

C i t y o f M a d i s o n

2019 Comprehensive Annual Financial Report



As of and for the year ended December 31, 2019

S a t y a R h o d e s - C o n w a y
M a y o r

CITY OF MADISON
Madison, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

As of and for the Year Ended
December 31, 2019

Prepared By:

FINANCE DEPARTMENT STAFF

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Transmittal Letter	1 – 7
Certificate of Achievement for Excellence in Financial Reporting	8
List of Principal Officers	9 – 10
Organizational Chart	11
II. FINANCIAL SECTION	
Independent Auditors' Report	12 – 14
Required Supplementary Information	
Management's Discussion and Analysis	15 – 42
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	43 – 44
Statement of Activities	45 – 46
Fund Financial Statements	
Balance Sheet – Governmental Funds	47 – 50
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	51
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	52 – 53
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	54
Statement of Net Position – Proprietary Funds	55 – 58
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	59 – 60
Statement of Cash Flows – Proprietary Funds	61 – 64

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2019

TABLE OF CONTENTS (cont.)

II. FINANCIAL SECTION (cont.)	<u>Page</u>
Basic Financial Statements (cont.)	
Fund Financial Statements (cont.)	
Statement of Fiduciary Net Position – Custodial Funds	65
Statement of Changes in Fiduciary Net Position – Custodial Funds	66
Combining Statement of Net Position – Component Units	67 - 68
Combining Statement of Activities – Component Units	69
Notes to Financial Statements	71 – 178
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP) – General Fund	179 – 180
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Library	181
Schedule of Proportionate Share of the Net Pension Liability (Asset) (City)	182
Schedule of Employer Contributions (City)	182
Schedule of Proportionate Share of the Net Pension Liability (Asset) (CDA)	183
Schedule of Employer Contributions (CDA)	183
Schedule of Changes in Employer’s Other Post-Employment Benefits Liability and Related Ratios	184
Notes to Required Supplementary Information	185
Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund – Major Fund	186
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund – Major Fund	187

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2019

TABLE OF CONTENTS (cont.)

II. FINANCIAL SECTION (cont.)	<u>Page</u>
Supplementary Information (cont.)	
Combining Balance Sheet – Nonmajor Governmental Funds	188 – 189
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	190 – 191
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant – Special Revenue Fund	192
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Revolving Loans – Special Revenue Fund	193
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Grants – Special Revenue Fund	194
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Restricted Funds – Special Revenue Fund	195
Combining Statement of Net Position (Deficit) – Nonmajor Enterprise Funds	196
Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit) – Nonmajor Enterprise Funds	197
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	198 – 199
Combining Statement of Net Position – Internal Service Funds	200
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	201
Combining Statement of Cash Flows – Internal Service Funds	202 – 203
Combining Statement of Fiduciary Net Position – Custodial Funds	204
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	205
Combining Statement of Net Position (Deficit) – Nonmajor Component Units	206
Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit) – Nonmajor Component Units	207

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2019

TABLE OF CONTENTS (cont.)

II. FINANCIAL SECTION (cont.)	<u>Page</u>
Supplementary Information (cont.)	
Statement of Net Position (Deficit) and Governmental Component Unit Balance Sheet – Business Improvement District	208
Statement of Activities and Governmental Component Unit – Revenues, Expenditures and Changes in Fund Balance (Deficit) – Business Improvement District	209
Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Business Improvement District	210
Sewer Remediation Revenue Bond Covenant	211
Schedule of Balance Sheet – Capital Projects	212
Schedule of Revenues, Expenditures and Changes in Fund Balance – Capital Projects	213
III. STATISTICAL SECTION	
Index to the Statistical Section	214
Financial Trends	
Net Position by Component	215 – 216
Changes in Net Position	217 – 220
Fund Balances, Governmental Funds	221
Changes in Fund Balances, Governmental Funds	222 – 223
Revenue Capacity	
Assessed Value and Actual Value of Taxable Property	224
Direct and Overlapping Property Tax Rates	225
Principal Property Tax Payers	226
Property Tax Levies and Collections	227

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2019

TABLE OF CONTENTS (cont.)

II. STATISTICAL SECTION (cont.)	<u>Page</u>
Debt Capacity	
Ratios of General Obligation Debt Outstanding	228
Ratios of Outstanding Debt by Type	229
Direct and Overlapping Governmental Activities Debt	230
Legal Debt Margin Information	231
Pledged Revenue Coverage –	
Sewer Utility and Landfill Remediation	232
Water Utility	233
Demographic and Economic Information	
Demographic and Economic Statistics	234
Principal Employers	235
Operating Information	
Full-Time Equivalent City Government Employees by Function/Program	236 – 239
Operating Indicators by Function/Program	240 – 243
Capital Asset Statistics by Function/Program	244 – 245

INTRODUCTORY SECTION



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

July 22, 2020

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

Finance Department staff is pleased to present the City of Madison's Comprehensive Annual Financial Report (CAFR) as of and for the year ended December 31, 2019.

FORMAL TRANSMITTAL

Legal Requirements

Wisconsin Statutes and the Wisconsin Administrative Code require cities with a population of 25,000 or greater within the state to prepare and publish financial statements fairly presenting financial position and operating results at the close of each fiscal year. The statements must conform to various requirements, including, most notably, generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Furthermore, an independent firm of licensed certified public accountants must annually audit the statements (see Independent Audit below). Pursuant to these requirements, the Comprehensive Annual Financial Report of the City of Madison as of and for the year ended December 31, 2019 is hereby submitted.

Assumption of Responsibility

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

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

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

The information presented in this Comprehensive Annual Financial Report is divided into three main sections: introductory, financial, and statistical. The introductory section of the report includes this transmittal letter, and information regarding the organization of the City. The transmittal letter is designed to complement the Management Discussion & Analysis (MD&A) and should be read in conjunction with the financial statements.

The financial section of the report includes the MD&A, the basic financial statements, note disclosures to the financial statements, and combining and individual fund financial statements. Lastly, the statistical section of the report includes various financial and demographic data that is presented on a multi-year basis.

Internal Controls

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

Specifically, these controls are designed to ensure that:

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

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

Budgetary Controls

The City of Madison maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Budget to actual comparison schedules are provided within both the required supplementary informational and the supplementary informational tabs in the Comprehensive Annual Financial Report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total agency expenditure level.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations of the operating budget lapse at year end unless carried over. Carryover encumbrances are 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 Virchow Krause, LLP to perform its annual audits. Baker Tilly Virchow Krause, LLP concluded, based upon its audit procedures, that the City's annual financial report for the fiscal year ended December 31, 2019 was fairly presented in accordance with GAAP. The auditor's opinion is included in the financial section of this report.

PROFILE OF GOVERNMENT

Demographic Profile

The City of Madison, with a population of 255,650, 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 45,000 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 officers begins on page 9).

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
- Culture and recreation – Golf Courses, Library, Monona Terrace Community and Convention Center, and Parks
- Planning and development – Building Inspection, Community Development, Economic Development, and Planning
- Public safety – Fire, Police, and Public Health Madison Dane County
- Public works and transportation – City Engineering, Streets, Traffic Engineering, Transportation, Water, Sewer, Storm, Metro Transit, and Parking Utilities

Component Units

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

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

Budget

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

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

ECONOMIC CONDITION

Local Economy

At the end of 2019, Madison's economy remained stable and strong due to continued investment in its tax base and the presence of the University of Wisconsin and state capital. Beyond the public sector; software development, biomedical research and technology are becoming a significant portion of a diverse local economy. Locally assessed real estate increased by 6.4% between 2018 and 2019.

As of December 31, 2019, the City's unemployment rate was 2.4%, below the state and national rates of 3.3%, and 3.7% 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. As of April 30, 2020, the City's unemployment rate rose to 11.1% due to consequences of the COVID-19 pandemic. However, the City rate remains below the state and national rates of 13.6% and 14.4% respectively.

Long-Term Financial Planning

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

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

The City's debt profile is expected to remain manageable with 93.7% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.7% of the value of the taxable property base.

Relevant Financial Policies

The local share of the City's capital program is financed primarily with 10-year general obligation promissory notes, unlike many communities, which borrow over a greater repayment term. This policy helps reduce the interest costs to taxpayers and maintain the City's Aaa bond rating. It is also the practice of the City to maintain an unassigned General Fund Balance equal to 15% of the adopted General Fund operating budget to help ensure the availability of adequate resources to address potential future emergencies. To avoid the creation of future structural budget deficits, it is the policy of the City of Madison to 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. Initial scoping and demonstrations from third-party providers may begin late next year. |
| Public safety | During the year, the City County Building office remodel for Public Health of Madison and Dane County was completed and fully operational. |
| Public works
and transportation | <p>Madison Metro Transit has continued to upgrade the 1101 E. Washington bus garage facility. Construction of a new service lane has commenced, including a new fire alarm system, remodeling of the workshop, body shop, and the construction of a new secured cash handling office area.</p> <p>The Streets Division made major strides in achieving goals related to street sweeping and food scraps recycling. Using no additional equipment, streets staff collected 25% more debris with the sweepers, and increased job efficiency for operators. Additionally, a trial run for the food scraps recycling program was successful, with continued expansion to all Madison residents planned for 2020.</p> <p>City Engineering reconstructed and resurfaced approximately seven miles of streets during the fiscal year. Minor surface maintenance was completed on approximately 77 miles of City owned roads. The City of Madison Streets Program is rated every 2 years using the Pavement Surface Evaluation and Rating (PASER) system developed by the University of Wisconsin. By the close of 2019, about 74% of the City's 802 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.</p> <p>Reconstruction of South Pleasant View Road from Valley View Road to Cross Country Road began in 2017, and continued through 2019. The project comprised two new major intersections at Mid Town, and McKee Roads, including a major portion of the Ice Age Junction Path.</p> <p>Additionally, Buckeye Road was reconstructed from Monona Drive to Stoughton Road to include curb, gutter, new sidewalk and bike lanes. Bassett Street from Dayton Street to West Washington Avenue was also reconstructed to include protected bike lanes. Finally, the northbound lanes on Park Street from Badger Road to West Washington Ave were concrete patched to create a smoother driving surface for residents. The southbound lanes are planned for fiscal year 2021.</p> |

The Stormwater Utility progressed towards its total suspended solids (TSS) and total phosphorus (TP) reduction goals, by obtaining multiple permits to begin construction of ponds and greenways during the year. A significant part of the TP reduction was tied to the Starkweather Creek Coagulation System, a project which has since been discontinued. However, a new YAHARA WINS Adaptive Management Program will address these TP reductions in subsequent years.

The Utility also began construction of several flood mitigation pipe and greenway upgrade projects. It also continued design, permitting, and land acquisitions for major flood mitigation projects. Further, over 17,930 feet of sanitary sewer mains were refurbished with cured-in-place pipe (CIP) lining. This process is both less costly and disruptive than traditional methods; it also improves the service life of pipe while increasing capacity and reducing treatment costs.

Planning
and development

The East Wilson Street underground public parking garage element of the Judge Doyle development on Block 88 opened in June 2020. The development will continue with construction of a residential tower above the underground public parking garage, demolition of the vacated Government East public parking garage on Block 105, and planned development of a hotel on Block 105.

Culture and recreation

Burr Jones Field was reconstructed including a parking lot, and basketball court. In addition, new athletic field lighting was installed to increase the number of hours residents may use the field during the year. A large lakeside parcel (the Wisconsin Medical Society) was added to Olin Turville Park. Further, Eagle Trace Park will be under construction this year. In early 2021, North Star Dog Park, an off-leash dog area on the far northeast side of town, is planned to open. Design work is underway for new shelter facilities at Warner Park Beach, and Door Creek Park. Both of these facilities are planned to be open by early 2022. The Olbrich Botanical Gardens expansion project also continues into next year, to include a dedicated learning center, and new greenhouse.

All nine Madison Public Libraries (MPL) are connected to the high-speed fiber optic network. By January of 2021, the MPL plans to have their libraries integrated with a centralized voice over internet phone system, and an informational digital signage network.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madison's Comprehensive Annual Financial Report (CAFR) prepared for the fiscal year ended December 31, 2018. A facsimile of the certificate is included on the following page. This was the eleventh year the City received this prestigious award. In order to be awarded a Certificate of Achievement the City was required to publish an easily readable and efficiently organized CAFR satisfying both GAAP and applicable legal requirements.

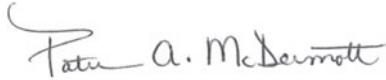
A Certificate of Achievement is valid annually. The City believes that its current CAFR meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2019 CAFR to the GFOA to determine its eligibility for award.

The issuing of this report on a timely basis is due to the hard work and dedication of the Accounting Services staff of the Finance Department. The 2019 CAFR 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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

MEMBERS OF THE COMMON COUNCIL

Name

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

ELECTED OFFICIALS

Satya Rhodes-Conway	Mayor
Daniel P. Koval	Municipal Judge

CITY STAFF ISSUING REPORT

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

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

NONELECTED OFFICIALS

Mayoral Assistants

Mary Bottari
Christine Baumel
Katie Crawley
Vacant
Vacant
Dr. Linda Vakunta

Chief of Staff
Deputy Mayor
Deputy Mayor
Deputy Mayor
Deputy Mayor
Deputy Mayor

Common Council

Kwasi Obeng

Chief of Staff

Michelle Drea
Michael Haas
Maribeth Witzel-Behl
David Schmiedicke
Norman Davis
Tresa Fuchs-Martinez
Steven Davis
Harper Donahue, IV
Sarah Edgerton
Gregory Mickells
Connie Thompson
Victor Wahl (acting)
Janel Heinrich
Rob Phillips
Mahanth Joishy
Eric Knepp
Charles Romines
Yang Tao
Sabrina Tolley
Justin Stuehrenberg
Tom Heikkinen
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 Manager
Planning & Community &
Economic Development Director
Community Development
Division Director
Economic Development
Division Director
CDA Executive Director
Building Inspection Division Director
Planning Division Director
Transportation Director

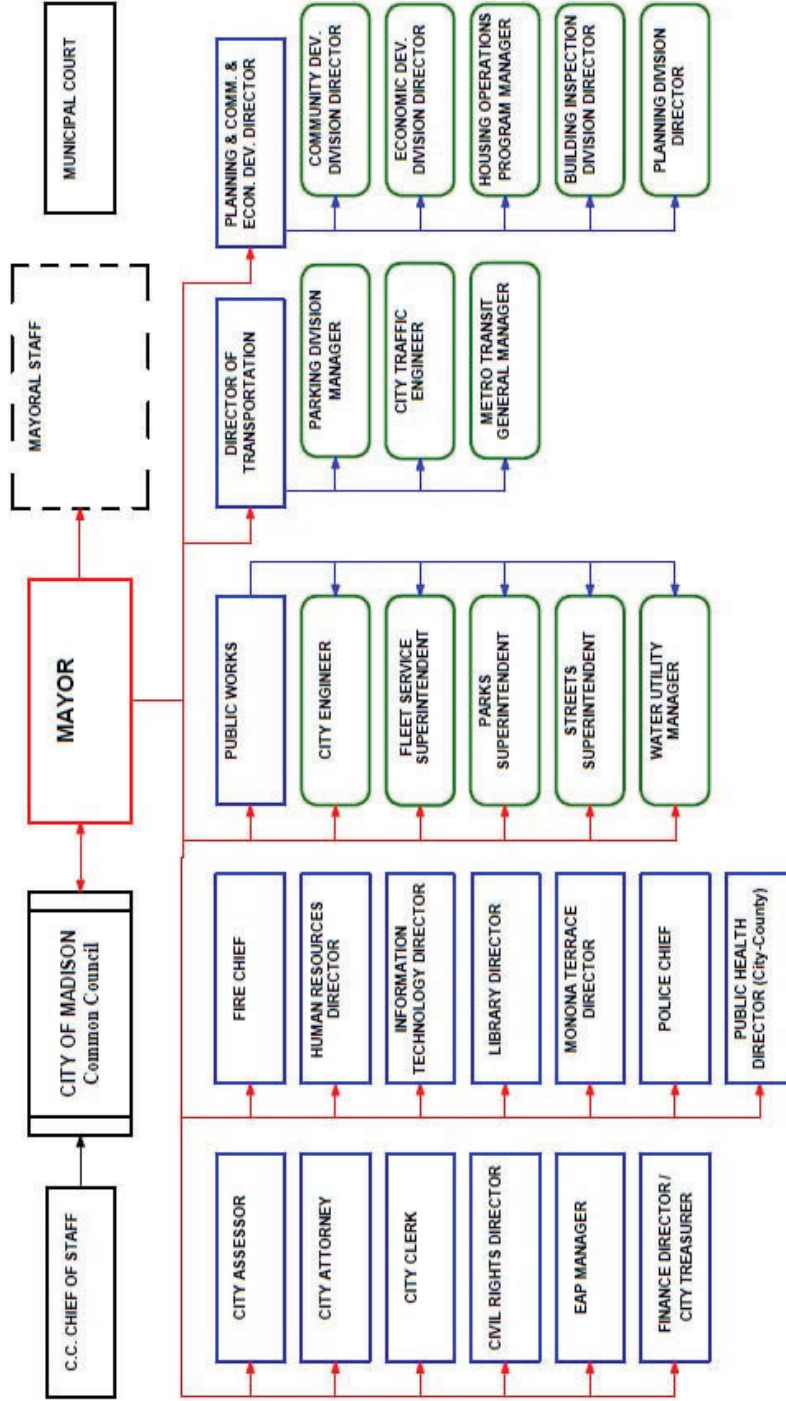
James O'Keefe

Matthew Mikolajewski

Deborah Rakowski
George Hank
Heather Stouder
Thomas Lynch

CITY OF MADISON

ORGANIZATION OF CITY OF MADISON GOVERNMENT



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Madison
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Madison's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), Monona Shores presented as a major fund of the CDA and CDA 95-1 presented as a nonmajor fund of the CDA, which represent 61 percent, 59 percent and 33 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), Monona Shores presented as a major fund of the CDA and CDA 95-1 presented as a nonmajor fund of the CDA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, Monona Shores, CDA 95-1 and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Madison's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Madison's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Madison adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Madison's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2020, on our consideration of the City of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Madison'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 of Madison's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 22, 2020

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

This discussion and analysis of the City of Madison's financial performance is intended to provide a narrative overview and analysis of the City's operational activities for the fiscal year ended December 31, 2019, with comparative data for the fiscal year ended December 31, 2018. 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 this unaudited discussion and analysis.

Given that this is a report on the City of Madison's financial performance for fiscal year 2019 (January 1, 2019 through December 31, 2019), it does not reflect financial performance under the economic stresses caused by the public health response to the COVID global pandemic nor the financial impacts of recent events in response to the murder of George Floyd while in the custody of the Minneapolis, MN police department.

FINANCIAL HIGHLIGHTS

- With total assets over \$2.7 billion, and total liabilities slightly more than \$1.1 billion, deferred inflows of resources at roughly \$369.1 million, and deferred outflows of resources at approximately \$173.3 million, the total net position of the City of Madison increased by about \$18.2 million from the previous year to over \$1.4 billion. Of this amount, approximately \$1.3 billion represented the City's net investment in capital assets, most of which do not generate revenues for their use or sale and were computed less unamortized premium and discount of about \$44.4 million for 2019. Just under \$120.8 million was held for restricted purposes with a little over \$18.8 million as a deficit unrestricted net position. The unrestricted net position is generally used to meet the City's ongoing obligations to residents and creditors. Noteworthy, the governmental activities unrestricted net position deficit was largely due to the adding of approximately \$75.5 million more in liabilities including about \$49.7 million for a net pension liability.
- The primary government reported a little under \$275.6 million in program revenues to cover approximately \$582.3 million in expenses with the remaining general revenues of taxes, intergovernmental revenues not restricted to specific programs, investment income, and other miscellaneous sources offsetting the difference of nearly \$324.9 million, including a surplus of almost \$18.2 million.
- As of December 31, 2019 the governmental funds reported combined ending fund balances of nearly \$207.5 million. This amount is broken down as follows: under \$53.2 million of this balance is available for spending at the council's discretion (unassigned fund balance), at the end of the year management assigned and committed roughly \$22.8 million for specific purposes with nearly \$124.6 million restricted due to external constraints or regulations defining specific uses such as grants, state statutes, and tax exempt financing. The nonspendable fund balance includes noncurrent advances to other funds, advances to component units, noncurrent receivables, inventories, prepaid items, and trust activities which totaled approximately \$6.9 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, nearly \$53.2 million of unassigned fund balance remained within the general fund or approximately 16.5% of the adopted 2020 general fund expenditures, which exceeds the City's stated target ratio of 15.0%. The City budgeted to generate fund balance in the 2019 Adopted Operating Budget. This decision was implemented in order to maintain the City's unassigned fund balance target of 15.0%.

Additionally, the Water Utility paid the final balance of \$765,000 for its advance to the general fund.

While the unassigned fund balance was approximately 16.5% of the adopted 2020 general fund expenditures, an additional \$503,000 was recorded at year-end for a noncurrent advance to the golf enterprise fund from the general fund totaling over \$1.3 million by the close of the fiscal year. It is not anticipated that the golf courses will be able to repay the entire amount within the subsequent fiscal year.

Additionally, the general fund unassigned fund balance decreased by just over \$1.4 million, as assignments for encumbrances, compensated absences, and a premium stabilization fund for employee insurances increased by the close of the year.

While the City has maintained and exceeded its unassigned fund balance slated target of 15.0%, it will likely be needed to address future budget challenges from our COVID-19 response, property tax levy limitations, or other factors.

- Room tax revenues transferred to the general fund were up by \$322,777 or nearly 5.7% from 2018. Thirty percent of room tax revenues are transferred to the general fund; the remaining 70.0% is held in the room tax fund for expenditure at the direction of the City's Room Tax Commission.

Intergovernmental revenues increased from the prior year by about \$1.2 million, largely due to a new state aid for Exempt Personal Property of almost \$1.2 million (under state law, allowable increases in city property taxes were reduced by an equal amount). Further, general fund licenses and permits were under budget by just under \$350,000 during the year, and were lower than the prior year by just over \$500,000. Fines and forfeitures were also below budget by almost \$450,000, but were higher than prior year actuals by approximately \$92,000.

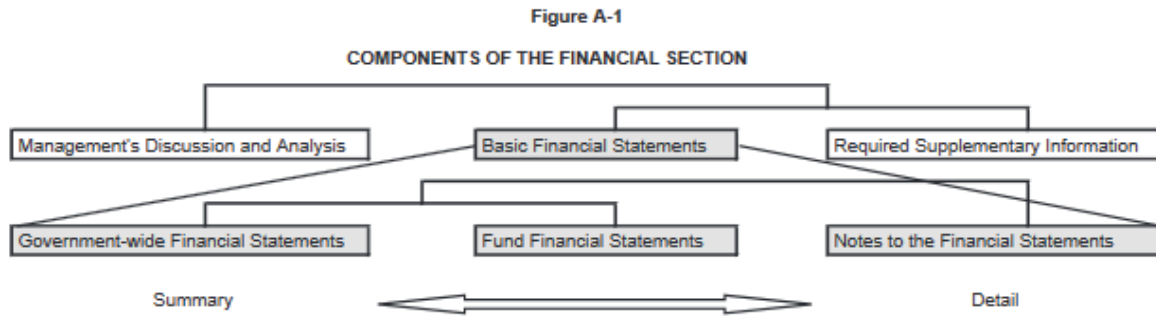
- Investment income exceeded the final adopted budget at just over \$1.4 million, and was over \$2.3 million more when compared to 2018. Investment income revenues include any to-market adjustments for the City's investment portfolio and life insurance reserves at year-end, which when computed totaled an investment gain of about \$1.3 million.
- In addition, while the unassigned fund balance for all governmental funds increased in total by nearly \$3.6 million from the prior year, or by approximately 9.4%, it was reduced for restricted and unassigned fund balance (deficits) for negative cash balances that are generally within the City's newer Tax Incremental Financing Districts (TIFs). Newer districts in particular, commonly take years to recover increment for the initial capital outlay of expenditures. Approximately six districts had negative cash balances totaling almost \$11.8 million by year-end, compared to \$12.3 million the prior year.

