
71	69	70	74	75	75
43	43	43	43	43	44

Table 17 (Cont.)

## CITY OF MADISON

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

Function/Program	Full-time Equivalent Employees (FTEs)			
	2021	2020	2019	2018
Department of Planning & Community & Economic Development				
Office of the Director of Planning and Community and Economic Development	5	8	8	8
Community Development Authority Housing Operations and Redevelopment	53	52	49	43
Community Development Division <sup>4</sup>	42	41	41	41
Economic Development Division	20	19	18	17
Planning Division	35	32	32	36
Building Inspection Division	44	46	46	46
Library	135	139	137	135
Total	3,107	3,101	3,072	3,056

Source - City's Annual Operating Budget

- <sup>1</sup> All Public Health Madison Dane County staff are County employees as of 2012.
- <sup>2</sup> Employee Assistance Program was created in 2016. Its functions were previously included in Human Resources.
- <sup>3</sup> The City Engineer serves as the manager of the Sewer and Stormwater Utilities.
- <sup>4</sup> In 2012, 18 FTE's were moved to the Community Development Block Grant Office. Effective with the 2016 budget, Community Development Block Grant personnel have been moved to the Community Development Division.
- <sup>5</sup> The Finance and Treasurer's departments were consolidated in 2019.

Full-time Equivalent Employees (FTEs)						
2017	2016	2015	2014	2013	2012	
8	8	8	7	7	7	
43	43	41	40	41	40	
39	39	37	36	38	38	
17	16	16	18	18	19	
36	32	32	30	29	28	
45	48	47	47	47	46	
131	131	128	127	124	119	
3,011	3,009	2,958	2,922	2,903	2,911	

Table 18

## CITY OF MADISON

### OPERATING INDICATORS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Government				
Information Technology				
Webpage visits	7,144,554	5,896,319	6,114,219	5,439,856
Online payments transactions	511,281	468,774	423,443	301,479
Public Safety				
Fire				
EMS responses	24,170	22,865	21,667	21,716
Fire/service responses	6,174	10,111	9,357	8,810
Fires extinguished	342	361	412	476
Public Health				
Inspections/Pre-inspections	858	2,990	1,233	1,318
Police				
Calls for service	125,272 <sup>3</sup>	216,867	211,507	212,196
Arrests	6,583 <sup>4</sup>	13,797	12,455	12,039
Citations	2,289	3,711	4,193	4,928
Traffic violations	6,712	13,884	14,128	17,843
Public works and transportation				
Metro Transit				
Annual rides	4,639,909	12,856,514	13,230,698	12,817,077
Annual miles	4,417,771	5,084,961	5,109,240	5,075,010
Fleet Services				
Work Orders	8,435	9,552	8,570	3,073
Parking Utility				
Ramp Occupancy	35 %	64 %	69 %	70 %
Streets				
Tons of debris swept	5,950	7,837	4,802	4,551
Refuse collected (tons)	46,187	42,909	43,155	43,352
Recyclables collected (tons)	18,043	17,763	18,999	19,344
Sewer Utility				
Average annual residential customer volume (gallons)	47,473	44,132	46,376	47,124
Water Utility				
Main replacement (miles)	9.22	2.51	9.22	11.52
Gallons pumped (millions)	9,223	8,973	9,223	9,419
Water main breaks (per mile)	0.252	0.255	0.252	0.208
Mains added	15.35	7.13	15.35	21.49

<u>2016<sup>2</sup></u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
6,057,900	6,343,573	6,544,987	5,808,882	5,543,502	5,333,097
270,728	353,462	212,866	139,542	152,951	147,290
21,291	18,348	19,599	20,541	19,698	18,409
8,762	6,839	6,215	5,879	5,500	5,257
411	459	412	534	479	-
1,418	1,363	1,258	1,387	1,271	1,348
212,601	212,376	206,648	203,394	203,087	211,802
11,969	14,020	9,726	9,421	11,378	12,089
5,851	7,203	7,142	8,376	10,432	11,373
20,966	23,316	19,872	22,878	25,195	21,844
13,305,291	14,358,261	15,492,317	15,001,760	14,592,214	14,923,969
5,050,916	5,070,813	5,040,007	4,922,010	4,822,865	4,818,879
2,394	2,588	2,084	1,321	1,735	1,491
72 %	71 %	71 %	66 %	64 %	64 %
4,351	7,256	7,539	5,674	4,820	6,526
42,525	44,866	41,680	40,367	40,367	38,561
19,228	19,379	19,225	19,401	19,401	18,949
50,864	52,360	49,368	55,352	55,352	53,856
10.70	6.45	7.80	5.06	6.55	10.00
9,848	9,977	10,099	10,058	10,659	10,320
0.247	0.240	0.440	0.350	0.280	0.300
16.60	8.60	4.90	3.50	2.41	4.08

Table 18 (Cont.)

## CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Planning and development				
Inspection Unit				
Inspections	43,519	56,072	57,866	52,854
Housing Operations				
Households served	2,583	2,617	2,563	2,490
Community Services				
Children receiving child care from an accredited facility	44.40 %	47.99 %	48.00 %	49.28 %
Seniors in city funded activities				
Senior Center				
Number of visits	5,882	37,988	38,609	38,521
Number of events	811	3,084	2,952	3,108
New visitors	- <sup>5</sup>	764	775	866
Culture and recreation				
Library				
Circulation	1,289,737	3,454,156	3,575,215	3,698,903
Visits	415,397	1,779,552	1,911,287	1,965,014
Registered borrowers	144,831	157,557	158,977	168,443
Internet uses	55,603	227,370	655,599	917,107
Parks				
General park (shelter) reservations	149	1,717	1,594	1,598
Athletic Field reservations	1,934	10,074	7,956	8,362
Recreation center attendance	39,852	250,059	226,215	221,000
Special events held	121	475	489	521
Calls for service - Forestry	3,789	3,918	4,119	4,415
Visitors - Olbrich Gardens	138,925	322,149	335,153	325,530
Municipal Pool				
Attendance	14,601	34,971	33,265	46,469
Golf Enterprise				
Rounds (18 holes)	134,818	99,036	77,510	100,004
Monona Terrace				
Conventions and Conferences	10	60	62	60

Source: 2009 - 2015 Madison Measures &amp; Departmental Annual Reports

Note: Departmental Annual Reports available for prior ten years

- <sup>1</sup> Seniors in city funded activities is no longer available.
- <sup>2</sup> Beginning in 2016, the source for the data is Departmental Annual Reports and Departmental Databases.
- <sup>3</sup> Beginning in 2020, calls for service is measured as calls where an MPD officer responded, as opposed to all calls received.
- <sup>4</sup> Beginning in 2020, MPD began reporting distinct arrests as opposed to total arrests to avoid double-counting individuals arrested for multiple charges.
- <sup>5</sup> No new visitors recorded at the Senior Center due to its being closed during the COVID-19 pandemic.

<u>2016<sup>2</sup></u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
54,113	48,023	52,166	51,220	47,579	46,131
2,528	2,404	2,432	2,456	2,460	2,427
51.30 %	50.00 %	49.00 %	50.00 %	49.00 %	58.00 %
		-	- <sup>1</sup>	5,200	5,200
41,106	38,828	42,263	41,460	46,675	42,518
2,871	2,777	2,829	2,864	3,112	3,020
817	889	7,422	7,971	10,086	7,597
3,800,000	3,950,000	3,841,997	4,085,341	4,122,191	4,398,343
2,170,000	2,150,000	2,152,731	2,053,449	2,020,557	2,241,086
170,420	165,855	163,934	162,374	167,717	156,285
769,704	708,214	813,880	686,444	682,034	721,431
1,765	1,590	1,570	1,426	1,524	1,409
8,700	8,358	7,325	8,021	7,531	7,751
209,000	64,495	63,315	57,277	267,757	305,751
350	245	130	130	110	116
5,068	4,336	4,264	4,233	4,553	3,542
300,396	289,540	279,090	252,750	252,750	245,183
46,400	52,140	49,503	66,000	68,752	65,692
109,934	107,212	79,122	77,824	82,055	74,658
67	63	54	67	65	62

Table 19

## CITY OF MADISON

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Public Safety				
Fire				
Fire Stations	14	14	14	13
Public works and transportation				
Metro Transit				
Shelters	221	223	222	222
Buses (incl. Paratransit)	217	218	215	232
Fleet Services				
Vehicles	1,334	1,361	1,238	1,011
Parking Utility				
Ramps	6	6	6	6
Surface Lots	6	6	6	6
Parking Spaces	6,250	6,203	6,215	6,142
Traffic Engineering				
Miles of Streets	821	815	800	795
Water Utility				
Water main (miles)	892	906	892	895
Hydrants	9,117	9,184	9,117	9,004
Valves	25,976	26,282	25,976	27,381
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	955,688	947,490	965,277	961,596
Parks				
Parks	279	279	275	274
Acreage of Parks (rounded to nearest 100th)	5,700	5,700	5,600	5,600
Beaches	12	12	12	12
Shelters	27	25	25	22
Recreational Facilities	1	1	1	1
Municipal Pool				
Pool facilities	1	1	1	1
Golf Enterprise				
Golf courses	4	4	4	4

Source: 2009 - 2015 Madison Measures & Departmental Annual Reports

<sup>1</sup> Beginning in 2016, the source for the data is Departmental Annual Reports and Departmental Databases.



2016 <sup>1</sup>	2015	2014	2013	2012	2011
13	13	13	12	12	12
208	208	208	208	211	211
232	232	231	228	228	229
1,169	1,166	1,278	1,152	1,144	1,144
5	5	5	5	5	5
7	7	7	7	7	7
5,506	5,589	5,426	5,548	6,300	6,300
790	785	780	777	773	772
884	867	859	854	850	847
8,956	8,882	8,751	8,669	8,615	8,555
25,126	21,525	21,114	20,804	20,564	20,332
9	9	9	9	9	9
957,562	943,507	936,975	831,296	863,645	841,929
275	274	270	261	260	260
6,000	6,000	6,000	6,000	6,000	6,000
12	12	12	12	12	12
22	21	21	20	20	20
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4