- Outstanding General Obligation bonds and notes as of December 31, 2019, totaled over \$519.3 million (excluding the joint venture), with approximately \$457.4 million related to governmental activities. Business-type activities closed the year with over \$318.1 million in revenue bond and general obligation debt.
- At December 31, 2019, the City reported a liability of more than \$62.1 million, for its proportionate share of the Wisconsin Retirement System's net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. The City recognized a pension expense of over \$40.8 million, or approximately \$18.5 million more than what was recorded in the prior year. Net differences between projected and actual earnings on pension plan investments, largely contributed to a roughly \$113.3 million change from a net pension asset in 2018, to a net pension liability by the close of 2019.
- Other post-employment benefits accrued liability was nearly \$71.2 million at year-end; an increase of approximately 9.2%, from \$65.8 million when compared to the prior year. The obligation was based on an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2019. Approximately 58.9%, or approximately \$42.3 million was related to an implicit rate subsidy associated with allowing current and projected future retirees to purchase health insurance at the same blended premium rate as active employees. The explicit rate subsidy or the difference between the amounts required by the retiree based on the blended premium rate, and the actual cash contributed by the City, was nearly \$29.6 million or roughly 41.1% for 2019.
- 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 46 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:

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 beginning on page 43 of this report.

The *Statement of Net Position* presents information on all of the City of Madison's assets, deferred outflows, liabilities, and deferred inflows with the net amount reported as *net position*.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

Government-Wide Financial Statements

Newer GASB Statements 74 and 75 require the other post-employment benefits liability and related deferred outflows and deferred inflows, if any, to be reported within the financial statements. For the City of Madison, the primary deferred outflows of resources are for unamortized loss on advance refunding, and pension related amounts, with deferred inflows of resources mostly for property tax revenues levied in 2019, but will not be collected until 2020, 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 118 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 47 of this report.

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

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

Data from the other governmental funds are combined into a single, aggregated presentation. Disaggregated fund data for these other five governmental funds is provided in the form of combining statements in the supplementary information section beginning on page 188.

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 55 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 196.

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 200 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 (custodial) 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 used for the City's fiduciary (custodial) funds is much like that used for proprietary funds.

The City of Madison uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions and investments made on behalf of the local school district. City staff also serves as the fiscal agent to account for the Board of Education, Board of Health, and the Metropolitan Unified Fiber Network Consortium operations. The fiduciary fund financial statements can be found beginning on page 65 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 71 of this report.

Supplementary and Statistical Information

Compliance with the City's annual operating budget for the year ended December 31, 2019 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 176.

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 186-213 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 214 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, 2019, and 2018, are summarized in the table below.

The change in net position improved by under \$18.2 million during the year, to over \$1.4 billion by the close of the year, or a little more than 1.2%. The upward change in net position is mostly attributable to the City generating approximately \$275.6 million in program revenues, recognizing less than \$324.9 million in total general revenues and transfers to support expenses that increased by just over \$40.9 million from the prior year, to over \$582.3 million.

Additionally, the primary government increased investments in capital assets such land, infrastructure, and plant in service capitalized for both the governmental and business-type activities. The net investment in capital assets comprises the majority or roughly 92.9% 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 38 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	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and Other Assets	\$ 619,889	\$ 660,148	\$ 134,024	\$ 159,809	\$ 753,913	\$ 819,957
Capital Assets (net)	<u>1,111,293</u>	<u>1,058,351</u>	<u>879,010</u>	<u>824,539</u>	<u>1,990,303</u>	<u>1,882,890</u>
Total Assets	<u>\$ 1,731,182</u>	<u>\$ 1,718,499</u>	<u>\$ 1,013,034</u>	<u>\$ 984,348</u>	<u>\$ 2,744,216</u>	<u>\$ 2,702,847</u>
Deferred Outflows of Resources	<u>\$ 136,543</u>	<u>\$ 73,014</u>	<u>\$ 36,721</u>	<u>\$ 20,380</u>	<u>\$ 173,264</u>	<u>\$ 93,394</u>
Liabilities:						
Current Liabilities	\$ 68,815	\$ 70,300	\$ 33,124	\$ 35,633	\$ 101,939	\$ 105,933
Noncurrent Liabilities	<u>640,329</u>	<u>563,392</u>	<u>363,827</u>	<u>336,516</u>	<u>1,004,156</u>	<u>899,908</u>
Total Liabilities	<u>\$ 709,144</u>	<u>\$ 633,692</u>	<u>\$ 396,951</u>	<u>\$ 372,149</u>	<u>\$ 1,106,095</u>	<u>\$ 1,005,841</u>
Deferred Inflows of Resources	<u>\$ 349,189</u>	<u>\$ 345,016</u>	<u>\$ 19,907</u>	<u>\$ 21,288</u>	<u>\$ 369,096</u>	<u>\$ 366,304</u>
Net Position:						
Net investment in capital assets	\$ 745,492	\$ 722,844	\$ 594,856	\$ 533,375	\$ 1,340,348	\$ 1,256,219
Restricted	104,497	143,528	16,273	29,207	120,770	172,735
Unrestricted (deficit)	<u>(40,597)</u>	<u>(53,568)</u>	<u>21,768</u>	<u>48,709</u>	<u>(18,828)</u>	<u>(4,859)</u>
Total Net Position	<u>\$ 809,392</u>	<u>\$ 812,804</u>	<u>\$ 632,897</u>	<u>\$ 611,291</u>	<u>\$ 1,442,289</u>	<u>\$ 1,424,095</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	76%	83%	152%	155%	98%	104%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	-4%	-5%	5%	12%	-1%	0%

Approximately 8.4% or over \$120.7 million of the primary government's total net position represent resources that are subject to other restrictions as to how they may be used either by external groups, such as contributors, or due to laws or regulations of other governments or grantors or, as a result of legal limitations established through constitutional provisions or enabling legislation.

The year concluded with the primary government's total net position at a deficit of over \$18.8 million. It is important to note, that nearly \$21.8 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 98% of total liabilities and deferred inflows at the end of 2019, for both governmental and business-type activities. However, unrestricted net position was at a deficit of approximately 4.0% of total liabilities and deferred inflows for governmental activities. The same measure was 5.0% for business-type activities, and totaled a deficit of 1.0% in the aggregate for the primary government.

Statement of Activities

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

City of Madison
Summary Statement of Activities
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program revenues:						
Charges for services	\$ 49,092	\$ 45,792	\$ 141,906	\$ 129,223	\$ 190,998	\$ 175,015
Operating grants and contributions	25,742	20,187	28,105	29,437	53,847	49,624
Capital grants and contributions	18,752	15,202	11,996	17,076	30,748	32,278
General revenues:						
Property Taxes	261,368	261,594	-	-	261,368	261,594
Intergovernmental revenues not restricted to specific programs	26,647	25,393	-	-	26,647	25,393
Investment income	9,323	5,854	2,737	1,818	12,060	7,672
Other	23,865	22,615	914	379	24,779	22,994
Total revenues	\$ 414,789	\$ 396,637	\$ 185,658	\$ 177,933	\$ 600,447	\$ 574,570
Expenses:						
General government	\$ 41,586	\$ 38,195	\$ -	\$ -	\$ 41,586	\$ 38,195
Public safety	160,822	145,499	-	-	160,822	145,499
Public works and transportation	92,142	91,619	-	-	92,142	91,619
Planning and development	46,926	41,666	-	-	46,926	41,666
Culture and recreation	46,900	43,670	-	-	46,900	43,670
Interest and fiscal charges	9,459	8,582	-	-	9,459	8,582
Water	-	-	33,477	32,191	33,477	32,191
Sewer	-	-	42,448	38,805	42,448	38,805
Stormwater	-	-	16,806	14,675	16,806	14,675
Parking	-	-	12,313	10,406	12,313	10,406
Transit	-	-	64,782	61,746	64,782	61,746
Convention Center	-	-	11,484	11,170	11,484	11,170
Golf courses	-	-	3,107	3,125	3,107	3,125
Total expenses	\$ 397,835	\$ 369,231	\$ 184,417	\$ 172,118	\$ 582,252	\$ 541,349
Excess before transfers	16,954	27,406	1,241	5,815	18,195	33,221
Transfers	(20,365)	(45,640)	20,365	45,640	-	-
Change in net position	(3,411)	(18,234)	21,606	51,455	18,195	33,221
Net position, beginning of year (as restated)	812,803	831,037	611,291	559,836	1,424,094	1,390,873
Net position, end of year	\$ 809,392	\$ 812,803	\$ 632,897	\$ 611,291	\$ 1,442,289	\$ 1,424,094

Property tax general revenues and charges for services program revenues financed approximately 77.7% of the primary government's expenses. Operating and capital grant contributions, as well as intergovernmental revenues not restricted for specific programs, are largely passed through from federal and state resources. These same resources funded slightly over 19.1% 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 2019 decreased net position by more than \$3.4 million. Total revenues exceeded total expenses by over \$16.9 million; however approximately \$20.3 million (net) was transferred to the business-type activities thereby reducing the governmental activities net position at the end of year.

Some notable changes in revenues and expenses are described below:

Revenues:

Charges for Services:

- General government decreased in total, by almost \$499,000 from the prior year as follows:
 1. Cable Franchise Fees were down by about \$30,000.
 2. Clerk's licenses, including animal tags, bar, liquor, and bike licenses, were down by about \$529,000 within this functional category, and were reclassified to planning and development charges for services during the year.
 3. Municipal Court collections were lower by about \$12,500.
 4. Other miscellaneous charges, permits, program appreciation, and inspection fees decreased by nearly \$29,800.
 5. Changes between years for deferred revenues increased by over \$102,000.
- Public safety increased by approximately \$1.8 million from 2018:
 1. Ambulance conveyance fees collected during the year were up by nearly \$1.3 million when compared to the prior year.
 2. Parking violations were also up by about \$70,000.
 3. The remaining increase of about \$460,000 was due to changes between unavailable revenue accruals, mostly related to timing for ambulance fees, and grant revenue recognitions.
- Public works and transportation increased by around \$100,000 for the following:
 1. Building permit revenues were down by \$501,000.
 2. Billings for engineering services were up totaling about \$285,000 for the year.
 3. Landfill remediation fees increased by just over \$110,000.
- Planning and development program revenues increased from the prior year by over \$1.8 million for the following:
 1. Impact fee revenues were up by over \$1.9 million, as improvement projects were finished from advanced developer deposits.

- Culture and recreation increased by just about \$35,000 from the prior year for the following:
 1. Urban forestry special charges were up by nearly \$250,000.
 2. Parks use, dog and other permits decreased by \$10,000.
 3. Library charges for services were lower by about \$200,000.

Operating Grants and Contributions:

- Public safety increased by just under \$250,000 during the year due to:
 1. State Fire Insurance Dues were up by \$145,000.
 2. Fire federal grants increased by \$102,000.
- Public works and transportation was up by approximately \$890,000 for the following:
 1. State highway aids were down around \$76,000.
 2. Roughly, \$965,000 was contributed from the federal government (FEMA) for flooding that took place in 2018.
- Planning and development increased by over \$3.0 million during 2019, largely due to:
 1. Increased state funding for economic development totaling approximately \$750,000.
 2. Almost \$600,000 was received in federal funding for safe and thriving cities.
 3. An increase of approximately \$1.4 million in federal affordable housing initiatives.
 4. Approximately \$250,000 more was received for the Metropolitan Planning Organization during 2019.
- Culture and recreation increased by almost \$1.2 million for Pinney library branch donations and contributions from other units of government and the Madison Public Library Foundation.
- Interest and fiscal charges decreased as the debt service and tax incremental funds earned less interest rebate from the federal government of approximately \$75,000 during the year.

Capital Grants and Contributions:

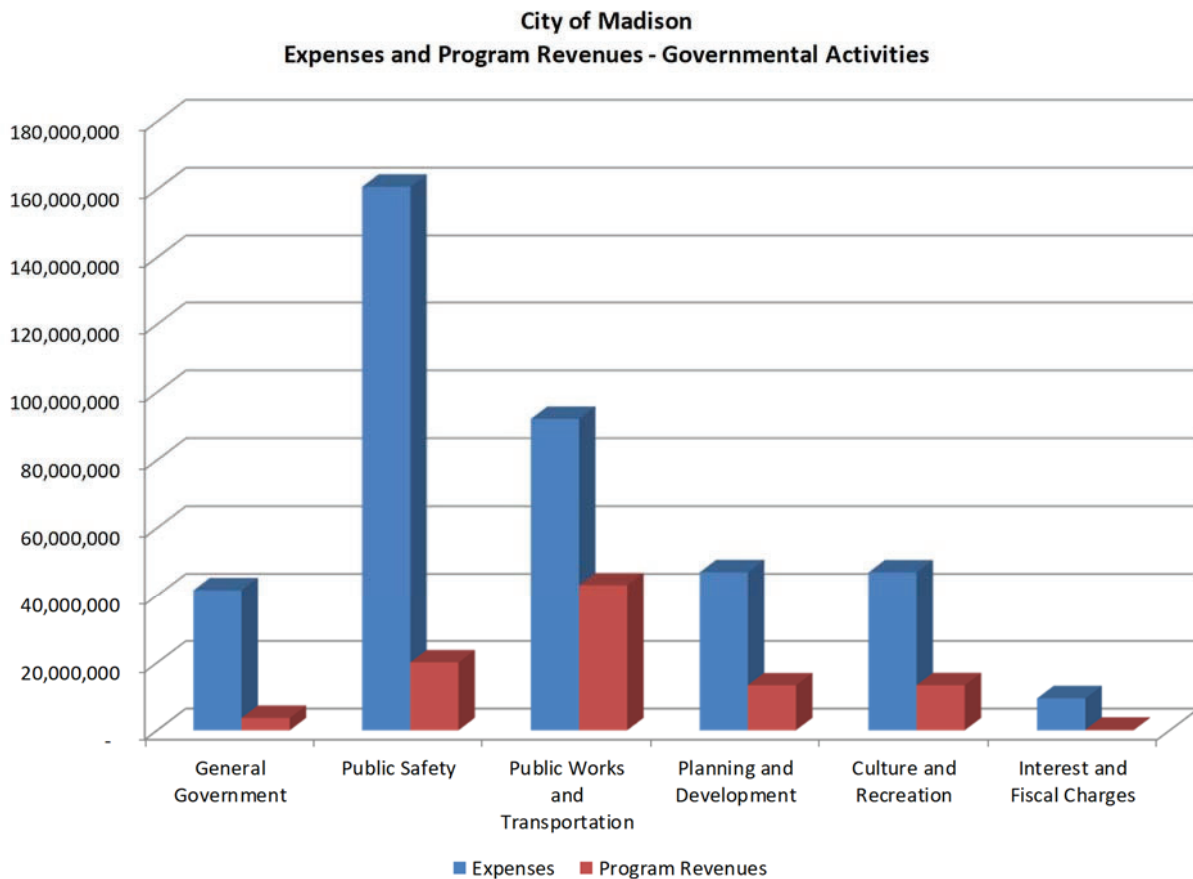
- There were no general government or public safety capital contributions received during 2019.
- Public works and transportation decreased from the prior year, by a little over \$1.5 million. Special assessment revenues were down by about \$20,000, and timing for revenue recognition, which collectively totaled nearly \$1.5 million less from that of the prior year, was for deferred special assessments not collected in 2019.
- Planning and development capital contributions increased by approximately \$980,000.
 1. Revenue recognition timing from that of the prior year, for Community Development loans and state grants accounted for \$440,000 of an upward change.
 2. Federal housing assistance grants increased by almost \$450,000 from 2018.
 3. Roughly \$265,000 was received for developer capital funding in Tax Increment District (TID #25).
 4. The Wisconsin Economic and Development Corporation provided less capital funding for the Royster Clark development during the year, totaling about \$200,000.

- Culture and recreation capital funding increased from the prior year, by approximately \$4.1 million.
 1. Over \$3.7 million was received from the Olbrich Botanical Society, for a dedicated learning center, and new greenhouse.
 2. Donations of \$500,000 increased for the Pinney library branch from the Madison Public Library Foundation.

Expenses:

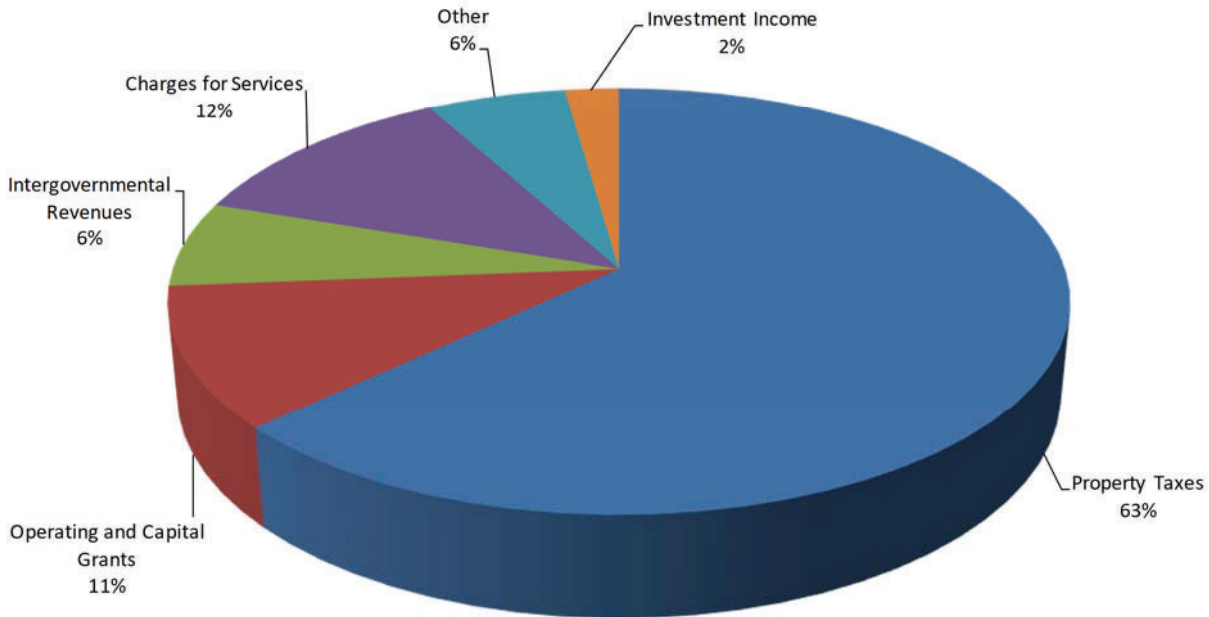
- General government expenses increased by approximately \$3.4 million when compared to the prior year, including required conversion entries to full accrual from modified accrual fund statements. Most of the notable changes are for the following:
 1. Pension-related up by just over \$1.0 million.
 2. Other post-employment benefits down by about \$50,000.
 3. Compensated absences increased by \$310,000.
 4. Expenses were higher for salary and benefits totaling approximately \$2.2 million, due to cost of living increases, and filling more prior year vacant positions.
- Public safety expenses increased by approximately \$15.3 million when compared to 2018, including required conversion entries to full accrual from modified accrual fund statements. The fund statement change between years was just over \$5.5 million, and the conversion entries in aggregate, netted to an increase of about \$9.8 million. The following list identifies larger changes in total between years:
 1. Salaries and overtime wages were higher by about \$5.5 million for both the fire and police departments.
 2. Benefits were up including those for annual retirements, health insurance, pensions, and FICA, totaling approximately \$1.0 million.
 3. Supplies and purchased service expenses were down over \$1.0 million.
 4. Pension expenses when converting from a net pension asset to a net pension liability increased by about \$9.5 million.
 5. Compensated absences were up by around \$1.4 million.
 6. Other post-employment benefits decreased by about \$510,000.
 7. Internal service fund elimination entries decreased by almost \$320,000.
- Public works and transportation expenses netted to an increase of over \$520,000, which is the change between years for the fund statements and conversion entries of a \$7.9 million decrease, and a nearly \$8.4 million increase respectively. The most notable expenses were the following:
 1. Pension-related expenses were more by almost \$1.2 million.
 2. Compensated absence expenses were higher by just over \$615,000.
 3. Other post-employment benefits decreased by a little more than \$100,000.
 4. Less was spent during the year, for maintenance of sidewalks, crack repair and chip sealing, resurfacing, undergrounding, and traffic calming totaling over \$1.7 million.
 5. Capital project expenses were down in total for this function by about \$6.2 million from 2018.
 6. Capital asset conversion changes netted with depreciation expenses and contributions totaled nearly \$6.7 million more for the year.
- Planning and development expenses increased by over \$5.3 million in 2019, when netted against the conversion entries required for full accrual reporting. The most significant were the following:
 1. Pension-related expenses were up by just over \$860,000.
 2. Compensated absences were also lower by about \$35,000.

- 3. As the Judge Doyle Square project nears completion, expenses and capital contributions received netted to an overall increase between years of roughly \$4.5 million.
- 4. Other post-employment benefits decreased by almost \$25,000.
- Culture and recreation expenses were higher by more than \$3.2 million due to the following:
 - 1. Pension-related and other post-employment benefit expenses increased by over \$1.2 million.
 - 2. Depreciation and asset disposals were more by nearly \$360,000.
 - 3. Salaries were higher by \$880,000 due to cost of living increases.
 - 4. Supplies and purchased services also increased by over \$1.2 million.
- Interest and fiscal charges between years were up by about \$860,000 as required interest paid, issuance costs for debt, and amortization for premiums and/or discounts went up slightly compared to the prior year.



The statement of activities provides a concise picture of funding for the various activities of the City. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon the property tax for funding, deriving 63% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 17%, while charges for services and all other sources account for 20% of total governmental activity resources.

**City of Madison
Governmental Activities
2019 Funding Sources**



Business-Type Activities

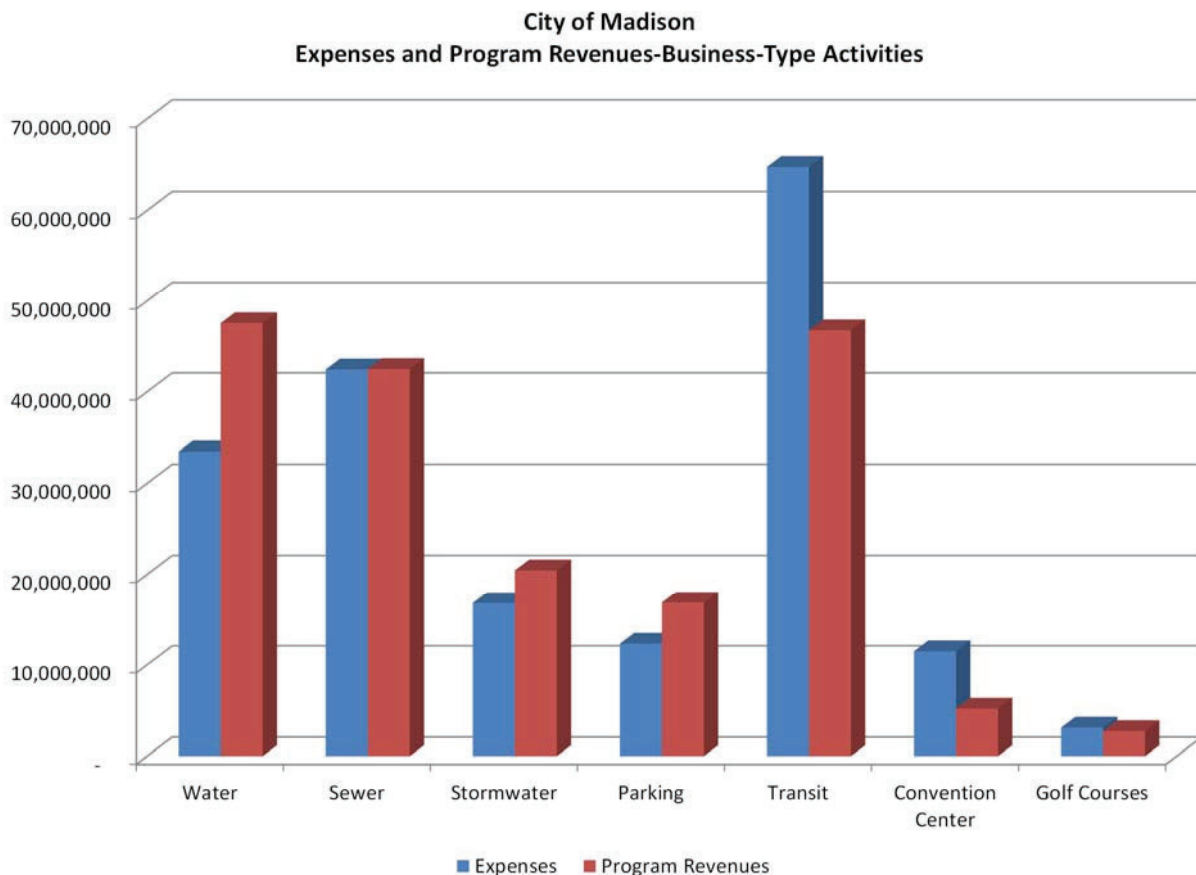
Business-type activities include the operations of the Water, Sewer, Stormwater, Parking, and Transit Utilities, the Convention Center, and Golf courses provided an increase to the City's net position of just over \$21.6 million including transfers netting over \$20.3 million for 2019. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled over \$29.6 million, with roughly \$12.5 million of tax levy support provided to the Transit Utility, and approximately \$5.2 million of room tax revenues funded Convention Center continuing operations and capital project improvements. The governmental activities transferred capital assets to the utilities totaling just under \$11.0 million, with approximately 62%, or \$5.8 million for the new Judge Doyle parking utility ramp.

The business-type activities remitted payments in lieu of taxes (PILOT) to the general fund totaling just under \$9.3 million. Total revenues exceeded expenses by approximately \$1.2 million prior to any transfer of funds activity by the close of 2019. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 101.

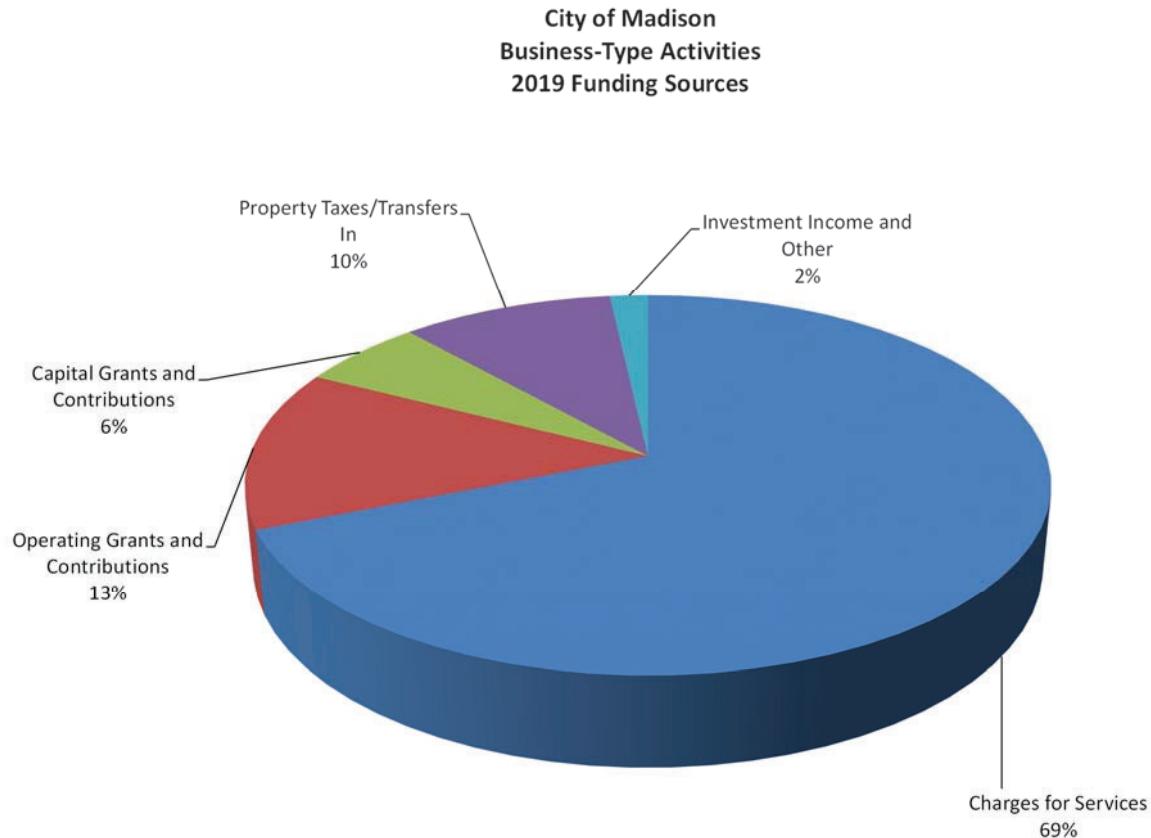
Program revenues for business-type activities increased from the prior year to slightly over \$182.0 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate under \$8.9 million more than the prior year, in charges for services revenues to support operating expenditures.

- Water Utility’s rate increase was approved October of 2018, for 30.6% by the Public Service Commission. The rate increase covered fiscal years 2016-2018, and was projected to generate approximately \$10.4 million more annually from usage charges for services. The utility recorded an additional \$8.9 million in operating revenues, as the new rate was effective for all of 2019.
- Sewer Utility’s volume and demand charge rates increased by 6.0% on average for 2019, up from 3.1% in 2018.
- Stormwater Utility impervious, pervious, and customer charge rates increased on average by 10.1% for 2019, compared to the increase of 2.7% in 2018.
- Parking Utility’s rates increased on average by 20% on June 1, 2018. With this rate increase in effect for the entire year, revenues increased by approximately \$300,000 from 2018.

Total operating expenses for the business-type activities increased by just under \$12.3 million at year-end. Much of the increase in spending is attributable to the Water, Sewer, Parking, and Transit Utility’s capital expenses, personnel costs, pension, other post-retirement benefits, and transportation expenses.



As would be expected for business-type activities, charges for services are the primary revenue source, at 69% of the total. State and federal aids and grants continue to be an important revenue source at 19%. Transfers from the primary government are comprised of property taxes and minor investment income representing 12% of business-type revenues.



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

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

The schedule below indicates the fund balances and the total change in fund balances as of December 31, for all major and nonmajor governmental funds:

	Fund Balance 2019	Fund Balance 2018	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 68,138,007	\$ 62,356,891	\$ 5,781,116
Library	788,974	725,177	63,797
Debt Service	22,878,315	22,277,365	600,950
Capital Projects	60,819,964	68,882,626	(8,062,662)
Other Nonmajor Governmental	<u>54,826,700</u>	<u>67,591,634</u>	<u>(12,764,934)</u>
Total	<u>\$ 207,451,960</u>	<u>\$ 221,833,693</u>	<u>\$ (14,381,733)</u>

As of December 31, 2019, the City of Madison's governmental funds reported combined ending fund balances of approximately \$207.5 million, a decrease of just under \$14.4 million from the prior year.

Of this total, just over \$6.9 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, noncurrent receivables for the Overture Center's portion of prior pension service costs, inventories, prepaid health insurance and flex spending deductions for January 2020 premiums, and trust activities.

About \$124.6 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 \$22.8 million of the year-end fund balance was committed or assigned for specific purposes such as encumbrances, open capital project contracts, compensated absences for vacations and other leave time (excluding sick leave), and for life insurance stabilization of premiums; leaving a total unassigned governmental fund balance of nearly \$53.2 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 50.8% of the City's governmental fund expenditures as reported on the *statement of revenues, expenditures and changes in fund balances*.

As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or future budgeted expenditure level.

The total year-end general fund balance of about \$68.1 million represented just under 28.0% of roughly \$245.5 million in 2019 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while approximately \$53.2 million unassigned balance represented just under 21.7% 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 2020 general fund budget authorized expenditures of \$321,644,530.

The general fund 2019 unassigned fund balance was at 16.5% of the subsequent year's budget, which increased from last year's percentage of 15.7%, higher than the historical target due to the following:

- During 2019, City management assigned approximately \$1.4 million more than the prior year, for life and disability stabilization of premium funds of approximately \$720,000, encumbrances of about \$100,000; and higher compensated absences reserves of just under \$520,000.
- The investment's book, par, and market values were tracked throughout 2019. The City's investment portfolio, and premium stabilization fund for life and disability benefits, both incurred gains, or mark-to-market adjustments of over \$1.3 million. This adjustment was combined with the general fund income earnings of about \$4.4 million at year-end.
- State computer reimbursements increased by almost \$200,000, a new state personal property exemption aid was received during the year, adding almost \$1.2 million to revenues; however, payments for municipal services dropped by around \$300,000, resulting in total state aids increasing to just over \$1.2 million for the year. Additionally, revenues for license and permitting fees were down by \$500,000 from the prior year; however, this loss of revenue within the general fund, was offset with an unanticipated TIF loan repayment of almost \$1.9 million by the close of the year.
- Total expenditure variances ended the year favorably at approximately \$4.0 million, and less than 1.3% from the final amended budget, due to savings of just under \$1.5 million in the Streets Division, \$1.4 million in the Police Department, \$530,000 in Parks, and \$470,000 in the Community Development Division. The savings for Streets included \$700,000 in salary savings, just over \$200,000 in snow supplies, and \$500,000 in purchased services primarily for snow plow contracting. Police Department expenditure savings were for the following: salaries and benefits of \$175,000, work supplies of \$100,000, purchased services of \$200,000, fleet charges of \$400,000, and less required grant matching payments during the year totaling approximately \$400,000. The Community Development Division provided a smaller amount of agency contracted support services, or about \$470,000 less than anticipated during the year.

The **library** special revenue fund includes resources that are legally restricted to support the various library branches and programs within the City. The fund balance was reasonably consistent when compared to the prior year, with a slight increase of a little less than \$64,000. This increase was due to decreased spending within purchased services during the year.

The **debt service** fund had a total fund balance of about \$22.9 million at year-end. The fund balance change, or increase of nearly \$601,000, was related to higher than anticipated investment earnings, and general obligation borrowing premiums received during the year. Additionally, this fund advanced \$690,500 to the Community Development Authority (CDA) for Village on Park, housing, and redevelopment debt service payments.

Further, the City issued approximately \$80.4 million in tax-exempt promissory notes with a true interest cost of 1.99%, to finance various City capital projects; along with another \$29.8 million in tax-exempt bonds, with a true interest cost of 2.37%, for a new Pinney Library Branch, Metro Transit facilities, and Fleet Services relocation. The premiums received as a result of the general obligation borrowing totaled approximately \$6.3 million which represented about 6.0% 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 12 opened special assessment districts in 2019, down to 688 from 700 in 2018. Additionally, the ending receivable balance decreased by \$1.9 million from the prior year. Delinquent special assessments increased by about \$103,000 during the year, to approximately \$995,000. Of the approximately \$8.0 million change, or decrease to the capital projects fund balance noted above, the special assessments fund balance increased by a little over \$325,000 at year-end, largely due to land sale proceeds from the general fund that were used to pay down outstanding assessments of \$696,000, offset by lower investment income earnings by nearly \$126,000, which totaled just over \$431,000 when compared to \$557,000 in 2018.

The *tax incremental financing districts* are used to account for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing. Negative cash balances were reported at year-end within some of the TIDs. These TIDs received advances from the Other Capital Projects Fund of approximately \$11.8 million by the close of 2019.

The City had 13 active districts during the year. The districts generated, in total, over \$19.2 million in tax increment. The districts borrowed roughly \$2.9 million for street construction projects within TID #37 (Union Corners), TID #39 (Stoughton Rd), and TID #42 (Wingra). There was about \$4.9 million in developer loans disbursed during the year, primarily within TID #46 (Research Park). Approximately \$790,000 was received for state computer reimbursements, and a little more than \$800,000 was earned in investment income. Further, TID #35 (Todd Drive) donated \$1.8 million to TID #38 (Badger Ann Park) upon the passage of an updated donor plan between the two districts. No new districts were opened and no existing districts were closed during 2019.

The net change in fund balance for the TIDs in total decreased by a little less than \$200,000 by the end of the year. The districts paid roughly \$10.0 million for principal and interest on long-term debt, and spent about \$9.3 million for capital improvements. These included \$5.8 million for the Judge Doyle parking structure, \$2.2 million for continued street reconstruction and resurfacing, and \$511,000 for undergrounding electric, telephone, and other cables so that utility poles may be removed.

The following is a listing of noteworthy TID projects active during 2019:

- Judge Doyle Parking Ramp-TID #25
- Winnebago Street and Linden Avenue-TID #37
- Railroad Quiet Zone, Corry to Waubesa-TID #37
- Union Corners-TID #37
- Dairy Drive-TID #39

- Fish Hatchery Undergrounding of Utility Cables -TID #42
- Research Park-TID #46

The other capital projects fund accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure. The fund balance decreased by about \$8.2 million from the prior year, largely due to a decrease in general obligation borrowing from \$98.5 million in 2018, to approximately \$77.5 million in 2019. Investments in capital assets remained steady at about \$84.0 million.

Significant capital expenditures were as follows: \$8.8 million for the Olbrich Botanical Complex, \$7.5 million for the new Pinney library branch, \$6.4 million for the purchase of 3 parcels to expand Olin Park, \$2.9 million for various park, playground, and dog park improvements throughout the city, and \$1.4 million for Streets East facilities remodeling. Some of the largest public works project expenditures included street reconstructions totaling \$7.0 million for Monroe Street, and \$5.5 million for East Johnson Street.

Revenues for the other capital projects fund are largely general obligation debt proceeds, transfers from other governmental funds, and intergovernmental cost sharing revenues, which totaled approximately \$87.3 million in 2019.

The aggregated ***other nonmajor governmental*** funds column includes various special revenue and permanent funds such as: Community Development Block Grant (CDBG), revolving loans, other grants, other restricted funds, and permanent funds, used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The nonmajor governmental fund balances decreased in total to \$54.8 million. Of this amount, the accumulated fund balances for the special revenue funds decreased to approximately \$49.6 million at year-end. In 2018, the Affordable Housing special revenue funds, received roughly \$14.9 million from three TID closures. Of that amount, approximately \$8.3 million was loaned to provide low-income housing rentals to city residents in 2019. Developer paid impact fees totaled \$3.9 million for the year, or an increase of \$1.9 million when compared to 2018. Further, approximately \$6.1 million more was expended for capital project improvements, and for debt service payments during the 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 2019	Net Position 2018	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 132,550,864	\$ 123,955,945	\$ 8,594,919
Sewer Utility	118,744,026	117,451,411	1,292,615
Stormwater Utility	240,887,163	233,306,756	7,580,407
Metro Transit Utility	25,008,997	28,786,097	(3,777,100)
Nonmajor Enterprise	<u>122,251,971</u>	<u>114,430,298</u>	<u>7,821,673</u>
Total	<u>\$ 639,443,021</u>	<u>\$ 617,930,507</u>	<u>\$ 21,512,514</u>

The net position of the *enterprise-type* proprietary funds at the end of 2019 totaled over \$639.4 million, up approximately \$21.5 million from the previous year.

The Water Utility's total revenues increased by about \$8.6 million or about 25.2% when compared to the prior year. The utility filed an application to review rates with the Public Service Commission of Wisconsin that was accepted on July 1, 2019. The application requested an 8% increase in revenues. The utility's last rate change was approved on November 1, 2018. A hearing on the proposed rate increase with the PSC was conducted on May 15, 2020, and subsequently approved at 8.9% on June 22, 2020. The new rates became effective on July 2, 2020. The utility is currently ranked seventh for residential rates, out of 96 utilities classified as AB with customers over 4,000 in Wisconsin. In 2019, the utility received 670 new applications for service, or up 10% from the prior year.

Operation and maintenance, depreciation, and tax expenses were down by approximately \$600,000 for 2019; utility staff very closely monitored costs during the year, to coincide with quarterly revenue projections. Depreciation was also up by \$600,000, or 7.3% from that of the prior year.

Furthermore, the Water Utility added a net \$3.7 million of plant in service in 2019. Of this amount, approximately \$3.6 million was contributed by developers, contractors, and received by special assessments. Capital projects paid for by the utility included approximately \$3.4 million for new and replacement water mains, \$197,000 for various unit well rehabilitations, flow and magnetic meter additions, and variable frequency drives, and \$561,000 for the continued meter program.

Rate increases of approximately 6.0% for the Sewer Utility, and 10.1% for the Stormwater Utility were in effect as of May 1, 2019. These increases helped to keep the net positions positive for both funds.

The Sewer Utility generated a loss before capital contributions of nearly \$32,000. In addition, the utility added \$10.1 million in public projects including the following: \$2.9 million for Monroe Street, \$1.2 million for Blackhawk Avenue, Heather Crest and Bruce Court, \$1.0 million for Davidson Street, Park Court, Dempsey Road and Lake Edge Boulevard, \$600,000 for Winnebago Street and Linden Avenue, and \$550,000 for West Elderberry Sanitary Interceptor. Approximately \$1.1 million was added for equipment during the year. No revenue bonds were issued in 2019.

The Stormwater Utility had income before contributions totaling nearly \$1.2 million at year-end. The utility also added \$12.0 million in public projects to plant from construction in progress, which included: \$2.9 million for Monroe Street, \$1.2 million for Blackhawk Avenue, Heather Crest and Bruce Court and \$840,000 for Davidson Street, Park Court, Dempsey Road and Lake Edge Boulevard.

The utility also replaced equipment totaling approximately \$1.1 million largely for a Vactor, and a Directional Drilling Rig shared with the Sewer Utility, as well street sweeping equipment used by the Streets Division. Additionally, land was contributed to the utility totaling \$1.7 million during the year. Lastly, the utility recorded just over \$6.4 million in capital contributions.

The net position for the Metro Transit Utility decreased by a little less than \$3.8 million by the end of the year. Employee compensation and benefits accounted for 77.4% of total operating expenses excluding depreciation, and were over budget by about \$2.0 million at year-end. The City provided an operating subsidy to the utility totaling almost \$12.5 million by the close of 2019. Passenger revenues totaled about \$13.9 million for the fiscal year.

In 2019, Metro's bus ridership was 12.9 million, down about 2.8% from the prior year. Metro Transit has been declining requests for additional peak hour services from a growing number of private sector, academic, and municipal sources because of bus storage limitations associated with adding to the fleet. Metro did however, expand services to the City of Sun Prairie residents during 2019, which was accommodated by retaining older buses and service changes associated with Madison Metropolitan School District middle school routes.

In an attempt to reduce overcrowding on buses and demands for new peak hours services, Metro continues to focus on building a satellite facility to address capacity needs. Currently, City staff are negotiating for a portion of the vacant Oscar Mayer headquarters, warehouse and production site near Aberg Avenue, and the North Transfer Point. A \$7.0 million grant was obtained from the Federal Transit Authority which requires more than a \$3.2 million local match to be used for the purchase of real estate at the former Oscar Mayer site. Facility upgrades continue at Metro's current bus garage existing at 1101 East Washington Avenue, including construction of a new 10,000 square foot service lane, a new fire alarm system, remodeling of the workshop, body shop, and new cash room. Total costs of the work in this phase are estimated at more than \$7.3 million. In addition, Madison Metro Transit completed design work for HVAC and electrical upgrades for the facility to support electric buses. This work was bid and construction will start in 2020. Further, a 120 KW PV solar installation was completed on the roof of the 1101 E. Washington facility.

Metro's work with the Madison police department, city management, school district, and others to address security concerns is a top priority. Security incidents at three of the four transfer points declined in 2019 by about 21%. This effort will continue to be a top management area of focus.

The nonmajor enterprise funds include the Parking Utility, Convention Center, and Golf courses. The net position for the Parking Utility increased by about 10.0%, or over \$9.7 million by the close of the fiscal year; the utility remains debt free, and collected just over \$16.7 million from customers to fund operating expenses that totaled over \$12.3 million.

Much of the increase in net position is due to the utility receiving over \$6.0 million in capital contributions with just over \$5.8 million received for the Judge Doyle parking ramp.

The Convention Center's net position decreased by just under \$1.4 million, or about 5.1% for 2019, largely due to capital improvements to buildings and equipment totaling \$270,000 to replace the airwalls in the Hall of Ideas, and \$63,000 for a stage rigging system. During the year, the room tax subsidy for operations and capital contributions totaled nearly \$5.2 million, up from the prior year by nearly \$60,000.

Golf Courses net position decreased by almost \$537,000 (including pilot payments to the general fund) from last year, due to experiencing an operating loss before transfers and capital contributions of about \$340,000. This is largely caused by: stagnant revenues in the face of high competition, and the rising watershed of the Yahara Golf Course, which resulted in frequent shutdowns after moderate rainfalls. PILOT payments transferred to the general fund totaled nearly \$200,000 for the year. City management will be closely monitoring operational results and considering other financial options for the golf enterprise fund in the near future.

The net position of the City's three *internal service-type* proprietary funds outlined below, increased in total by just under \$800,000 from the prior year, to a positive total net position of over \$6.6 million by close of the fiscal year.

Approximately \$760,000 was transferred to Fleet Services from the general fund, largely to replace police vehicles during 2019. This funding source helped to keep a positive net position within the fund, to just over \$1.1 million for the year.

Furthermore, the insurance fund experienced over \$600,000 in claims during the year; while the Worker's Compensation fund paid about \$3.3 million. The Worker's Compensation fund also incurred a roughly \$250,000 adjustment to its required reserve balance by the close of the year. Overall, all three internal service funds had positive net position balances at year-end.

	Net Position 2019	Net Position (restated) 2018	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ 1,133,102	\$ 834,320	\$ 298,782
City Insurance	724,862	364,045	360,817
Worker's Compensation	<u>4,761,695</u>	<u>4,624,676</u>	<u>137,019</u>
Total	<u>\$ 6,619,659</u>	<u>\$ 5,823,041</u>	<u>\$ 796,618</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 179, the original 2019 general fund budget authorized expenditures of approximately \$314.3 million funded by anticipated revenues of slightly over \$314.3 million. During the year, the Common Council authorized additional expenditures of just over \$940,000 from budgeted reserves, for an amended budget amount of a little more than \$315.3 million.

The City ended the year with favorable general fund final budget variances for both expenditures and revenues totaling over \$6.7 million. Expenditures deviated from the budget by approximately \$4.0 million, with revenues exceeding budget by just under \$2.7 million. Management expected positive variances at year-end for both expenditures and revenues.

Given a moderate winter season, the Streets Division was under budget by about \$1.5 million; along with nearly \$1.4 million in expenditure savings for the Police Department, \$470,000 in community agency contract expenditures, \$530,000 in Parks, and a savings of about \$600,000 in general government expenditures.

The revenue variances were favorable by nearly \$2.7 million. Intergovernmental revenues were down in total, by over \$670,000 when compared to the budget, primarily due to payments for municipal services being less than anticipated totaling nearly \$647,000. Additionally, licenses and permit revenues were down by just over \$500,000 collectively. The general fund earned nearly \$5.7 million in investment income as interest rates rose from 2.0% at the beginning of the year, to 2.5% by the close of the fiscal year. The general fund also received a one-time equity disbursement of about \$1.9 million from a TIF loan repayment.

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, 2019 of over \$2.9 billion.

Roughly 69.0% of capital assets were related to infrastructure and plant in service. For financial statement purposes, land costs and construction in progress are reported separately and are not combined with the City's infrastructure networks.

Total accumulated depreciation was calculated to be a little under \$912.0 million, or approximately 31.4% of the historical asset cost. Depreciation expense by function totaled slightly over \$69.9 million for both governmental and business-type activities. Less accumulated depreciation, the City's net capital assets totaled nearly \$2.0 billion as of December 31, 2019.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 223,044	\$ 211,395	\$ 68,852	\$ 66,941	\$ 291,896	\$ 278,336
Construction in Progress	88,569	46,211	70,549	49,857	159,118	96,068
Land Improvements	40,586	36,216	-	-	40,586	36,216
Buildings	234,575	228,042	-	-	234,575	228,042
Machinery and Equipment	157,335	156,606	-	-	157,335	156,606
Intangibles	12,966	13,849	-	-	12,966	13,849
Infrastructure	931,531	911,159	-	-	931,531	911,159
Plant in Service	-	-	1,073,874	1,021,213	1,073,874	1,021,213
Subtotal	\$ 1,688,606	\$ 1,603,478	\$ 1,213,275	\$ 1,138,011	\$ 2,901,881	\$ 2,741,489
Less Accumulated Depreciation	(577,313)	(545,127)	(334,265)	(313,472)	(911,578)	(858,599)
Total net capital assets	\$ 1,111,293	\$ 1,058,351	\$ 879,010	\$ 824,539	\$ 1,990,303	\$ 1,882,890

Some notable additions to the City's capital assets during 2019 included (in millions):

- Infrastructure Street Network in Construction in Progress (CIP)..... \$34.1
- Water pumping, treatment, transmissions, distributions, and sanitary sewers..... 26.8
- Infrastructure Street Network in service..... 23.5
- Land and land improvements..... 18.3
- Buildings, building improvements..... 12.8
- Major motor equipment for fleet, vehicle additions, and CIP 6.9
- Bridge Network in service and CIP 5.9
- Traffic signals, and street lights..... 3.2
- Bike paths in service and CIP 1.4

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 97.

LONG-TERM DEBT

On December 31, 2019, the City of Madison had \$778,161,668 of long-term bonds, notes, and capital leases outstanding, as summarized in the following table:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds and Notes	\$ 457,375,950	\$ 438,492,158	\$ 61,960,218	\$ 46,255,016	\$ 519,336,168	\$ 484,747,174
Revenue Bonds	-	-	256,160,000	262,480,000	256,160,000	262,480,000
Capital Leases	2,405,000	3,170,000	260,500	1,025,500	2,665,500	4,195,500
Total	\$ 459,780,950	\$ 441,662,158	\$ 318,380,718	\$ 309,760,516	\$ 778,161,668	\$ 751,422,674

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 \$521,391,000 or 33.7% of the maximum legal limit of \$1,545,534,900.

During 2019, the primary government issued new debt for the following dates, types, amounts and ratings:

Date	Type of Debt	Amount	Moody's Rating
10/17/2019	General Obligation Notes	\$ 80,415,000	Aaa
10/17/2019	General Obligation Bonds	29,810,000	Aaa
12/19/2019	Revenue Refunding Bonds-Water Utility	33,680,000	Aa2
12/19/2019	Revenue Refunding Bonds-Water Utility	13,055,000	Aa2
12/19/2019	Revenue Bond Anticipation Notes-Water Utility	20,000,000	Aa2
		<u>\$ 176,960,000</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 105.

CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

Financial Outlook

The 2020 budget adopted by the Madison Common Council in November 2019, authorized an increase in total budgeted expenditures of just over \$10.3 million, funded by a 3.4% increase in the property tax levy, an increase in other revenue sources of just under \$6.3 million, with no application of fund balance. City management is projecting 2020 actual revenues recognized to be substantially below the adopted budget due to COVID-19, and expenditures incurred to be close to the adopted budget.

The City's evaluation of the effects of the COVID-19 pandemic and related economic disruption is ongoing; however, we anticipate a number of revenues will be negatively impacted.

A simple projection of results from the first three months of 2020, suggests the general and library funds revenues will be at a deficit of about \$9.2 million due to lost revenues related to COVID-19. It is anticipated that ambulance conveyance fees will be down \$1.2 million to about \$6.2 million by the close of the year. Fines and forfeitures will be about \$1.5 million lower than budgeted for a total of \$5.0 million.

Licenses and permits are projected to be down collectively by \$1.5 million or by 20.0%. The General Fund share of Room Tax revenues will be down \$3.0 million, or 50.0% of the budgeted amount. Interest earnings will likely drop by about \$2.7 million based upon budget projections resulting from mark-to-market adjustments, and Federal Reserve upcoming decisions. The extent of the impacts on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

The 2020 Adopted Budget for both general and library fund expenditures totals \$340,708,133. Some City departments are projecting deficits such as Fire, Police, City Clerk, Traffic Engineering, Parks, and Golf Courses totaling at this time, approximately \$5.4 million by year-end close.

While it's early in the year, projected deficits may be funded using direct appropriations, unassigned fund balance, and the contingent reserve of nearly \$12.0 million collectively. This category of spending includes appropriations that are not assigned to specific city departments. Other savings within smaller city departments may be used to offset projected deficits and/or revenue losses throughout the year. The City was allocated approximately \$25.0 million from the federal Coronavirus Aid, Relief and Economic Security (CARES) Act related to transit system needs. A portion of this allocation will be used to replace the city's general fund subsidy to the transit utility, thereby helping to bring general fund expenses in line with anticipated revenues. Coronavirus Relief Funds (CRF) provided to the State of Wisconsin in the CARES Act and subgranted to the City, along with Federal Emergency Management Agency reimbursements of city COVID-19 related costs, are expected to help offset COVID-19 response costs. Additionally, city management has issued guidance to agency staff to reduce spending, including implementing a city-wide hiring freeze, and limits on non-essential spending through the end of the fiscal year.

Further, city staff begin to defer new initiatives to 2021, and will continue to closely monitor spending overruns and revenue shortfalls quarterly during 2020.

Economic Factors

The local economy remained rather strong during this period when compared to the remainder of the state and nation. According to the Wisconsin Department of Workforce Development-Labor Statistics, the local unadjusted unemployment rate stood at 2.4%, below the state average rate of 3.3% and national rate of 3.7% as of December 31, 2019.

As of April 30, 2020, the City's unemployment rate rose to 11.1% due to consequences of the COVID-19 pandemic. However, the City rate remains below the state and national rates of 13.6% and 14.4% respectively.

The City's population increased to 255,650 from 252,546 as estimated by the Wisconsin State Department of Administration.

Locally assessed real estate value increased by approximately 6.6% between 2019 and 2020. Commercial property increased by 8.6% while total residential assessments increased by 5.5%. New construction was up from \$606.3 million in 2018 to \$622.0 million in 2019.

The average single family home assessment increased by about 4.9% from \$300,600 to \$315,200. These assessment figures compare favorably to the rest of the state and nation given the City's resilient economy prior to the onset of the COVID-19 pandemic.

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

REQUESTS FOR INFORMATION

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

CITY OF MADISON

STATEMENT OF NET POSITION As of December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 213,512,653	\$ 55,166,180	\$ 268,678,833	\$ 20,170,514
Receivables (net)				
Taxes	285,501,808	-	285,501,808	-
Accounts	5,928,983	9,300,381	15,229,364	388,225
Special assessments	13,618,582	10,468,574	24,087,156	293,114
Accrued interest	1,981,665	-	1,981,665	25,795
Accrued revenue	252,232	2,560	254,792	-
Long-term loans	31,604,980	-	31,604,980	263,000
Other	14,652,354	-	14,652,354	-
Pledge receivable	-	-	-	1,718,706
Internal balances	8,648,311	(8,648,311)	-	-
Due from other governmental units	18,012,301	5,193,993	23,206,294	201,533
Due from component units	11,831	-	11,831	-
Inventories	3,211,438	1,298,023	4,509,461	118,870
Prepaid items	2,331,246	1,060,192	3,391,438	1,642,956
Advances to component unit	6,838,786	-	6,838,786	-
Lease receivable	2,405,000	-	2,405,000	-
Lease receivable from primary government	-	-	-	2,665,500
Other Assets				
Net non-utility property	-	684,997	684,997	-
Prepaid expenses - land lease	-	16,986	16,986	-
Beneficial interest in assets held by MCF	-	-	-	6,999,986
Other	-	736,401	736,401	310,548
Restricted Assets				
Cash and investments	7,561,151	58,631,458	66,192,609	6,089,207
Investment in Wisconsin Municipal Mutual Insurance	3,815,820	-	3,815,820	-
Other	-	-	-	44,461
Property held for future use/resale	-	112,087	112,087	-
Capital Assets				
Land	223,043,690	68,852,207	291,895,897	10,904,704
Construction in progress	88,569,393	70,548,785	159,118,178	457,889
Land improvements	40,586,429	-	40,586,429	-
Buildings	234,574,861	-	234,574,861	-
Machinery and equipment	157,335,078	-	157,335,078	-
Intangibles	12,965,824	-	12,965,824	-
Infrastructure	931,531,271	-	931,531,271	-
Plant in service	-	1,073,874,134	1,073,874,134	109,736,954
Accumulated depreciation	(577,313,210)	(334,264,848)	(911,578,058)	(62,085,848)
Total Assets	<u>\$ 1,731,182,477</u>	<u>\$ 1,013,033,799</u>	<u>\$ 2,744,216,276</u>	<u>\$ 99,946,114</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	733,367	733,367	-
Pension related amounts	133,588,640	35,032,735	168,621,375	1,649,893
Other post-employment benefits related amounts	2,954,855	954,861	3,909,716	33,955
Total Deferred Outflows of Resources	<u>\$ 136,543,495</u>	<u>\$ 36,720,963</u>	<u>\$ 173,264,458</u>	<u>\$ 1,683,848</u>

See accompanying notes to financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
LIABILITIES				
Accounts payable	\$ 27,264,204	\$ 10,593,247	\$ 37,857,451	\$ 514,694
Accrued payroll and payroll taxes	13,309,858	3,935,543	17,245,401	2,009,109
Other accrued liabilities and deposits	24,976,494	1,278,803	26,255,297	-
Due to other governmental units	196,349	-	196,349	-
Due to primary government	-	-	-	11,831
Payable from Restricted Assets				
Accrued liabilities	-	3,420,662	3,420,662	-
Current maturities of revenue bonds	-	11,060,000	11,060,000	-
Other liabilities	-	1,284,565	1,284,565	-
Other liabilities	34,144	347,280	381,424	1,073,733
Advances from primary government	-	-	-	6,838,786
Unearned revenues	3,034,448	1,203,969	4,238,417	914,708
Noncurrent Liabilities:				
Due within one year	74,694,420	11,093,308	85,787,728	2,394,343
Due in more than one year	462,111,686	322,836,536	784,948,222	8,215,645
Other post-employment benefits	53,854,081	17,402,955	71,257,036	618,835
Net pension liability	49,668,950	12,493,782	62,162,732	584,975
Total Liabilities	<u>\$ 709,144,634</u>	<u>\$ 396,950,650</u>	<u>\$ 1,106,095,284</u>	<u>\$ 23,176,659</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes/assessments for subsequent year	275,553,867	83,703	275,637,570	292,109
Pension related amounts	68,417,333	18,137,575	86,554,908	848,619
Other post-employment benefits related amounts	5,217,749	1,686,110	6,903,859	59,953
Total Deferred Inflows of Resources	<u>\$ 349,188,949</u>	<u>\$ 19,907,388</u>	<u>\$ 369,096,337</u>	<u>\$ 1,200,681</u>
NET POSITION				
Net investment in capital assets	745,491,927	594,855,763	1,340,347,690	40,684,808
Restricted for				
Debt service	19,692,455	14,888,295	34,580,750	-
Equipment replacement	-	1,384,259	1,384,259	-
Loan programs	35,223,403	-	35,223,403	-
Library	1,469,699	-	1,469,699	3,900,621
Park purposes	860,236	-	860,236	4,222,192
Impact fees	6,212,658	-	6,212,658	-
Other grants	1,003,470	-	1,003,470	-
Other restricted special revenue funds	709,125	-	709,125	-
TID activities	34,794,450	-	34,794,450	-
Trust purposes - expendable	3,756,931	-	3,756,931	-
Trust purposes - nonexpendable	774,847	-	774,847	-
Unrestricted (deficit)	(40,596,812)	21,768,407	(18,828,405)	28,445,001
TOTAL NET POSITION	<u>\$ 809,392,389</u>	<u>\$ 632,896,724</u>	<u>\$ 1,442,289,113</u>	<u>\$ 77,252,622</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Program Revenue		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government			
Governmental activities			
General government	\$ 41,586,079	\$ 3,667,402	\$ -
Public safety	160,822,447	15,971,106	4,076,003
Public works and transportation	92,141,702	17,545,762	12,570,610
Planning and development	46,925,502	5,157,300	7,122,457
Culture and recreation	46,900,454	6,750,159	1,813,782
Interest and fiscal charges	9,458,851	-	159,582
Total Governmental Activities	\$ 397,835,035	\$ 49,091,729	\$ 25,742,434
Business-type activities			
Water	33,477,692	43,944,888	-
Sewer	42,448,262	40,947,494	222,791
Stormwater	16,805,641	17,293,542	-
Parking utility	12,313,365	16,739,751	-
Transit	64,781,713	15,067,977	27,882,108
Convention center	11,484,032	5,184,806	-
Golf courses	3,106,737	2,727,858	-
Total Business-type Activities	\$ 184,417,442	\$ 141,906,316	\$ 28,104,899
Total Primary Government	\$ 582,252,477	\$ 190,998,045	\$ 53,847,333
Component Units			
CDA (Housing)	\$ 28,208,698	\$ 8,273,734	\$ 20,042,874
Business Improvement District	496,972	493,186	49,829
Olbrich Botanical Society and Foundation	6,101,461	1,474,524	1,985,321
Library Foundation	2,302,518	191,031	2,259,086
Parks Foundation	315,606	50,199	375,830
Total Component Units	\$ 37,425,255	\$ 10,482,674	\$ 24,712,940
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 (loss) on sale of assets			
Transfers - Internal			
Total General Revenues and Transfers			
Change in Net Position			
NET POSITION - Beginning of Year			
NET POSITION - END OF YEAR			

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		
\$ -	\$ (37,918,677)	\$ -	\$ (37,918,677)	\$ -	-
-	(140,775,338)	-	(140,775,338)	-	-
12,963,751	(49,061,579)	-	(49,061,579)	-	-
1,031,588	(33,614,157)	-	(33,614,157)	-	-
4,756,388	(33,580,125)	-	(33,580,125)	-	-
-	(9,299,269)	-	(9,299,269)	-	-
<u>\$ 18,751,727</u>	<u>\$ (304,249,145)</u>	<u>\$ -</u>	<u>\$ (304,249,145)</u>	<u>\$ -</u>	-
3,600,060	-	14,067,256	14,067,256	-	-
1,324,337	-	46,360	46,360	-	-
3,151,630	-	3,639,531	3,639,531	-	-
115,490	-	4,541,876	4,541,876	-	-
3,804,256	-	(18,027,372)	(18,027,372)	-	-
-	-	(6,299,226)	(6,299,226)	-	-
-	-	(378,879)	(378,879)	-	-
<u>\$ 11,995,773</u>	<u>\$ -</u>	<u>\$ (2,410,454)</u>	<u>\$ (2,410,454)</u>	<u>\$ -</u>	-
<u>\$ 30,747,500</u>	<u>\$ (304,249,145)</u>	<u>\$ (2,410,454)</u>	<u>\$ (306,659,599)</u>	<u>\$ -</u>	-
-	-	-	-	107,910	-
-	-	-	-	46,043	-
-	-	-	-	(2,641,616)	-
-	-	-	-	147,599	-
-	-	-	-	110,423	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,229,641)</u>	-
\$ 224,423,270	\$ -	\$ 224,423,270	\$ -	\$ -	-
17,703,565	-	17,703,565	-	-	-
19,241,269	-	19,241,269	-	-	-
20,311,690	-	20,311,690	-	-	-
26,647,087	-	26,647,087	-	-	-
9,322,707	2,736,703	12,059,410	2,910,277	-	-
-	-	-	100,799	-	-
3,000,331	553,172	3,553,503	69,950	-	-
553,157	360,973	914,130	-	-	-
(20,365,109)	20,365,109	-	-	-	-
<u>\$ 300,837,967</u>	<u>\$ 24,015,957</u>	<u>\$ 324,853,924</u>	<u>\$ 3,081,026</u>		
\$ (3,411,178)	\$ 21,605,503	\$ 18,194,325	\$ 851,385		
<u>812,803,567</u>	<u>611,291,221</u>	<u>1,424,094,788</u>	<u>76,401,237</u>		
<u>\$ 809,392,389</u>	<u>\$ 632,896,724</u>	<u>\$ 1,442,289,113</u>	<u>\$ 77,252,622</u>		

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General Fund	Library
ASSETS		
Cash and investments	\$ 78,890,748	\$ 1,347,439
Receivables		
Taxes	230,971,165	19,163,603
Accounts	4,515,384	96,975
Accrued revenue	-	-
Special assessments	-	-
Accrued interest	651,661	-
Long-term loans	779,273	-
Other receivables	14,648,000	4,354
Due from component units	11,831	-
Due from other funds	579,225	-
Due from other governmental units	3,958,201	-
Advances to other funds	1,316,829	-
Advances to component unit	238,000	-
Leases receivable	-	-
Inventories	557,686	-
Prepaid items	2,032,826	172,214
Restricted cash and investments	-	-
TOTAL ASSETS	\$339,150,829	\$ 20,784,585

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 11,345,687	\$ 77,327,259	\$ 16,894,472	\$ 185,805,605
-	30,770,720	4,596,320	285,501,808
-	653,020	501,312	5,766,691
-	-	252,232	252,232
-	13,618,582	-	13,618,582
-	1,293,310	36,694	1,981,665
1,687,035	1,009,530	28,129,141	31,604,979
-	-	-	14,652,354
-	-	-	11,831
-	-	210,513	789,738
-	9,602,702	4,451,398	18,012,301
3,244,807	1,076,534	-	5,638,170
6,600,786	-	-	6,838,786
-	2,405,000	-	2,405,000
-	1,674,987	-	2,232,673
-	43,280	40,160	2,288,480
-	-	6,879,436	6,879,436
<u>\$ 22,878,315</u>	<u>\$ 139,474,924</u>	<u>\$ 61,991,678</u>	<u>\$ 584,280,331</u>

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General Fund	Library
<i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</i>		
Liabilities		
Accounts payable	\$ 5,103,947	\$ 258,708
Accrued liabilities	12,325,628	559,722
Deposits	6,260,882	-
Due to other governmental units	125,325	-
Due to other funds	-	-
Advances from other funds	-	-
Other liabilities	34,144	-
Unearned revenues	-	-
Total Liabilities	\$ 23,849,926	\$ 818,430
Deferred Inflows of Resources		
Unavailable revenues	16,307,165	12,578
Property taxes for subsequent year	230,855,731	19,164,603
Total Deferred Inflows of Resources	\$247,162,896	\$ 19,177,181
Fund Balances		
Nonspendable		
Noncurrent advances to other funds	1,316,829	-
Advances to component units	238,000	-
Noncurrent receivables	64,245	-
Inventories	557,685	-
Prepaid items	2,032,826	172,214
Trust activities	-	-
Restricted	779,273	616,760
Committed	-	-
Assigned	9,977,440	-
Unassigned	53,171,709	-
Total Fund Balances	\$ 68,138,007	\$ 788,974
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$339,150,829	\$ 20,784,585

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ 20,573,385	\$ 830,607	\$ 26,766,647
-	190,091	234,417	13,309,858
-	-	1,503	6,262,385
-	71,024	-	196,349
-	3,716,115	-	3,716,115
-	-	609,778	609,778
-	-	-	34,144
-	1,289,770	1,744,678	3,034,448
<u>\$ -</u>	<u>\$ 25,840,385</u>	<u>\$ 3,420,983</u>	<u>\$ 53,929,724</u>
-	27,281,042	3,743,995	47,344,780
-	25,533,533	-	275,553,867
<u>\$ -</u>	<u>\$ 52,814,575</u>	<u>\$ 3,743,995</u>	<u>\$ 322,898,647</u>
-	-	-	1,316,829
-	-	-	238,000
-	-	-	64,245
-	1,674,987	-	2,232,672
-	43,280	40,160	2,288,480
-	-	774,847	774,847
22,878,315	50,749,079	49,553,133	124,576,560
-	-	4,458,560	4,458,560
-	8,352,618	-	18,330,058
-	-	-	53,171,709
<u>\$ 22,878,315</u>	<u>\$ 60,819,964</u>	<u>\$ 54,826,700</u>	<u>\$ 207,451,960</u>
<u>\$ 22,878,315</u>	<u>\$ 139,474,924</u>	<u>\$ 61,991,678</u>	<u>\$ 584,280,331</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, 2019

Total Fund Balances - Governmental Funds	\$ 207,451,960
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.	1,066,347,575
Internal service funds are reported in the statement of net position as governmental funds.	13,165,955
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.	47,344,780
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(49,045,711)
The other post-employment liability does not relate to current financial resources and is not reported in the governmental funds.	(52,250,529)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	131,811,454
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	2,866,872
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(67,484,679)
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	(5,062,386)
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>(485,752,903)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 809,392,388</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General	Library	Debt Service
REVENUES			
Taxes	\$ 225,805,119	\$ 17,703,565	\$ -
Special assessments	-	-	-
Intergovernmental	38,503,530	1,300,494	151,044
Licenses and permits	7,385,413	-	-
Fines and forfeitures	6,452,870	-	-
Intergovernmental charges for services	-	-	-
Public charges for services	14,786,359	1,070,970	-
Investment income	5,767,747	-	1,346,103
Miscellaneous	3,171,525	586,720	-
Total Revenues	\$ 301,872,563	\$ 20,661,749	\$ 1,497,147
EXPENDITURES			
Current			
General government	25,698,059	-	-
Public safety	137,676,340	-	-
Public works and transportation	40,180,686	-	-
Planning and development	23,808,696	-	-
Culture and recreation	18,104,270	17,741,576	-
Capital Outlay	-	-	-
Debt service			
Principal retirement	-	-	62,011,875
Interest and fiscal charges	-	-	13,818,724
Total Expenditures	\$ 245,468,051	\$ 17,741,576	\$ 75,830,599
Excess (deficiency) of revenues over (under) expenditures	\$ 56,404,512	\$ 2,920,173	\$ (74,333,452)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	120,377
Premium on debt issued	-	-	6,325,495
Sale of capital assets	51,758	-	-
Transfers in	20,898,187	20,000	68,488,530
Transfers out	(71,573,341)	(2,876,376)	-
Total Other Financing Sources (Uses)	\$ (50,623,396)	\$ (2,856,376)	\$ 74,934,402
Net Change in Fund Balances	\$ 5,781,116	\$ 63,797	\$ 600,950
FUND BALANCES - Beginning of Year	62,356,891	725,177	22,277,365
FUND BALANCES - END OF YEAR	\$ 68,138,007	\$ 788,974	\$ 22,878,315

See accompanying notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 19,241,269	\$ 18,929,841	\$ 281,679,794
4,275,595	-	4,275,595
1,613,865	11,457,953	53,026,886
-	314,936	7,700,349
-	-	6,452,870
8,895,746	-	8,895,746
522,402	9,584,499	25,964,230
1,678,717	1,447,409	10,239,976
5,947,337	71,071	9,776,653
<u>\$ 42,174,931</u>	<u>\$ 41,805,709</u>	<u>\$ 408,012,099</u>
4,393,369	7,691,448	37,782,876
154,379	3,848,193	141,678,912
8,805,787	825,964	49,812,437
1,149,063	15,385,241	40,343,000
2,348,325	407,300	38,601,471
98,526,072	-	98,526,072
765,000	-	62,776,875
77,828	-	13,896,552
<u>\$ 116,219,823</u>	<u>\$ 28,158,146</u>	<u>\$ 483,418,195</u>
<u>\$ (74,044,892)</u>	<u>\$ 13,647,563</u>	<u>\$ (75,406,096)</u>
64,533,953	-	64,654,330
-	-	6,325,495
24,914	4,326	80,998
12,117,293	1,016,790	102,540,800
<u>(10,693,930)</u>	<u>(27,433,613)</u>	<u>(112,577,260)</u>
<u>\$ 65,982,230</u>	<u>\$ (26,412,497)</u>	<u>\$ 61,024,363</u>
<u>\$ (8,062,662)</u>	<u>\$ (12,764,934)</u>	<u>\$ (14,381,733)</u>
<u>68,882,626</u>	<u>67,591,634</u>	<u>221,833,693</u>
<u>\$ 60,819,964</u>	<u>\$ 54,826,700</u>	<u>\$ 207,451,960</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 NET POSITION For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ (14,381,733)

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	98,526,072
Less: Some items reported as capital outlay but not capitalized	(15,604,911)
Add: Contributed assets	10,713,823
Depreciation is reported in the government-wide statements	(38,394,151)
Net book value of disposals	(4,068,273)

Net capital asset contributions by governmental activities to business-type activities (10,937,881)

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. (3,364,770)

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	(64,654,330)
Principal repaid	62,776,875

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	(2,618,312)
Disability benefits	39,148
Accrued interest on debt	(100,582)
Police and Fire Pension	11,428
Net pension liability	(88,489,407)
Net other post-employment benefits liability	(4,655,935)
Deferred outflows of resources related to pensions	59,769,523
Deferred inflows of resources related to pensions	11,140,071
Deferred outflows of resources related to other post-employment benefits	2,866,872
Deferred inflows of resources related to other post-employment benefits	(901,130)

Governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Current year premium	(6,325,495)
Amortization of discount and premium	4,538,291

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.	703,629
---	---------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,411,178)

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION PROPERITARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
ASSETS			
Current Assets			
Cash and investments	\$ 5,111,108	\$ 8,866,520	\$ 4,464,895
Accounts receivable (net)	2,660,818	3,325,429	1,397,990
Accrued revenue	-	1,760	800
Due from other funds	1,111,689	1,328,817	485,871
Due from other governmental units	-	30,302	544,054
Inventories	761,348	-	-
Special assessments	185,539	-	-
Other assets	319,536	-	-
Prepaid items	189,145	47,258	81,468
Restricted cash and investments	10,364,736	-	-
Total Current Assets	\$ 20,703,919	\$ 13,600,086	\$ 6,975,078
Noncurrent Assets			
Property held for future use	112,087	-	-
Restricted assets			
Cash and investments	37,306,186	5,182,583	4,120,711
Investment in mutual insurance company	-	-	-
Capital Assets:			
Land	3,121,340	2,829,201	53,343,361
Construction work in progress	611,048	5,350,779	18,579,948
Plant in service (at cost)	399,042,696	174,405,566	250,257,735
Total Capital Assets	\$ 402,775,084	\$ 182,585,546	\$ 322,181,044
Less: Accumulated depreciation/amortization	(96,451,009)	(34,472,974)	(52,717,913)
Net Capital Assets	\$ 306,324,075	\$ 148,112,572	\$ 269,463,131
Other Property and Investments			
Special assessments receivable	3,241,430	5,552,939	1,488,666
Preliminary survey and investigation	416,865	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	684,997	-	-
Total Other Property and Investments	\$ 4,343,292	\$ 5,552,939	\$ 1,488,666
Total Noncurrent Assets	\$ 348,085,640	\$ 158,848,094	\$ 275,072,508
Total Assets	\$ 368,789,559	\$ 172,448,180	\$ 282,047,586
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on advance refunding	733,367	-	-
Deferred outflows related to pension	5,735,880	2,016,742	2,849,148
Other post-employment benefits related amounts	148,082	79,263	17,924
Total Deferred Outflows of Resources	\$ 6,617,329	\$ 2,096,005	\$ 2,867,072

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
\$ 8,363,338	\$ 28,360,319	\$ 55,166,180	\$ 27,707,048
1,237,312	678,832	9,300,381	162,292
-	-	2,560	-
-	-	2,926,377	495,992
4,619,637	-	5,193,993	-
380,335	156,340	1,298,023	978,765
-	-	185,539	-
-	-	319,536	-
594,331	147,990	1,060,192	42,766
372,677	-	10,737,413	-
<u>\$ 15,567,630</u>	<u>\$ 29,343,481</u>	<u>\$ 86,190,194</u>	<u>\$ 29,386,863</u>
-	-	112,087	-
1,284,565	-	47,894,045	681,715
-	-	-	3,815,820
2,604,992	6,953,313	68,852,207	2,570,970
139,740	45,867,270	70,548,785	14,724,899
125,472,993	124,695,144	1,073,874,134	87,449,087
<u>\$ 128,217,725</u>	<u>\$ 177,515,727</u>	<u>\$ 1,213,275,126</u>	<u>\$ 104,744,956</u>
<u>(76,545,944)</u>	<u>(74,077,008)</u>	<u>(334,264,848)</u>	<u>(59,799,195)</u>
<u>\$ 51,671,781</u>	<u>\$ 103,438,719</u>	<u>\$ 879,010,278</u>	<u>\$ 44,945,761</u>
-	-	10,283,035	-
-	-	416,865	-
16,986	-	16,986	-
-	-	684,997	-
<u>\$ 16,986</u>	<u>\$ -</u>	<u>\$ 11,401,883</u>	<u>\$ -</u>
<u>\$ 52,973,332</u>	<u>\$ 103,438,719</u>	<u>\$ 938,418,293</u>	<u>\$ 49,443,296</u>
<u>\$ 68,540,962</u>	<u>\$ 132,782,200</u>	<u>\$ 1,024,608,487</u>	<u>\$ 78,830,159</u>
-	-	733,367	-
18,856,380	5,574,585	35,032,735	1,777,186
568,309	141,283	954,861	87,983
<u>\$ 19,424,689</u>	<u>\$ 5,715,868</u>	<u>\$ 36,720,963</u>	<u>\$ 1,865,169</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION PROPERITARY FUNDS As of December 31, 2019

LIABILITIES	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
Current Liabilities			
Accounts payable	\$ 920,299	\$ 6,596,639	\$ 300,452
Accrued liabilities	818,395	167,888	539,455
Due to other funds	-	-	-
Deposits	-	102,250	3,000
Claims payable	-	-	-
Current portion of general obligation long-term debt	-	-	6,471,297
Current portion of capital lease	-	-	-
Current portion of advances from other funds	117,464	-	-
Current portion of accrued compensated absences	-	197,592	213,921
Unearned revenue	-	159,095	-
Liabilities payable from restricted assets:			
Accrued liabilities	2,916,520	131,465	-
Current maturities of revenue bonds	7,455,000	3,605,000	-
Total Current Liabilities	\$ 12,227,678	\$ 10,959,929	\$ 7,528,125
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	32,525,138
Revenue bonds, including unamortized premium	219,368,268	40,737,529	-
Total Long-Term Debt Net of Current Maturities	\$ 219,368,268	\$ 40,737,529	\$ 32,525,138
Other Noncurrent Liabilities			
Other post-employment benefits	2,698,894	1,444,626	326,679
Net pension liability	2,015,781	732,281	1,108,924
Accrued compensated absences	2,111,779	737,339	966,309
Advances from other funds	1,060,744	-	-
Unearned revenues	-	-	-
Noncurrent liabilities payable from restricted assets	-	-	-
Other	119,242	-	-
Total Other Noncurrent Liabilities	\$ 8,006,440	\$ 2,914,246	\$ 2,401,912
Total Long-Term Debt Net of Current Maturities and Other Noncurrent Liabilities	\$ 227,374,708	\$ 43,651,775	\$ 34,927,050
Total Liabilities	\$ 239,602,386	\$ 54,611,704	\$ 42,455,175
DEFERRED INFLOWS OF RESOURCES			
Unamortized Gain on Refunding	83,703	-	-
Pension related amounts	2,908,450	1,048,489	1,540,669
Other post-employment benefits related amounts	261,485	139,966	31,651
Total Deferred Inflows of Resources	\$ 3,253,638	\$ 1,188,455	\$ 1,572,320
NET POSITION			
Net investment in capital assets	122,467,961	104,375,510	234,587,408
Restricted for debt service	10,442,652	4,445,643	-
Restricted for equipment replacement	1,384,259	-	-
Unrestricted (deficit)	(1,744,008)	9,922,873	6,299,755
TOTAL NET POSITION	\$ 132,550,864	\$ 118,744,026	\$ 240,887,163

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>
\$ 1,894,530	\$ 881,327	\$ 10,593,247	\$ 497,557
1,789,595	620,210	3,935,543	555,899
-	-	-	495,992
-	1,173,553	1,278,803	-
-	-	-	14,873,767
2,411,154	114,309	8,996,760	7,043,636
-	260,500	260,500	-
362,560	55,707	535,731	-
880,274	544,261	1,836,048	194,159
913,275	114,613	1,186,983	-
372,677	-	3,420,662	-
-	-	11,060,000	-
<u>\$ 8,624,065</u>	<u>\$ 3,764,480</u>	<u>\$ 43,104,277</u>	<u>\$ 23,661,010</u>
19,613,715	824,604	52,963,457	46,585,308
-	-	260,105,797	-
<u>\$ 19,613,715</u>	<u>\$ 824,604</u>	<u>\$ 313,069,254</u>	<u>\$ 46,585,308</u>
10,357,781	2,574,975	17,402,955	1,603,552
6,572,282	2,064,514	12,493,782	623,239
3,677,874	2,273,980	9,767,281	514,543
1,833,390	1,598,527	4,492,661	-
16,986	-	16,986	-
1,284,565	-	1,284,565	-
228,038	-	347,280	-
<u>\$ 23,970,916</u>	<u>\$ 8,511,996</u>	<u>\$ 45,805,510</u>	<u>\$ 2,741,334</u>
<u>\$ 43,584,631</u>	<u>\$ 9,336,600</u>	<u>\$ 358,874,764</u>	<u>\$ 49,326,642</u>
<u>\$ 52,208,696</u>	<u>\$ 13,101,080</u>	<u>\$ 401,979,041</u>	<u>\$ 72,987,652</u>
-	-	83,703	-
9,744,422	2,895,545	18,137,575	932,654
1,003,536	249,472	1,686,110	155,363
<u>\$ 10,747,958</u>	<u>\$ 3,145,017</u>	<u>\$ 19,907,388</u>	<u>\$ 1,088,017</u>
30,930,805	102,494,079	594,855,763	68,419
-	-	14,888,295	-
-	-	1,384,259	-
<u>(5,921,808)</u>	<u>19,757,892</u>	<u>28,314,704</u>	<u>6,551,240</u>
<u>\$ 25,008,997</u>	<u>\$ 122,251,971</u>	<u>639,443,021</u>	<u>\$ 6,619,659</u>
		<u>(6,546,297)</u>	
		<u>\$ 632,896,724</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, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
CHARGES FOR SERVICES	<u>\$ 43,944,888</u>	<u>\$ 40,947,494</u>	<u>\$ 17,293,542</u>
OPERATING EXPENSES:			
Operation and Maintenance	17,285,238	33,524,128	10,435,878
Depreciation	<u>8,101,881</u>	<u>2,702,383</u>	<u>3,958,162</u>
Total Operating Expenses	<u>\$ 25,387,119</u>	<u>\$ 36,226,511</u>	<u>\$ 14,394,040</u>
Operating Income (Loss)	<u>\$ 18,557,769</u>	<u>\$ 4,720,983</u>	<u>\$ 2,899,502</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,011,538	662,476	303,951
Interest and amortization	(7,712,703)	(1,663,068)	(1,241,414)
Issuance costs	(411,853)	-	-
Reimbursement of operating loss from government agencies	-	-	-
Gain (Loss) on sale of assets	360,973	(77,603)	(343,821)
Special assessments	-	222,791	-
Noncapitalized infrastructure improvements	-	(4,490,029)	(840,239)
Intergovernmental revenues	-	-	-
Miscellaneous revenues	181,470	128,193	31,599
Miscellaneous expenses	<u>(31,599)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (6,602,174)</u>	<u>\$ (5,217,240)</u>	<u>\$ (2,089,924)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>\$ 11,955,595</u>	<u>\$ (496,257)</u>	<u>\$ 809,578</u>
TRANSFERS			
Transfers in	182,331	667,544	372,020
Transfers out	<u>(7,191,839)</u>	<u>(203,009)</u>	<u>(2,704)</u>
Net Transfers	<u>\$ (7,009,508)</u>	<u>\$ 464,535</u>	<u>\$ 369,316</u>
Income (Loss) Before Contributions	<u>\$ 4,946,087</u>	<u>\$ (31,722)</u>	<u>\$ 1,178,894</u>
CAPITAL CONTRIBUTIONS	3,600,060	1,324,337	3,151,630
CAPITAL CONTRIBUTIONS - MUNICIPAL	-	-	3,249,883
CAPITALIZED TAX EQUIVALENT	<u>48,772</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 8,594,919</u>	<u>\$ 1,292,615</u>	<u>\$ 7,580,407</u>
NET POSITION, Beginning of Year	<u>123,955,945</u>	<u>117,451,411</u>	<u>233,306,756</u>
NET POSITION - END OF YEAR	<u><u>\$ 132,550,864</u></u>	<u><u>\$ 118,744,026</u></u>	<u><u>\$ 240,887,163</u></u>
Change in Net Position			
Adjustments to reflect the consolidation of internal service funds activities related to business-type activities			
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			Governmental
	Nonmajor		Activites
Transit Utility	Enterprise	Totals	Internal
	Funds		Service Funds
\$ 15,067,977	\$ 24,652,415	\$ 141,906,316	\$ 22,813,925
56,933,269	23,448,225	141,626,738	16,246,358
7,316,345	3,382,631	25,461,402	6,052,365
<u>\$ 64,249,614</u>	<u>\$ 26,830,856</u>	<u>\$ 167,088,140</u>	<u>\$ 22,298,723</u>
<u>\$ (49,181,637)</u>	<u>\$ (2,178,441)</u>	<u>\$ (25,181,824)</u>	<u>\$ 515,202</u>
-	758,738	2,736,703	12,291
(563,677)	(95,057)	(11,275,919)	(1,339,549)
-	-	(411,853)	-
27,882,108	-	27,882,108	-
-	-	(60,451)	480,968
-	-	222,791	-
-	-	(5,330,268)	-
-	-	-	10,628
70,701	141,209	553,172	507,846
-	-	(31,599)	-
<u>\$ 27,389,132</u>	<u>\$ 804,890</u>	<u>\$ 14,284,684</u>	<u>\$ (327,816)</u>
<u>\$ (21,792,505)</u>	<u>\$ (1,373,551)</u>	<u>\$ (10,897,140)</u>	<u>\$ 187,386</u>
12,478,419	5,187,552	18,887,866	761,119
-	(2,063,086)	(9,460,638)	(151,887)
<u>\$ 12,478,419</u>	<u>\$ 3,124,466</u>	<u>\$ 9,427,228</u>	<u>\$ 609,232</u>
<u>\$ (9,314,086)</u>	<u>\$ 1,750,915</u>	<u>\$ (1,469,912)</u>	<u>\$ 796,618</u>
3,804,256	115,490	11,995,773	-
1,732,730	5,955,268	10,937,881	-
-	-	48,772	-
<u>\$ (3,777,100)</u>	<u>\$ 7,821,673</u>	<u>\$ 21,512,514</u>	<u>\$ 796,618</u>
<u>28,786,097</u>	<u>114,430,298</u>	<u>617,930,507</u>	<u>5,823,041</u>
<u>\$ 25,008,997</u>	<u>\$ 122,251,971</u>	<u>\$ 639,443,021</u>	<u>\$ 6,619,659</u>
		\$ 21,512,514	
		92,989	
		<u>\$ 21,605,503</u>	

CITY OF MADISON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 49,714,378	\$ 41,086,150	\$ 17,236,513
Customer deposits received (returned)	-	-	-
Paid to suppliers for goods and services	(13,768,167)	(29,214,982)	(4,517,816)
Paid to employees for services	(7,926,670)	(3,706,567)	(5,581,816)
Net Cash Flows From Operating Activities	\$ 28,019,541	\$ 8,164,601	\$ 7,136,881
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds	(860,904)	-	-
Interest paid on advances from other funds	(51,086)	-	-
Transfers from other funds	182,331	667,544	372,020
Transfers to other funds - tax equivalent	(7,143,067)	-	-
Transfers to other funds	-	(203,009)	(2,704)
Special assessments received related to laterals	-	831,516	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(4,489,355)	(840,239)
Advances from other funds	-	-	-
Interest paid on operating loan	(162,174)	-	-
Operating grants received	-	-	-
Net Cash Flows From Noncapital Financing Activities	\$ (8,034,900)	\$ (3,193,304)	\$ (470,923)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(9,255,000)	(8,095,000)	(5,860,837)
Interest paid	(8,675,562)	(1,857,893)	(1,145,983)
Long-term debt issued	66,735,000	-	11,680,013
Payments to escrow during refunding	(56,157,903)	-	-
Acquisition and construction of capital assets	(9,056,885)	(9,188,704)	(17,034,431)
Issuance costs	(411,853)	-	-
Contribution in aid of construction	112,900	408,155	103,807
Premium on debt issued	4,654,340	-	-
Capital contributions - federal and state	-	-	3,249,882
Capital contributions - city and other	-	-	-
BAB interest rebate received	133,361	104,339	17,291
Special assessments received	679,358	384,598	739,570
Net Cash Flows From Capital and Related Financing Activities	\$(11,242,244)	\$(18,244,505)	\$ (8,250,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities purchased	(38,729,465)	-	-
Marketable securities sold	46,413,384	-	-
Investment income	1,011,538	662,476	303,951
Net Cash Flows From Investing Activities	\$ 8,695,457	\$ 662,476	\$ 303,951
Net Change in Cash and Cash Equivalents	\$ 17,437,854	\$(12,610,732)	\$ (1,280,779)
CASH AND CASH EQUIVALENTS - Beginning of Year	26,847,471	26,659,835	9,866,385
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 44,285,325	\$ 14,049,103	\$ 8,585,606

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>
\$ 14,304,519	\$ 24,699,848	\$ 147,041,408	\$ 23,423,189
-	39,816	39,816	-
(23,863,353)	(6,926,514)	(78,290,832)	(11,665,809)
<u>(30,463,051)</u>	<u>(15,240,258)</u>	<u>(62,918,362)</u>	<u>(4,243,414)</u>
<u>\$ (40,021,885)</u>	<u>\$ 2,572,892</u>	<u>\$ 5,872,030</u>	<u>\$ 7,513,966</u>
(330,332)	(50,755)	(1,241,991)	-
(94,493)	-	(145,579)	-
12,478,419	5,187,552	18,887,866	31,281
-	-	(7,143,067)	-
-	(2,063,086)	(2,268,799)	(151,887)
-	-	831,516	-
(48,114)	-	(48,114)	-
-	-	(5,329,594)	-
-	503,489	503,489	-
-	-	(162,174)	-
<u>30,749,954</u>	<u>-</u>	<u>30,749,954</u>	<u>-</u>
<u>\$ 42,755,434</u>	<u>\$ 3,577,200</u>	<u>\$ 34,633,507</u>	<u>\$ (120,606)</u>
(1,732,731)	(864,312)	(25,807,880)	(5,901,850)
(402,438)	(102,562)	(12,184,438)	(1,242,325)
11,568,149	149,918	90,133,080	22,143,189
-	-	(56,157,903)	-
(14,389,194)	(17,732,386)	(67,401,600)	(18,278,797)
-	-	(411,853)	-
-	-	624,862	729,838
-	-	4,654,340	-
3,804,256	-	7,054,138	-
1,732,730	-	1,732,730	-
-	-	254,991	-
-	-	1,803,526	-
<u>\$ 580,772</u>	<u>\$ (18,549,342)</u>	<u>\$ (55,706,007)</u>	<u>\$ (2,549,945)</u>
-	-	(38,729,465)	-
-	-	46,413,384	314,955
-	758,738	2,736,703	12,291
<u>\$ -</u>	<u>\$ 758,738</u>	<u>\$ 10,420,622</u>	<u>\$ 327,246</u>
\$ 3,314,321	\$ (11,640,512)	\$ (4,779,848)	\$ 5,170,661
<u>6,706,259</u>	<u>40,000,831</u>	<u>110,080,781</u>	<u>22,536,387</u>
<u>\$ 10,020,580</u>	<u>\$ 28,360,319</u>	<u>\$ 105,300,933</u>	<u>\$ 27,707,048</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Income (loss) from operations	\$ 18,557,769	\$ 4,720,983	\$ 2,899,502
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Nonoperating income	16,510	23,181	8,197
Depreciation	8,101,881	2,702,383	3,958,162
Depreciation charged to other accounts	1,060,565	-	-
Change in assets, deferred inflows, liabilities, and deferred outflows			
Accounts receivable	5,397,340	136,180	(50,787)
Accrued revenue	-	(1,360)	-
Due from other governmental units	-	(25,484)	(2,260)
Due from other funds	(167,931)	-	-
Inventories	(46,825)	-	-
Prepaid items	(80,722)	(8,906)	(798)
Accounts payable	(570,821)	202,881	(40,748)
Accrued liabilities	-	-	-
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	(32,650)	(18,100)
Customer Deposits	-	-	-
Accrued compensated absences	83,190	16,844	(14,006)
Due to other funds	(5,142,344)	-	-
Other post employment benefits	89,141	153,136	28,830
Pension related deferrals and liabilities	721,788	277,413	368,889
Unearned revenue	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 28,019,541	\$ 8,164,601	\$ 7,136,881
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 5,111,108	\$ 8,866,520	\$ 4,464,895
Restricted cash and investments - statement of net position	47,670,922	5,182,583	4,120,711
Less: noncash equivalents	(8,496,705)	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 44,285,325	\$ 14,049,103	\$ 8,585,606
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Municipality, customer and developer financed additions to capital assets	\$ 3,562,372	\$ 986,236	\$ 6,402,246
Gain (loss) on sale of property	\$ 360,973	\$ (77,603)	\$ (343,821)
Capital additions assessed to customers	\$ 400,846	\$ -	\$ -
Adjustments to special assessments	\$ (182,709)	\$ -	\$ -
Net gain on refunding	\$ 736,642	\$ -	\$ -
Write-off old debt premium	\$ (1,075,801)	\$ -	\$ -
Special assessments levied to customers and revised	\$ -	\$ 607,311	\$ 103,690

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>
\$(49,181,637)	\$ (2,178,441)	\$ (25,181,824)	\$ 515,202
70,701	141,208	259,797	519,149
7,316,345	3,382,631	25,461,402	6,052,365
-	-	1,060,565	-
(1,243,425)	(159,037)	4,080,271	59,795
-	-	(1,360)	-
-	-	(27,744)	-
-	-	(167,931)	-
(68,521)	(6,398)	(121,744)	(101,795)
(33,225)	(12,070)	(135,721)	(2,175)
532,367	(33,448)	90,231	63,260
(146,487)	-	(146,487)	5,233
113,462	-	113,462	-
-	17,123	(33,627)	72,182
-	39,816	39,816	-
-	462,262	548,290	(34,967)
-	-	(5,142,344)	-
79,154	228,071	578,332	173,386
2,605,319	687,316	4,660,725	192,331
(65,938)	3,859	(62,079)	-
<u>\$ (40,021,885)</u>	<u>\$ 2,572,892</u>	<u>\$ 5,872,030</u>	<u>\$ 7,513,966</u>
\$ 8,363,338	\$ 28,360,319	\$ 55,166,180	\$ 27,707,048
1,657,242	-	58,631,458	681,715
-	-	(8,496,705)	(681,715)
<u>\$ 10,020,580</u>	<u>\$ 28,360,319</u>	<u>\$ 105,300,933</u>	<u>\$ 27,707,048</u>
<u>\$ -</u>	<u>\$ 6,070,758</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>		<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, 2019

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 180,195,219
Taxes receivable	<u>260,337,901</u>
Total Assets	<u>\$ 440,533,120</u>
LIABILITIES	
Accounts payable	498
Due to other governmental units	<u>441,209,334</u>
Total Liabilities	<u>\$ 441,209,832</u>
NET POSITION	
Restricted	2,510,791
Unrestricted (deficit)	<u>(3,187,503)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ (676,712)</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, 2019

	<u>Custodial Funds</u>
ADDITIONS	
Gifts and bequests	\$ 95,379
Interest and dividends	1,978,412
Property taxes collected for other governments	408,306,296
Investments	<u>523,390,235</u>
 Total Additions	 <u>\$ 933,770,322</u>
DEDUCTIONS	
Administrative expense	19,985,142
Property taxes distributed to other governments	408,306,296
Distributions	<u>515,806,816</u>
 Total Deductions	 <u>\$ 944,098,254</u>
 CHANGE IN FIDUCIARY NET POSITION	 \$ (10,327,932)
 NET POSITION, Beginning of Year (as restated)	 <u>9,651,220</u>
 NET POSITION (DEFICIT), END OF YEAR	 <u><u>\$ (676,712)</u></u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2019

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
ASSETS				
Cash and investments	\$ 8,347,504	\$ 6,781,142	\$ 5,041,868	\$ 20,170,514
Receivables				
Accounts	377,147	-	11,078	388,225
Special assessments	-	-	293,114	293,114
Accrued interest	25,795	-	-	25,795
Long-term loans	263,000	-	-	263,000
Pledge receivable	-	727,661	991,045	1,718,706
Due from other governmental units	175,493	26,040	-	201,533
Inventories	-	118,870	-	118,870
Prepaid items	1,618,604	7,683	16,669	1,642,956
Lease receivable from primary government	2,665,500	-	-	2,665,500
Beneficial interest in assets held by MCF	-	126,988	6,872,998	6,999,986
Other assets	310,548	-	-	310,548
Restricted assets				
Cash and investments	3,037,811	3,003,916	47,480	6,089,207
Other	-	44,461	-	44,461
Capital assets				
Land	10,904,704	-	-	10,904,704
Construction in progress	457,889	-	-	457,889
Capital assets being depreciated	109,726,368	-	10,586	109,736,954
Less:Accumulated depreciation/amortization	(62,085,848)	-	-	(62,085,848)
Total Assets	<u>\$ 75,824,515</u>	<u>\$ 10,836,761</u>	<u>\$ 13,284,838</u>	<u>\$ 99,946,114</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	1,649,893	-	-	1,649,893
Other post-employment benefits related amounts	33,955	-	-	33,955
Total Deferred Outflows of Resources	<u>\$ 1,683,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,683,848</u>

See accompanying notes to financial statements.

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
LIABILITIES				
Accounts payable	\$ 316,119	\$ 71,461	\$ 127,114	\$ 514,694
Accrued liabilities	1,990,865	-	18,244	2,009,109
Due to primary government	-	-	11,831	11,831
Current maturities of long-term debt	2,301,238	-	-	2,301,238
Current maturities of compensated absences	93,105	-	-	93,105
Advances from primary government	6,838,786	-	-	6,838,786
Revenue bonds payable	1,620,000	-	-	1,620,000
Mortgage notes	2,664,195	-	-	2,664,195
Other loans	3,473,154	-	-	3,473,154
Unamortized premium	45,095	-	-	45,095
Compensated absences	413,201	-	-	413,201
Other post-employment benefits	618,835	-	-	618,835
Net pension liability	584,975	-	-	584,975
Unearned revenues	710,053	204,655	-	914,708
Other liabilities	1,073,733	-	-	1,073,733
Total Liabilities	<u>\$ 22,743,354</u>	<u>\$ 276,116</u>	<u>\$ 157,189</u>	<u>\$ 23,176,659</u>
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	-	-	292,109	292,109
Pension related amounts	848,619	-	-	848,619
Other post-employment benefits related amounts	59,953	-	-	59,953
Total Deferred Inflows of Resources	<u>\$ 908,572</u>	<u>\$ -</u>	<u>\$ 292,109</u>	<u>\$ 1,200,681</u>
NET POSITION				
Net investment in capital assets	40,684,808	-	-	40,684,808
Restricted for:				
Library	-	-	3,900,621	3,900,621
Parks	-	3,048,377	1,173,815	4,222,192
Unrestricted	13,171,630	7,512,268	7,761,104	28,445,002
TOTAL NET POSITION	<u>\$ 53,856,438</u>	<u>\$ 10,560,645</u>	<u>\$ 12,835,540</u>	<u>\$ 77,252,623</u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF ACTIVITIES COMPONENT UNITS

For the Year Ended December 31, 2019

	Net (Expense) Revenues and Changes in Net Position						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
CDA	\$ 28,208,698	\$ 8,273,734	\$ 20,042,874	\$ -	\$ -	\$ -	\$ 107,910
Olbrich Society and Foundation	6,101,461	1,474,524	1,985,321	-	(2,641,616)	-	(2,641,616)
Nonmajor Component Units	3,115,096	734,416	2,684,745	-	-	304,065	304,065
Total Component Units	\$ 37,425,255	\$ 10,482,674	\$ 24,712,940	\$ -	\$ (2,641,616)	\$ 304,065	\$ (2,229,641)
General Revenues							
Investment income				\$ 238,422	\$ 1,344,929	\$ 1,326,926	\$ 2,910,277
Interest on capital leases				100,799	-	-	100,799
Miscellaneous				65,583	4,367	-	69,950
Total General Revenues				\$ 404,804	\$ 1,349,296	\$ 1,326,926	\$ 3,081,026
Change in Net Position				\$ 512,714	\$ (1,292,320)	\$ 1,630,991	\$ 851,385
NET POSITION - Beginning of Year				53,343,723	11,852,965	11,204,549	76,401,237
NET POSITION - END OF YEAR				\$ 53,856,437	\$ 10,560,645	\$ 12,835,540	\$ 77,252,622

See accompanying notes to financial statements.

CITY OF MADISON

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE	Page
I. Summary of Significant Accounting Policies	71
A. Reporting Entity	71
B. Government-Wide and Fund Financial Statements	73
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	76
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	78
1. Deposits and Investments	78
2. Receivables	80
3. Inventories and Prepaid Items	81
4. Restricted Assets	81
5. Capital Assets	82
6. Deferred Outflows of Resources	82
7. Compensated Absences	83
8. Long-Term Obligations/Conduit Debt	83
9. Deferred Inflows of Resources	84
10. Equity Classifications	84
11. Pension	85
12. Other Post-Employment Benefits Other Than Pensions (OBEB)	85
II. Reconciliation of Government-Wide and Fund Financial Statements	86
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	86
III. Stewardship, Compliance, and Accountability	87
A. Budgetary Information	87
B. Excess Expenditures and Other Financing Uses Over Appropriations	87
C. Limitations on the City's Tax Levy	87
IV. Detailed Notes on All Funds	87
A. Deposits and Investments	87
B. Receivables	93
C. Restricted Assets	94
D. Capital Assets	97
E. Interfund Receivables/Payables, Advances and Transfers	101
F. Long-Term Obligations	105
G. Lease Disclosures	114
H. Net Position/Fund Balances	116
I. Component Units	118
J. Restatement of Net Position/Fund Balance	157
V. Other Information	157
A. Employees' Retirement System	157
B. Risk Management	165
C. Commitments and Contingencies	167
D. Other Post-Employment Benefits (OPEB)	168
E. Related Parties	174
F. Joint Operations	175
G. Cooperative Boundary Plans	175
H. Joint Venture	176
I. Tax Abatements	176
J. Effect of New Accounting Standards on Current-Period Financial Statements	177
K. Subsequent Events	178

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Madison, Wisconsin ("City") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of 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, 2019

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, 2019. 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, 2019. 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, 2019. The BID does not issue separate financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. Reporting Entity (cont.)

Discretely Presented Component Units (cont.)

Madison Public Library Foundation

The basic financial statements include the Madison Public Library Foundation ("Foundation") as a component unit. The Foundation is a legally separate organization. The board of the Foundation is composed of thirteen trustees, all are appointed by the Madison Public Library Foundation Board of Directors. The purpose of the Foundation is to provide support to the City of Madison library system. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the Foundation's financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2019. 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, 2019. Separately issued financial statements of the Madison Parks Foundation may be obtained from MPF's office.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

In June 2018, the GASB issued statement No. 89 - *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2019.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Government-Wide Financial Statements (cont.)

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.

Fund Financial Statements

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

The City reports the following major governmental funds:

Major Governmental Funds

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

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

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

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

The City reports the following major enterprise funds:

Major Enterprise Funds

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

Stormwater Utility – accounts for operations of the stormwater system

Transit Utility – accounts for operations of the transit system

The City reports the following nonmajor governmental and enterprise funds:

Nonmajor Governmental Funds

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

Community Development Block Grant

Revolving Loans

Other Grants

Other Restricted Funds

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

Endowments and Donations

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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

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

Government-Wide Financial Statements

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2019, there were \$2,699,008 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.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

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

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

Concentration of Credit Risk

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

Credit Risk

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

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

Interest Rate Risk

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

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

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

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, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

1. Deposits and Investments (cont.)

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

The City has an agreement with the Madison Metropolitan School District (MMSD) to combine a portion of available funds of both entities for investment purposes. Interest earnings are distributed monthly based on each entity's relative share of invested funds. This agreement also provides that the City may fund short-term cash deficits of the MMSD. At December 31, 2019, the MMSD had a cash deficit of \$3,187,503 from operating activities. The City loaned cash to the MMSD and charged interest totaling \$1,238 at year-end. The MMSD's cash deficit was offset with taxes collected January 2020.

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 - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	March 31, 2020
Third installment due	May 31, 2020
Fourth installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

Allowances

Accounts receivable have been shown net of an allowance for uncollectible accounts. See Note IV. B. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

2. Receivables (cont.)

Due To/From Advances

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

Loans Receivable

The City received federal and state grant funds for economic development, neighborhood revitalization, and housing rehabilitation loan programs. The City enters into loan agreements to provide various businesses and individuals with the pass through federal and state funding. Upon loan agreement execution, the City records a loan receivable 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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation/amortization reflected in the statement of net position. Depreciation/amortization is provided over the assets' estimated useful lives using the 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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 (cont.)

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, 2019 are determined on the basis of current salary rates, and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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 \$48,555,000 made up of three issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$189,224,033 made up of six issues.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

10. Equity Classifications (cont.)

- 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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 220,472,720
Construction in progress	73,844,494
Land improvements	40,514,439
Buildings	231,696,834
Machinery and equipment	72,955,533
Intangible assets	12,846,299
Infrastructure	931,531,271
Less: Accumulated depreciation	<u>(517,514,015)</u>
Combined Adjustment for Capital Assets	<u>\$ 1,066,347,575</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	\$ 403,747,006
Compensated absences	46,551,219
Accrued interest	3,284,442
Unamortized debt premium and discount	29,425,676
Disability benefits	199,136
Police and fire pension	140,424
Capital leases	<u>2,405,000</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 485,752,903</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for all funds except permanent funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

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

C. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 1,007,679	\$ 2,246,982	Custodial credit
Non-negotiable CD's	7,550,000	7,550,000	Custodial credit
U.S. agencies implicitly guaranteed	156,670,764	156,670,764	Credit, custodial credit, concentration of credit, interest rate
U.S. agencies explicitly guaranteed	1,048	1,048	Custodial credit, interest rate
U.S. treasuries	7,005,965	7,005,965	Custodial credit, interest rate
State and local bonds	6,165,000	6,165,000	Credit, custodial credit, concentration of credit, interest rate
Commercial paper	5,000,000	5,000,000	Credit, custodial credit, concentration of credit, interest rate
Corporate notes and bonds	5,521,767	5,521,767	Credit, custodial credit, concentration of credit, interest rate
Mutual funds - other than bonds	421,545	421,545	N/A
Mutual funds - money market	237,941,226	196,959,510	Credit
Equity securities/stocks	1,350,875	1,350,875	Custodial credit
Local Government Investment Pool	73,271,535	73,271,535	Credit
Deposit with WMMIC	681,715	681,715	Credit
Hartford Life - pooled funds	3,174,891	3,174,891	Credit
Petty cash	197,283	-	N/A
2a7 - like pools	17,997,794	17,997,794	Credit
Total Cash and Investments	<u>\$ 523,959,087</u>	<u>\$484,019,391</u>	
 Reconciliation to financial statements			
Per statement of net position	\$ 268,678,833		
Per statement of net position - restricted	66,192,609		
Per statement of net position - custodial funds	180,195,219		
Per statement of net position - applicable component units:			
CDA	11,385,315		
Less: Component units of CDA	(2,493,039)		
BID	150		
Total Cash and Investments	<u>\$ 523,959,087</u>		

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (CONT.)

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

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

The City maintains collateral agreements with its banks. At December 31, 2019, the City was a beneficiary of an irrevocable letter of credit in the amount of \$30,000,000 to secure the City's deposits.

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

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, certificates of deposit (CD) held at Banker's Bank are covered by SIPC up to \$400,000 per CD after application of FDIC coverage of \$250,000. \$4,300,000 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, 2019			Total
	Level 1	Level 2	Level 3	
Corporate notes and bonds	\$ -	\$ 5,521,767	\$ -	\$ 5,521,767
State and local bonds	-	6,165,000	-	6,165,000
Commercial paper	-	5,000,000	-	5,000,000
Mutual funds - other than bonds	-	421,545	-	421,545
Mutual funds - money market	105,994,258	90,965,252	-	196,959,510
Mutual funds - stocks	1,350,875	-	-	1,350,875
U.S. agencies - explicitly guaranteed	-	1,048	-	1,048
U.S. agencies - implicitly guaranteed	-	156,670,764	-	156,670,764
U.S. treasuries	7,005,965	-	-	7,005,965
2a7 - like pools	-	17,997,794	-	17,997,794
Totals	\$ 114,351,098	\$ 282,743,170	\$ -	\$ 397,094,268

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (CONT.)

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

Investment Type	Valuation Method
Corporate notes and state and local bonds	Institutional bond quotes – evaluations based on various market and industry inputs
Commercial paper	\$1 per share
Mutual funds – other than bonds	Net asset value
Mutual funds – money market	\$1 per share
Equity securities/stocks	Market closing price
U.S. agencies – explicitly guaranteed	Mortgage backed securities pricing – evaluations based on various market and industry inputs
U.S. agencies – implicitly guaranteed	Institutional bond quotes – evaluations based on various market and industry inputs
U.S. treasuries	Institutional bond quotes – evaluations based on various market and industry inputs
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, 2019, the City’s deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ 519,194
Uninsured and Uncollateralized	<u>\$ 519,194</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, 2019, the City’s investments were exposed to custodial credit risk as follows:

U.S. agencies - implicitly guaranteed	\$ 156,670,764
U.S. agencies - explicitly guaranteed	1,048
U.S. treasuries	7,005,965
Commercial paper	5,000,000
State and local bonds	6,165,000
Corporate notes and municipal bonds	5,521,767
Equity securities/Stocks	<u>1,350,875</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 181,715,419</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, 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+	\$ 56,516
	A2	A-	80,477
	A3	A	352,299
	A3	BBB+	1,986,940
	Aa1	A-1+	1,150,357
	Aa1	AA+	600,491
	Aaa	AAA	1,000,420
	Aaa	N/A	217,891
	Ba2	BB+	5,197
	Baa1	BBB+	15,318
Baa2	BBB	55,861	
U.S. agencies (implicitly guaranteed)	Aaa	A-1+	26,327,536
	Aaa	AA+	128,346,098
	P-1	A-1+	1,997,130
Mutual funds - money market	Aaa	AAAm	196,959,510
Commercial paper	Aaa	AAA	5,000,000
2a7 - like pools	n/a	AAAm	\$ 17,997,794

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

Wisconsin Municipal Mutual Insurance Company	\$ 681,715
Local Government Investment Pool	73,271,535
Hartford Life - pooled funds	3,174,891
State and local bonds	<u>6,165,000</u>
Total	<u>\$ 465,442,976</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, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies - implicitly guaranteed	7.579%
Federal Home Loan Mortgage Corporation	U.S. agencies - implicitly guaranteed	8.295%
Federal Farm Credit Bank	U.S. agencies - implicitly guaranteed	14.354%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, the City's investments were as follows:

Investment Type	Fair Value	Less than 3 months thru 3/31/20	3 months-6 months thru 06/30/20	6 months-1 year thru 12/31/20	1-5 years thru 12/31/24	5-20 years thru 12/31/39
U.S. agencies - implicitly guaranteed	\$ 156,670,765	\$ 6,826,672	\$ 1,998,820	\$ 43,130,844	\$ 99,532,084	\$ 5,182,345
U.S. agencies - explicitly guaranteed	1,048	-	-	-	1,048	-
U.S. treasuries	7,005,964	1,189,982	-	1,201,280	4,614,702	-
State and local bonds	6,165,000	-	-	-	-	6,165,000
Commercial paper	5,000,000	5,000,000	-	-	-	-
Corporate notes and bonds	5,521,767	100,031	500,460	1,200,534	3,720,742	-
Totals	\$ 180,364,544	\$ 13,116,685	\$ 2,499,280	\$ 45,532,658	\$ 107,868,576	\$ 11,347,345

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES

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

General Fund	\$ 15,427,273
Capital projects fund	15,921,422
Debt service fund	1,613,365
All other nonmajor governmental and internal service funds	25,902,148

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	\$ 2,848,720
Allowance for uncollectible court receivable	16,667,243
Allowance for other uncollectible	760,927
Nonmajor Funds	
Allowance for uncollectible loans	56,719,168

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (CONT.)

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 275,553,867	\$ 275,553,867
TID loan equity payment	14,648,000	-	14,648,000
Interest on investments	341,257	-	341,257
Loans	9,530	-	9,530
Ambulance receivable	114,349	-	114,349
Prepaid revenue	-	2,115,439	2,115,439
Deferred credits/deposits	12,847,449	-	12,847,449
Special Assessments	15,068,630	-	15,068,630
Leases	2,405,000	-	2,405,000
Impact Fees	252,232	-	252,232
Municipal court receivable	338,715	-	338,715
Accrued interest on loans	1,319,618	-	1,319,618
Grant revenue	-	919,009	919,009
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 47,344,780</u>	<u>\$ 278,588,315</u>	<u>\$ 325,933,095</u>
Unearned revenue included in liabilities		\$ 3,034,448	
Unearned revenue included in deferred inflows		<u>275,553,867</u>	
Total Unearned Revenue for Governmental Funds		<u>\$ 278,588,315</u>	

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

Principal and Interest	-	Used solely for the purpose of paying principal and interest on the bonds or parity bonds.
Bond Reserve	-	Used solely for the purpose of paying principal and interest on the bonds or parity bonds whenever the balance in the redemption principal and interest account is insufficient for that purpose.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.

Following is a list of cash and investments restricted assets at December 31, 2019:

	Restricted Assets
Principal and interest	\$ 10,364,736
Bond reserve account	21,845,637
Bond depreciation account	750,000
Construction	23,379,583
Assessment fund	634,259
Retiree health insurance escrow	1,657,243
Impact fees	5,960,427
Grants deposit	919,009
Insurance deposit	681,715
Total Restricted Assets	\$ 66,192,609

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS (CONT.)

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

	<u>Restricted Assets</u>
General Operating fund	\$ 524,500
Housing Vouchers	30,012
Monona Shores fund	69,529
Nonmajor funds	222,636
Component units of CDA	<u>2,015,635</u>
Total Cash and Investments	<u>\$ 2,862,312</u>

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

CDA 95-1 replacement reserve	<u>\$ 175,499</u>
Total Other Restricted Assets	<u>\$ 175,499</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 208,823,520	\$ 13,816,058	\$ (2,166,858)	\$ 220,472,720
Land - internal service	2,570,970	-	-	2,570,970
Construction in progress	43,794,073	63,364,143	(33,313,722)	73,844,494
Construction in progress - internal service	2,417,204	12,307,695	-	14,724,899
Total Capital Assets Not Being Depreciated	\$ 257,605,767	\$ 89,487,896	\$ (35,480,580)	\$ 311,613,083
Capital assets being depreciated				
Land improvements	36,143,833	4,480,494	(109,888)	40,514,439
Land improvements - internal service	71,990	-	-	71,990
Buildings and improvements	225,171,408	9,026,236	(2,500,810)	231,696,834
Buildings and improvements - internal service	2,870,974	7,053	-	2,878,027
Machinery and equipment	76,394,743	2,864,831	(6,304,041)	72,955,533
Machinery and equipment - internal service	80,211,383	6,866,021	(2,697,859)	84,379,545
Intangible assets	13,729,842	609,128	(1,492,671)	12,846,299
Intangible assets - internal service	119,525	-	-	119,525
Roads	775,545,704	18,507,237	(993,339)	793,059,602
Bridges	49,672,363	162,484	-	49,834,847
Street lighting	32,964,817	1,279,670	(224,405)	34,020,082
Traffic signals	16,539,111	1,900,544	(259,679)	18,179,976
Fiber	8,925,186	-	-	8,925,186
Bike path	27,511,578	-	-	27,511,578
Total Capital Assets Being Depreciated	\$ 1,345,872,457	\$ 45,703,698	\$ (14,582,692)	\$ 1,376,993,463
Total Capital Assets Being Depreciated at Historical Cost	\$ 1,603,478,224	\$ 135,191,594	\$ (50,063,272)	\$ 1,688,606,546
Less accumulated depreciation for				
Land improvements	(14,255,706)	(2,679,735)	65,029	(16,870,412)
Land improvements - internal service	(71,990)	-	-	(71,990)
Buildings and improvements	(80,429,053)	(8,075,335)	1,441,585	(87,062,803)
Buildings and improvements - internal service	(2,268,218)	(109,775)	-	(2,377,993)
Machinery and equipment	(55,813,418)	(6,039,184)	6,110,983	(55,741,619)
Machinery and equipment - internal service	(53,563,950)	(5,942,590)	2,276,853	(57,229,687)
Intangible assets	(8,937,155)	(565,359)	1,389,948	(8,112,566)
Intangible assets - internal service	(119,525)	-	-	(119,525)
Roads	(295,939,355)	(18,057,846)	768,596	(313,228,605)
Bridges	(7,174,726)	(653,462)	-	(7,828,188)
Street Lighting	(14,347,831)	(856,114)	103,377	(15,100,568)
Traffic signals	(4,790,313)	(517,782)	103,900	(5,204,195)
Fiber	(2,420,154)	(392,808)	-	(2,812,962)
Bike path	(4,995,571)	(556,526)	-	(5,552,097)
Total accumulated depreciation	\$ (545,126,965)	\$ (44,446,516)	\$ 12,260,271	\$ (577,313,210)
Net Capital Assets Being Depreciated	\$ 800,745,492			\$ 799,680,253
Net Capital Assets	\$ 1,058,351,259			\$ 1,111,293,336

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (CONT.)

Depreciation expenses were charged to functions as follows:

Governmental Activities:

General government	\$	996,132
Public safety		3,376,651
Public works and transportation		27,277,237
Planning and development		270,258
Culture and Recreation		6,473,873
Fleet services - internal service		6,052,365
Total	\$	<u>44,446,516</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 66,941,344	\$ 2,351,135	\$ (440,272)	\$ 68,852,207
Construction in progress	49,857,446	65,065,781	(44,374,442)	70,548,785
Total Capital Assets Not Being Depreciated	<u>\$ 116,798,790</u>	<u>\$ 67,416,916</u>	<u>\$ (44,814,714)</u>	<u>\$ 139,400,992</u>
Capital assets being depreciated/amortized				
Land improvements	12,405,589	-	(61,494)	12,344,095
Buildings and improvements	123,086,910	8,062,598	(17,186)	131,132,322
Machinery and equipment	109,796,198	9,721,623	(4,108,437)	115,409,384
Intangible assets	301,190	426,097	-	727,287
Infrastructure	228,389,572	12,740,063	(92,180)	241,037,455
Source of supply	13,188,340	6,122	(590)	13,193,872
Pumping	24,799,162	113,213	(126,389)	24,785,986
Water treatment	5,804,915	21,066	(11,023)	5,814,958
Transmission and distribution	301,788,383	14,064,658	(452,605)	315,400,436
Administrative and general	43,920,242	980,206	(533,765)	44,366,683
Collection system	154,268,448	12,072,321	(705,213)	165,635,556
Collection system pumping	3,463,586	699,371	(136,857)	4,026,100
Total Capital Assets Being Depreciated/Amortized	<u>\$ 1,021,212,535</u>	<u>\$ 58,907,338</u>	<u>\$ (6,245,739)</u>	<u>\$ 1,073,874,134</u>
Total Capital Assets at Historical Cost	<u>\$ 1,138,011,325</u>	<u>\$ 126,324,254</u>	<u>\$ (51,060,453)</u>	<u>\$ 1,213,275,126</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (CONT.)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: accumulated depreciation/ amortization for:				
Land improvements	(11,453,614)	(222,635)	61,494	(11,614,755)
Buildings and improvements	(70,261,256)	(3,575,025)	17,186	(73,819,095)
Machinery and equipment	(65,173,016)	(7,779,341)	4,048,320	(68,904,037)
Intangible assets	(301,192)	(42,610)	-	(343,802)
Infrastructure	(45,731,054)	(3,056,078)	27,528	(48,759,604)
Source of supply	(6,037,648)	(308,691)	649	(6,345,690)
Pumping	(8,871,524)	(926,977)	84,638	(9,713,863)
Water treatment	(1,010,537)	(211,167)	12,125	(1,209,579)
Transmission and distribution	(60,128,912)	(5,958,396)	427,007	(65,660,301)
Administrative and general	(13,377,756)	(1,906,414)	493,647	(14,790,523)
Collection system	(29,167,899)	(2,447,387)	485,204	(31,130,082)
Collection system pumping	(1,957,874)	(87,248)	71,605	(1,973,517)
Total Accumulated Depreciation/ Amortization	<u>\$ (313,472,282)</u>	<u>\$ (26,521,969)</u>	<u>\$ 5,729,403</u>	<u>\$ (334,264,848)</u>
Total Capital Assets Being Depreciated/Amortized	<u>\$ 707,740,253</u>			<u>\$ 739,609,286</u>
Net Capital Assets	<u>\$ 824,539,043</u>			<u>\$ 879,010,278</u>

Depreciation/Amortization expense was charged to functions as follows:

Business-type Activities:

Water utility	\$ 8,101,881
Sewer utility	2,702,383
Stormwater utility	3,958,162
Transit utility	7,316,345
Parking utility	1,343,740
Convention center	1,866,003
Golf courses	172,888
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 25,461,402</u>
Total Accumulated Depreciation/Amortization Additions	<u>\$ (26,521,969)</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, 2019

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

D. CAPITAL ASSETS (CONT.)

	Beginning Balance	Additions	Deletions	Ending Balance
Component Units (CDA only)				
Capital assets not being depreciated				
Land	\$ 11,087,393	\$ 467,185	\$ (649,874)	\$ 10,904,704
Construction in progress	612,831	575,790	(730,732)	457,889
Total Capital Assets Not Being Depreciated	<u>\$ 11,700,224</u>	<u>\$ 1,042,975</u>	<u>\$ (1,380,606)</u>	<u>\$ 11,362,593</u>
Capital assets being depreciated				
Land improvements	1,722,533	3,692	-	1,726,225
Buildings and improvements	103,797,795	983,303	-	104,781,098
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,097,555	77,553	-	3,175,108
Total Capital Assets Being Depreciated	<u>\$ 108,661,820</u>	<u>\$ 1,064,548</u>	<u>\$ -</u>	<u>\$ 109,726,368</u>
Total Capital Assets at Historical Cost	<u>\$ 120,362,044</u>	<u>\$ 2,107,523</u>	<u>\$ (1,380,606)</u>	<u>\$ 121,088,961</u>
Less: Accumulated depreciation for				
Land improvements	(1,154,164)	(69,134)	-	(1,223,298)
Buildings and improvements	(55,203,766)	(2,848,239)	-	(58,052,005)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,615,595)	(154,750)	3,737	(2,766,608)
Total Accumulated Depreciation	<u>\$ (59,017,462)</u>	<u>\$ (3,072,123)</u>	<u>\$ 3,737</u>	<u>\$ (62,085,848)</u>
Net Capital Assets	<u>\$ 61,344,582</u>			<u>\$ 59,003,113</u>

Depreciation expense was charged as follows:

CDA (Housing)	<u>\$ 3,072,123</u>
---------------	---------------------

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 579,225	\$ -
Water utility	Capital projects	1,111,689	-
Sewer utility	Capital projects	1,328,817	-
Stormwater utility	Capital projects	485,871	-
Total Major Funds		<u>\$ 3,505,602</u>	<u>\$ -</u>
Other restricted funds	Capital projects	210,513	-
Workers' Compensation	Insurance	495,992	-
Total Nonmajor Funds		<u>\$ 706,505</u>	<u>\$ -</u>
Totals		<u><u>\$ 4,212,107</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, 2019

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	\$ 1,316,829	\$ 1,316,829
Debt service	Water utility	711,452	593,988
Debt service	Transit utility	2,195,950	1,833,390
Debt service	Convention center	262,303	218,996
Debt service	Golf courses	75,102	62,702
Capital projects	Revolving loans	609,778	609,778
Capital projects	Water utility	466,756	466,756
Totals		<u>\$ 5,638,170</u>	<u>\$ 5,102,439</u>
General - primary government	CDA - component unit	\$ 238,000	\$ 238,000
Debt service - primary government	CDA - component unit	6,600,786	6,600,786
Totals		<u>\$ 6,838,786</u>	<u>\$ 6,838,786</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		
Less: Business-type activities	Governmental Activities	\$ (2,926,377)
Advances		
Governmental activities	Business-type activities	5,028,392
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	6,546,296
Total Government-wide Financial Statements		<u>\$ 8,648,311</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 38,572	Transfer Revenue
General	Convention Center	338,200	PILOT
General	Golf Courses	196,250	PILOT
General	Other Restricted	10,538,052	Operating Costs
General	Parking Utility	1,528,636	PILOT
General	Permanent	187,901	Operating Costs
General	Water Utility	7,191,839	PILOT
General	Capital Projects	400,000	Refund
General	Other Grants	478,737	Project Costs
Library	Permanent	20,000	Operating Costs
Debt Service	CDBG	11,601	Debt
Debt Service	Other Restricted	420,897	Debt
Debt Service	General	54,708,710	Debt
Debt Service	Other Restricted	127,016	Debt
Debt Service	Library	2,826,376	Debt
Debt Service	Revolving Loans	100,000	Debt
Debt Service	Capital Projects	10,293,930	Debt
Capital Projects	Other Restricted	9,139,572	Transfer Revenue
Capital Projects	General	2,685,441	Project Costs
Capital Projects	Library	50,000	Project Costs
Capital Projects	Sewer Utility	20,678	Project Costs
Capital Projects	Stormwater Utility	2,704	Project Costs
Capital Projects	Revolving Loans	108	Project Costs
Capital Projects	Other Grants	218,790	Project Costs
Sewer Utility	City Insurance	32,584	Transfer Revenue
Sewer Utility	Other Grants	19,049	Project Costs
Sewer Utility	Other Restricted	615,911	Project Costs
Stormwater Utility	Other Grants	312,994	Project Costs
Stormwater Utility	City Insurance	45,111	Transfer Revenue
Stormwater Utility	Other Restricted	13,915	Project Costs
Water Utility	Sewer Utility	182,331	Joint Costs Allocation
Transit Utility	General	<u>12,478,419</u>	Operating Costs
Total Major Funds		<u>\$ 115,224,324</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	Other Grants	\$ 25,797	Operating Costs
Other Restricted	City Insurance	1,327	Transfer Revenue
CDBG	Revolving Loans	18,733	Operating Costs
Other Grants	General	970,933	Operating Costs
Convention Center	Other Restricted	5,179,211	Operating Costs
Convention Center	City Insurance	3,012	Transfer Revenue
Convention Center	Other Restricted	5,329	Project Costs
Fleet Service	City Insurance	31,281	Transfer Revenue
Fleet Service	General	<u>729,838</u>	Project Costs
Total Nonmajor Funds		<u>\$ 6,965,461</u>	
Total - Fund Financial Statements		\$ 122,189,785	
Less: Fund eliminations		(131,617,013)	
Less: Transfer capital assets from governmental activities to utilities		<u>(10,937,881)</u>	
Total		<u>\$ (20,365,109)</u>	

Transferred To	Transferred From	Amount
Governmental activities	Business-type activities	\$ 9,278,307
Business-type activities	Governmental activities	<u>(29,643,416)</u>
Total Government-Wide Statement of Activities		<u>\$ (20,365,109)</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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 401,104,553	\$ 64,654,332	\$ 62,011,879	\$ 403,747,006	\$ 62,914,031
General obligation debt - internal service	37,387,605	22,143,189	5,901,850	53,628,944	7,043,636
Add/Subtract Amounts For:					
Premium/Discount on debt	27,638,472	6,325,494	4,538,290	29,425,676	-
Sub-totals	<u>\$ 466,130,630</u>	<u>\$ 93,123,015</u>	<u>\$ 72,452,019</u>	<u>\$ 486,801,626</u>	<u>\$ 69,957,667</u>
Other Liabilities					
Vested compensated absences	43,932,907	6,281,983	3,663,671	46,551,219	3,670,915
Vested compensated absences - internal service	743,667	154,823	189,788	708,702	194,159
Worker's comp disability and death benefits	238,284	-	39,148	199,136	39,799
Police and firemen's pension	151,852	-	11,428	140,424	46,880
Other post-employment benefits	47,594,594	7,001,884	2,345,949	52,250,529	-
Other post-employment benefits - internal service	1,430,166	173,386	-	1,603,552	-
Net pension liability	-	62,533,460	13,487,749	49,045,711	-
Net pension liability - internal service	-	813,116	189,877	623,239	-
Capital leases	3,170,000	-	765,000	2,405,000	785,000
Total Other Liabilities	<u>\$ 97,261,470</u>	<u>\$ 76,958,652</u>	<u>\$ 20,692,610</u>	<u>\$ 153,527,512</u>	<u>\$ 4,736,753</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 563,392,100</u>	<u>\$ 170,081,667</u>	<u>\$ 93,144,629</u>	<u>\$ 640,329,138</u>	<u>\$ 74,694,420</u>
Business-Type Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 46,255,016	\$ 23,398,080	\$ 7,692,878	\$ 61,960,218	\$ 8,996,760
Revenue Bonds	262,480,000	66,735,000	73,055,000	256,160,000	11,060,000
Add Amounts for:					
Premium on debt	12,305,891	4,654,340	1,954,434	15,005,797	-
Sub-totals	<u>\$ 321,040,907</u>	<u>\$ 94,787,420</u>	<u>\$ 82,702,312</u>	<u>\$ 333,126,015</u>	<u>\$ 20,056,760</u>
Other Liabilities					
Vested compensated absences	11,790,782	1,983,223	2,170,676	11,603,329	1,836,048
Other post-employment benefits	16,233,556	1,927,493	758,094	17,402,955	-
Net pension liability	-	17,219,605	4,725,823	12,493,782	-
Capital leases	1,025,500	-	765,000	260,500	260,500
Total Other Liabilities	<u>\$ 29,049,838</u>	<u>\$ 21,130,321</u>	<u>\$ 8,419,593</u>	<u>\$ 41,760,566</u>	<u>\$ 2,096,548</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 350,090,745</u>	<u>\$ 115,917,741</u>	<u>\$ 91,121,905</u>	<u>\$ 374,886,581</u>	<u>\$ 22,153,308</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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>
Component Unit - CDA					
Bonds and Notes Payable:					
Revenue Bonds	\$ 4,720,000	\$ -	\$ 1,530,000	\$ 3,190,000	\$ 1,570,000
Mortgage notes - direct	3,190,849	-	258,527	2,932,322	268,127
Other loans/notes* - direct	4,055,481	-	119,216	3,936,265	463,111
Premiums	90,190	-	45,095	45,095	-
Sub-totals	<u>\$ 12,056,520</u>	<u>\$ -</u>	<u>\$ 1,952,838</u>	<u>\$ 10,103,682</u>	<u>\$ 2,301,238</u>
Other Liabilities					
Accrued compensated absences	444,817	156,950	95,461	506,306	93,105
Other post-employment benefits	570,966	228,613	180,744	618,835	-
Net pension liability	<u>-</u>	<u>756,804</u>	<u>171,829</u>	<u>584,975</u>	<u>-</u>
Total Component Unit - CDA Long-Term Liabilities	<u>\$ 13,072,303</u>	<u>\$ 1,142,367</u>	<u>\$ 2,400,872</u>	<u>\$ 11,813,798</u>	<u>\$ 2,394,343</u>

*Beginning balance was adjusted to reclassify \$26,000 of accrued interest.

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, 2019, was \$1,545,534,900. Total general obligation debt at year end was:

Outstanding	\$ 519,336,168
Joint venture G.O. debt	<u>2,054,832</u>
Total	<u>\$ 521,391,000</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 Indebtedness	Balance 12-31-19
General obligation notes - RZED bonds	10-19-10	10-1-20	0.90 - 3.75	\$ 8,040,000	\$ 805,000
General obligation notes - Build America bonds	10-19-10	10-1-20	2.00 - 3.75	25,080,000	4,175,000
General obligation refunding bonds	10-19-10	10-1-24	0.55 - 4.00	24,205,000	12,265,000
General obligation notes	10-19-10	10-1-20	0.65 - 3.50	6,080,000	605,000
General obligation notes	10-1-11	10-1-21	3.00 - 5.00	67,005,000	13,400,000
General obligation notes	10-1-11	10-1-21	0.45 - 2.70	13,130,000	2,620,000
General obligation notes	3-6-12	7-1-26	0.00	1,500,000	1,100,000
General obligation notes	10-1-12	10-1-22	2.00 - 4.00	39,655,000	11,895,000
General obligation notes	10-1-12	10-1-22	0.40 - 2.125	12,240,000	3,665,000
General obligation bonds	10-1-12	10-1-32	1.50 - 4.00	15,210,000	9,880,000
General obligation notes	10-1-13	10-1-23	1.50 - 4.00	57,265,000	22,900,000
General obligation notes	10-1-13	10-1-23	2.00 - 3.40	4,245,000	1,685,000
General obligation notes	10-1-14	10-1-24	2.00 - 5.00	51,655,000	25,825,000
General obligation notes	10-1-14	10-1-24	2.00 - 3.05	5,395,000	2,695,000
General obligation notes	10-22-15	10-1-25	3.00	65,565,000	34,080,000
General obligation notes	10-22-15	10-1-25	1.75 - 2.75	13,345,000	8,005,000
General obligation bonds	10-22-15	10-1-35	2.375 - 3.75	12,395,000	9,915,000
General obligation bonds	10-19-16	10-1-26	0.05 - 4.00	85,750,000	51,760,000
General obligation bonds	10-19-16	10-1-26	2.00	7,135,000	4,990,000
General obligation bonds	10-19-16	10-1-36	2.375 - 4.00	6,735,000	5,715,000
General obligation notes	10-19-17	10-1-27	2.00 - 4.00	76,900,000	61,520,000
General obligation notes	10-19-17	10-1-27	2.15 - 2.65	12,950,000	10,360,000
General obligation bonds	10-19-17	10-1-37	2.875 - 5.00	13,865,000	12,475,000
General obligation notes	11-1-18	10-1-28	3.00 - 4.00	85,870,000	77,280,000
General obligation notes	11-1-18	10-1-28	2.80 - 3.50	12,655,000	11,385,000
General obligation bonds	11-1-18	10-1-38	2.50 - 5.00	10,000,000	9,500,000
General obligation notes	11-1-18	10-1-28	2.00 - 3.05	876,000	666,000
General obligation notes	10-17-19	10-1-29	2.25 - 3.00	80,415,000	80,415,000
General obligation bonds	10-17-19	10-1-39	2.00 - 4.00	29,810,000	29,810,000
Sub-Totals - General Obligation					\$ 521,391,000
Less: Business-type Activities General Obligation Debt					(61,960,218)
Less: Joint Venture General Obligation Debt					<u>(2,054,832)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 457,375,950</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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
2020	\$ 69,957,667	\$ 14,855,420	\$ 8,996,760	\$ 2,008,432
2021	64,983,505	12,533,424	8,584,894	1,718,917
2022	58,383,240	10,340,843	7,471,655	1,416,521
2023	53,916,059	8,242,581	7,160,720	1,136,754
2024	48,748,675	6,362,661	6,277,001	890,579
2025-2029	132,112,964	13,833,768	19,478,028	2,032,473
2030-2034	18,464,420	3,378,226	1,995,580	482,930
2035-2039	10,809,420	871,929	1,995,580	179,602
Totals	<u>\$ 457,375,950</u>	<u>\$ 70,418,852</u>	<u>\$ 61,960,218</u>	<u>\$ 9,866,208</u>

Revenue Debt

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

	Sewer	Water
Original indebtedness		
Sewer	\$ 59,380,000	
Water		\$ 232,350,000
Year issued	2010-2018	2012-2019
Proceeds used for	Sewer plant Landfill remediation and sewer charges	Water plant Water charges
Source of revenue		
Payable through	2033	2039
Percent of net revenues required to pay remaining debt service	45.2%	49.7%
Total principal and interest remaining	52,269,467	275,182,793
Principal and interest paid for the current year	9,952,893	18,092,736
Total customer net revenues for current year	8,264,186	27,671,187

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2019 consists of the following:

	Date of issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-19
Water Utility					
Revenue bonds	12-19-12	1-1-33	2.00 - 4.00	\$21,095,000	\$ 15,790,000
Revenue bonds	12-18-13	1-1-34	3.00 - 5.00	24,335,000	19,685,000
Revenue bonds	12-17-15	1-1-36	3.00 - 5.00	41,610,000	36,955,000
Revenue bonds	12-28-16	1-1-37	1.24 - 3.82	38,420,000	34,395,000
Revenue bonds	12-20-18	1-1-39	4.00	30,765,000	30,765,000
Revenue bonds	12-20-18	1-1-28	3.00 - 3.55	9,390,000	9,390,000
Revenue bonds	12-19-19	1-1-31	2.00 - 5.00	33,680,000	33,680,000
Revenue bonds	12-19-19	1-1-32	1.70 - 2.65	13,055,000	13,055,000
Revenue bond anticipation notes	12-19-19	11-1-24	1.50	20,000,000	<u>20,000,000</u>
Total Water Utility					<u>\$ 213,715,000</u>
Sewer Utility					
Revenue bonds - Build America					
Bonds	12-29-10	12-1-25	0.80 - 4.90	13,135,000	5,730,000
Revenue bonds	11-15-12	12-1-27	2.00 - 3.00	9,500,000	5,485,000
Revenue bonds	12-1-14	12-1-29	2.50 - 5.00	9,645,000	7,110,000
Revenue bonds	10-28-16	12-1-31	2.50 - 5.00	14,600,000	12,270,000
Revenue bonds	12-20-18	12-1-33	3.25 - 4.00	12,500,000	<u>11,850,000</u>
Total Sewer Utility					<u>\$ 42,445,000</u>
Total Business-type Revenue Debt					<u>\$ 256,160,000</u>

Revenue Bond Anticipation Notes (BANS)

Included in long-term debt 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 with the earliest available redemption date of November 1, 2020.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Current Refunding

On December 19, 2019, bonds in the amount of \$33,680,000 were issued with an average interest rate of 3.80% to refund \$41,795,000 of outstanding Series 2009A and 2010 bonds with an average interest rate of 4.65%. The net proceeds were used to purchase U.S government securities and pay issuance costs of the transaction. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt services payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the current refunding (gross of interest rate subsidies) was \$52,956,286 from 2020 to 2031. The cash flow requirements on the new bonds are \$42,039,175 from 2021 through 2031. The current refunding resulted in an economic gain of \$4,947,659.

Advance Refunding

On December 19, 2019, bonds in the amount of \$13,055,000 were issued with an average interest rate of 2.32% to advance refund \$13,910,000 of outstanding Series 2011 bonds with an average interest rate of 3.52%. The net proceeds were used to purchase U.S. government securities and pay issuance costs of the transaction. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the advance refunding was \$17,332,366 from 2020 to 2032. The cash flow requirements on the new bonds are \$15,129,313 from 2021 through 2032. The advance refunding resulted in an economic gain of \$663,100.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 2013 and 2018. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 65% of gross revenues. Total principal and interest remaining to be paid on the bonds is \$3,327,835. Principal and interest excluding refunded portion paid for the current year and total revenues were \$1,642,853 and \$1,718,232, respectively.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-19
Lease revenue bonds	1-1-13	3-1-20	3.00	\$ 5,245,000	\$ 785,000
Lease revenue refunding bonds	2-26-18	10-1-22	2.00 - 2.75	3,960,000	<u>2,405,000</u>
Total Revenue Debt - Component Unit - Enterprise					<u>\$ 3,190,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Component Unit Revenue Debt	
	Principal	Interest	Principal	Interest
2020	\$ 11,060,000	\$ 8,387,673	\$ 1,570,000	\$ 73,155
2021	13,240,000	8,694,731	800,000	42,540
2022	15,375,000	8,106,196	820,000	22,140
2023	16,690,000	7,429,850	-	-
2024	37,125,000	6,775,871	-	-
2025-2029	86,430,000	22,017,200	-	-
2030-2034	55,645,000	8,355,033	-	-
2035-2039	20,595,000	1,525,706	-	-
Totals	<u>\$ 256,160,000</u>	<u>\$ 71,292,260</u>	<u>\$ 3,190,000</u>	<u>\$ 137,835</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12-31-19
Community Development Authority					
Housing Mortgage note	6-1-92	6-1-22	4.00%	\$ 2,283,492	\$ 242,877
Housing mortgage note	5-17-01	5-1-31	N/A	213,067	213,067
Housing mortgage note	8-26-16	9-1-21	3.48	3,000,000	<u>2,476,378</u>
Total Mortgage Notes					<u>\$ 2,932,322</u>

Years	Component Unit Mortgage Notes - Direct Borrowing	
	Principal	Interest
2020	\$ 268,127	\$ 92,688
2021	2,401,962	62,151
2022	49,166	498
2023	15,536	-
2024	26,633	-
2025-2029	133,165	-
2030-2031	37,733	-
Totals	<u>\$ 2,932,322</u>	<u>\$ 155,337</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 ¹		665,000
Affordable housing trust loan* ¹		478,336
Promissory note ²		60,000
CDBG loan ²		400,000
WHEDA WRAP note		111,429
Impact C.I.L, LLC		1,051,564
Johnson Bank ³		739,936
		739,936
 Total	 \$	 <u>3,936,265</u>

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

- ¹ 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.
- ² Contains clauses that in the event of default, a delinquency charge equal to 12% per annum on unpaid balance will be applicable.
- ³ 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.

Years	Other Loans/Notes - Direct Borrowing	
	Principal	Interest
2020	\$ 441,648	\$ 33,899
2021	98,085	32,461
2022	210,923	31,053
2023	100,968	29,578
2024	102,432	28,115
2025-2029	333,340	114,400
2030-2034	247,853	63,215
2035-2037	139,452	8,377
	1,674,701	341,098
 Total	 \$	 <u>341,098</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (CONT.)

Capital Leases

Refer to Note IV. G.

Other Debt Information

Estimated payments of compensated absences, net pension liability, and other post-employment benefits liability are not included in the debt service requirement schedules. The compensated absences liability, net pension 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 2050. The following is a schedule by years of the future minimum rental payments required under these leases as of December 31, 2019:

<u>Year ending December 31,</u>	
2020	\$ 1,095,564
2021	828,292
2022	811,198
2023	806,681
2024	612,111
2025-2050	<u>3,699,193</u>
Total Minimum Payments Required	<u>\$ 7,853,039</u>

Total rental expenses/expenditures under the above leases were \$1,279,262 in 2019.

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 \$7,057,561 and \$6,410,014, respectively.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

The City as Lessor (cont.)

The following is a schedule by years of future minimum rentals under these leases as of December 31, 2019:

<u>Year Ending December 31,</u>	
2020	\$ 1,789,176
2021	1,685,401
2022	1,595,122
2023	1,514,006
2024	927,261
2025-2029	5,413,417
2030-2034	3,725,295
2035-2039	2,609,434
2040-2044	2,594,487
2045-2049	2,190,071
2050-2054	708,382
2055-2059	661,836
2060-2064	598,136
2065-2069	437,492
2070-2074	398,889
2075-2079	398,889
2080-2084	338,972
2085-2089	179,782
2090-2094	173,268
2095-2099	117,769
2100-2104	103,523
2105-2109	99,835
2110-2114	61,939
2115-2116	<u>2,027</u>
Total Future Minimum Rentals	<u>\$ 28,324,409</u>

Total rental revenues under the aforementioned leases were \$2,013,987 in 2019.

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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:

Business-type activities	
2013 issue	<u>\$ 260,500</u>
Governmental Activities	
2018 issue	<u>\$ 2,405,000</u>

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

	<u>Business-type Activities</u>	
	<u>2013 Issue</u>	
	<u>Principal</u>	<u>Interest</u>
2020	<u>\$ 260,500</u>	<u>\$ 11,775</u>
Totals	<u>\$ 260,500</u>	<u>\$ 11,775</u>
	<u>Governmental Activities</u>	
	<u>2018 Issue</u>	
	<u>Principal</u>	<u>Interest</u>
2020	785,000	61,380
2021	800,000	42,540
2022	<u>820,000</u>	<u>22,140</u>
Totals	<u>\$ 2,405,000</u>	<u>\$ 126,060</u>

H. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2019 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 223,043,690
Construction in progress	88,569,393
Other capital assets, net of accumulated depreciation	799,680,253
Less: Capital related long-term debt outstanding (excluding unspent capital related debt proceeds)	(336,375,733)
Less: Unamortized premium and discount	<u>(29,425,676)</u>
Total Net Investment in Capital Assets	<u>\$ 745,491,927</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019 include the following:

	General Fund	Library	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable:						
Advances to other funds	\$ 1,316,829	\$ -	\$ -	\$ -	\$ -	\$ 1,316,829
Advances to component units	238,000	-	-	-	-	238,000
Noncurrent receivables	64,245	-	-	-	-	64,245
Inventories	557,685	-	-	1,674,987	-	2,232,672
Prepaid items	2,032,826	172,214	-	43,280	40,160	2,288,480
Trust activities	-	-	-	-	774,847	774,847
Restricted for:						
Library	-	616,760	-	-	668,147	1,284,907
Grants activities	-	-	-	-	308,687	308,687
Loans	779,273	-	-	-	31,808,422	32,587,695
Debt service	-	-	22,878,315	-	5,663,224	28,541,539
Parks	-	-	-	-	668,891	668,891
Impact fees	-	-	-	-	5,960,426	5,960,426
TID activities	-	-	-	32,185,958	-	32,185,958
Landfill	-	-	-	-	189,940	189,940
Trust activities	-	-	-	-	3,752,235	3,752,235
Capital projects	-	-	-	18,563,121	-	18,563,121
Room tax	-	-	-	-	355,434	355,434
Other	-	-	-	-	177,727	177,727
Committed for:						
Room tax	-	-	-	-	1,390,060	1,390,060
Loans	-	-	-	-	3,068,500	3,068,500
Assigned to:						
Capital projects	-	-	-	8,352,618	-	8,352,618
Encumbrances	208,619	-	-	-	-	208,619
Compensated absences	6,593,931	-	-	-	-	6,593,931
Premium stabilization	3,174,890	-	-	-	-	3,174,890
Unassigned	53,171,709	-	-	-	-	53,171,709
Totals	\$ 68,138,007	\$ 788,974	\$ 22,878,315	\$ 60,819,964	\$ 54,826,700	\$ 207,451,960

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. NET POSITION/FUND BALANCES (CONT.)

Business-type Activities

Net investment in capital assets	
Land	\$ 68,852,207
Construction in progress	70,548,785
Other capital assets, net of accumulated depreciation	739,609,286
Less: Related long-term capital debt outstanding	(308,990,718)
Plus: Unspent capital related debt proceeds	24,918,247
Plus: Unamortized premium and loss/gain on refunding	(14,356,133)
Plus: Borrowed reserve fund	14,274,089
Total Net Investment in Capital Assets	<u>\$ 594,855,763</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 Unit of the City of Madison

Olbrich Botanical Society and Olbrich Botanical Society Foundation

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

a. Summary of Significant Accounting Policies

Principles of Consolidation

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Basis of Presentation

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

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

Net position with donor restrictions – Net position whose use have been limited by donor-imposed time restrictions or purpose restrictions, including net position that has been restricted by donors to be maintained by the Society in perpetuity.

Cash and Cash Equivalents

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

Certificates of Deposit

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

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair value based on quoted market prices in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the change in net position without donor restrictions in the accompanying consolidated statements of activities. Realized gains and losses or sales of investments are determined on the basis of specific identification of the security sold.

Estimates

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

Income Taxes

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

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, 2019, 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.

Inventories

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

Revenue Recognition

Prior to January 1, 2019, the Society recognized revenue under Accounting Standards Codification (ASC) Topic 605-35. Membership dues revenue was recognized in full when membership dues were received by the Society. Effective January 1, 2019, the Society adopted Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (Topic 606). The new standard provides for a comprehensive five-step model for recognizing revenue. The core principle of Topic 606 is that revenue shall be recognized when goods and services promised under a contract are transferred to the customer and for which the Society is reasonably entitled to compensation.

Other than membership dues revenue, there is no material difference between revenue recognized under the recognition criteria of Topic 606 and the Society's previous revenue recognition practices under the previous revenue recognition guidance, ASC Topic 605-35.

The Society recognizes revenue from member dues over the membership period, which is generally twelve months beginning the month dues are received. The performance obligation consists of providing members continuous access to Olbrich Botanical Gardens, which includes the conservatory and outdoor gardens. Additionally, the membership benefits also include free entrance into certain events, reciprocal benefits at over 320 gardens, monthly e-newsletter, discount on education classes, borrowing privileges from Olbrich Botanical Gardens Library, discount at Growing Gifts Shop, and guest passes. The dues are used to help cover the cost of the cost of staff and administrative costs associated with managing the Olbrich Botanical Gardens. Dues for 2019 ranged from \$40/year for a single member to \$1,000/year for a household plus additional guests. Membership dues that have not been fully amortized over twelve months are deferred and recognized as revenue in the following year.

Revenues 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 produce is in substantially new condition.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Revenues derived from education classes are recognized when received. An adjustment is made at year-end to reclassify revenue for classes not occurring until after year-end to deferred revenue liability. This revenue is recognized when the class occurs. Refunds are made to participants if the class is cancelled.

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are considered available for unrestricted dues unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of the donated assets are reported as contributions with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net position with donor restrictions is reclassified as net position without donor restrictions and reported in the statement of activities as net position released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Special event revenue is considered contributions due to the attendee receiving no substantial benefits except access to the facilities, which has minimal value.

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.

Investment income is recorded in the period earned.

The Society's contract liabilities consist of membership dues received from members upon execution of their membership agreement, which is referred to as deferred revenue. The amounts received are recorded as membership dues revenue with an annual adjustment to defer membership dues revenue for the future months of benefits to be received. Revenue from membership dues are recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied.

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 \$239,063 for the year ended December 31, 2019.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Financial Instruments

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

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820). The update is effective for fiscal year beginning after December 15, 2019 and modifies disclosure requirements on fair value measurements in Topic 820. This ASU was issued as part of the FASB disclosure framework project to improve the effectiveness of disclosures about fair value measurements required under ASC 820. The ASU amends the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying and adding certain disclosures.

b. Relationship Between the Society and the City of Madison

The Society and the City of Madison Parks Division work together for the benefit of Olbrich Gardens, which is owned by the City of Madison (the City). The Society donates all capital assets it purchases to the City. There were \$3,750,000 capital asset donations made to the City in 2019. The society has committed an additional amount of approximately \$2,200,000 that will be paid to the City related to the capital campaign. The City provides free use of space in the Olbrich building for the offices and gift shop of the Society in exchange for certain administrative functions. No values have been determined for the use of space or administrative functions. The Society had a receivable from the City in the amount of \$26,040 at December 31, 2019, for funds the City collected on its behalf.

c. Investments

Investments at December 31, 2019 consisted of the following:

Mutual funds	\$	4,660,353
Common stock		3,093,285
Money markets		96,780
		<hr/>
Investments	\$	<u>7,850,418</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Investment income for 2019 consisted of the following:

Interest and dividends	\$ 253,902
Unrealized and realized gain	1,105,459
Madison Community Foundation (MCF) Activity	15,390
Investment advisory fees	<u>(29,822)</u>
Investment Income	<u>\$ 1,344,929</u>

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

Fair Value Measurements

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

The following table summarizes those assets measured at fair value as of December 31, 2019:

	2019			
	Total	Level One	Level Two	Level Three
Equity mutual funds	\$ 1,792,442	\$ 1,792,442	\$ -	\$ -
Fixed income mutual funds	2,867,911	2,867,911	-	-
Common stocks	3,093,285	3,093,285	-	-
Beneficial interest in assets held by MCF	126,988	-	-	126,988
Total investments in the fair value hierarchy	7,880,626	7,753,638	-	126,988
 Total investments at net asset value	 96,780	 -	 -	 -
 Total	 <u><u>\$ 7,977,406</u></u>	 <u><u>\$ 7,753,638</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 126,988</u></u>

*Certain alternative investments are measured at fair value using net asset value per share (or its equivalent) as a practical expedient and have not been categorized in the fair value hierarchy in accordance with ASC 820. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

Major Component Unit 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 Three) as of December 31, 2019:

Beginning Balance	\$	101,004
Contributions		13,500
Investment income		3,435
Realized gain		2,812
Unrealized gain		10,452
Distributions		(2,906)
Expenses and fees		(1,309)
		<u>126,988</u>
Ending Balance	\$	<u>126,988</u>

d. Retirement Plan

All employees are eligible to participate in the Olbrich Botanical Society 401(k) Retirement Plan after six months of employment and upon attaining the age of 21. The Society may make matching contributions at its discretion. Participants are fully vested in their contributions to the Plan. Participants become vested in the Society's matching contributions over a five-year graduated scale. The Society's contributions to the Plan were \$28,842 in 2019.

e. Pledges Receivable

Pledges receivable are expected to be collected as follows at December 31, 2019:

Receivable in less than one year	\$	105,231
Receivable in one to five years		<u>760,139</u>
Total Pledges Receivable		865,370
Less 2.5% discount to net present value		<u>(93,248)</u>
Total Pledges Receivable, Net	\$	<u>772,122</u>

f. Donated Services

The Society recognizes contribution support for certain services received at the fair value of those services. The total amount of those services was \$219,760 in 2019. The Society also recognized contribution support for donated materials received at the fair value of these materials. The total amount of those materials was \$15,110 in 2019.

Additionally, the Society received approximately 27,672 hours of volunteer time provided by approximately 1,329 individuals during 2019 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, 2019

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

I. COMPONENT UNITS (CONT.)

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

g. Net Position

The Society's Board of Directors has chosen to place the following designations on net position without donor restrictions at December 31, 2019:

Olbrich Botanical Society Foundation

Designated for education	\$	42,116
Designated for orchid fund		43,622
Designated for general stewardship fund		1,041,346
Board designated endowment		<u>3,761,433</u>

Total Foundation \$ 4,888,517

Designated for agency endowment at MCF		126,988
Designated for capital campaign		1,222,311
Investigated		<u>1,274,452</u>

Total Society \$ 2,623,751

Total Net Position Without Donor Restrictions \$ 7,512,268

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Net position with donor restrictions at December 31, 2019 was restricted for the following purposes:

Olbrich Botanical Society Foundation

Purpose-Restricted

Stewardship Fund Garden for the Future	\$ 359,055
Vera Lee Orchidist	1,100,000
Rose Garden Intern	111,454
Stewardship Fund Land Bank	201,173

Perpetual in Nature

Ursula Schmitt Speakers Fund	29,852
Dusso Conservatory Fund	11,500
Shirley Homburg Gift Shop Fund	221,453

Total Foundation	\$ 2,034,487
------------------	--------------

Olbrich Botanical Society Purpose

Restricted

Horticulture	47,139
Education	19,874
Conservatory	2,575
Pledges Receivable	727,661
Capital Campaign	201,730
Other	14,911

Total Society	\$ 1,013,890
---------------	--------------

Net Position with Donor Restrictions	\$ 3,048,377
--------------------------------------	--------------

Net position with donor restrictions was released from donor restrictions and expended for the following programs during 2019:

Education	\$ 19,732
Horticulture	3,600
Conservatory	2,483
Capital campaign	3,750,000
Time Restrictions	235,577
Other	57,532

Net Position Released from Restrictions	\$ 4,068,924
---	--------------

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

h. Concentration of Credit Risk

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

i. Endowment Fund for Olbrich Gardens

In 2006, the Society received notification of a \$300,000 contribution from the Bolz Family Foundation that established the Bolz Family Endowment Fund for Olbrich Botanical Gardens (Fund) at the Madison Community Foundation (MCF). The Fund is donor advised and is an asset of MCF. The fair value of the Fund at MCF was \$275,535 at December 31, 2019. The Society has the option to take an annual distribution that represents 4.5% of the average value of the assets over a rolling twenty-quarter period. The Society received a distribution from the fund of \$10,825 during 2019. This amount is included in contributions on the statement of activities.

j. Agency Endowment

The Society established an agency endowment at Madison Community Foundation (MCF). The Society recognizes the fair value of donations as contributions when received. When the Society transfers the funds to MCF it recognizes the transfer as a decrease in cash and an increase in an asset called "beneficial interest in assets held by Madison Community Foundation." The Society acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by MCF. The Society has the option to take an annual distribution that represents 4.5% of the average value of the assets in the Fund over the previous 20 quarters.

Balance - beginning of year	\$	101,004
Agency Investment		
Contributions		13,500
Investment income		3,435
Realized gain		2,812
Unrealized gain		10,452
Distributions		(2,906)
Expenses and fees		(1,309)
		126,988
Balance - End of Year	\$	126,988

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

k. Endowment and Other Restrictions on Net Position

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

The following table shows the composition of endowment net position by restriction as of December 31, 2019 for those endowments under the control of the Society:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 262,805	\$ 262,805
Board-designated endowment funds	3,761,433	-	3,761,433
Totals	\$ 3,761,433	\$ 262,805	\$ 4,024,238

The endowment related activities for the year ending December 31, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ 3,064,973	\$ 262,805	\$ 3,327,778
Investment income	945,492	-	945,492
Amounts appropriated for expenditure	(249,032)	-	(249,032)
Ending Balance	\$ 3,761,433	\$ 262,805	\$ 4,024,238

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported as net position without donor restrictions. There were no such deficiencies as of December 31, 2019.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

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. In 2019, the board approved an appropriation of \$273,421 for 2020 which consists of 4.5% of the average of the investment balance for the preceding twelve quarters with the last quarter being September 2019.

l. Commitments

The Society has begun a capital campaign with an initial goal of raising \$5 million which has subsequently been increased to \$6 million. The Society has committed \$1 million from its operating reserves toward this fundraising goal. The Society contributed \$250,000 of this commitment during 2018, therefore, the remaining commitment at December 31, 2019 is \$750,000.

m. Liquidity and Availability of Financial Assets

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

Year Ended December 31, 2019

Cash and cash equivalents	\$	1,777,371
Unconditional promises to give		727,661
Due from City of Madison		26,040
Investments held by Olbrich Botanical Society, Inc.		7,850,418
Less: Amount unavailable for general expenditures within one year		<u>(7,372,915)</u>
Total	\$	<u>3,008,575</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Pledges receivable are subject to implied time restrictions and the balance shown above represents amounts expected to be collected within one year of the statement of financial position date.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

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

As described in Note k., the Foundation makes an annual distribution of its net position to support general operations of the Society. In 2019, the board approved an appropriation of \$273,421 for 2020, which consists of 4.5% of the average of the investment balance for the preceding 12 quarters.

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

n. Revenue from Contracts with Customers

On January 1, 2019, the Society adopted Topic 606 using the modified retrospective method applied to those agreements, using the practical expedient to apply the standard to those agreements not completed as of the date of initial adoption. In connection with the adoption of Topic 606, the Society recorded a net change to beginning net position without donor restrictions and deferred membership dues of \$183,937, as of January 1, 2019, due to the cumulative effect of adopting ASU 2014-09 at the date of adoption.

o. Subsequent Events

Management has evaluated subsequent events through April 17, 2020, the date which the consolidated financials statements were available for issue. Management has determined there are no subsequent events that require disclosure under FASB ASC Topic 855 - Subsequent Events, except for the following:

Novel Coronavirus (COVID-19)

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Society's financial condition, liquidity, and future results of operations. The Society's operations are heavily dependent on contributions and investment income. As of the date of this report, our investment values have experienced a temporary decline of approximately \$957,000.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Management is actively monitoring the impact of the global situation on the not-for-profit industry, financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Society is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2020. Although the Society cannot estimate the length or gravity of the impact of the Society's results of future operations, financial position, and liquidity in fiscal year 2020 if contributions are depressed and the temporary declines in investment values worsen or do not improve.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferral of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance we are eligible for these funds or will be able to obtain them. Management continue to examine the impact that the CARES Act may have on operations. Currently, management is unable to determine the impact that the CARES Act will have on financial condition, results of operation, or liquidity.

NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON

Business Improvement District (BID)

a. Basis of Accounting/Measurement Focus

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

b. Cash and Investments

The BID, as a fund of the City, maintains common cash accounts at the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Madison as an individual municipality and, accordingly, the amount of insured funds is not determinable for the BID. The carrying amount was \$150.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Madison Public Library Foundation, Inc. (MPLF)

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

a. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the Foundation is required to report information regarding its financial position and activities according to 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.

Promises to Give

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

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, 2019

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

I. COMPONENT UNITS (CONT.)

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

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. The exchange portion of revenue included in special events on the statement of activities is not material to the financial statements.

Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation of equipment is computed on the straightline method based on an estimated useful life of five years. Furniture and equipment was \$10,586.

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 resulting gain or loss is included in operations.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers all investments purchased with a maturity of three months or less to be cash equivalents, except for cash not available to the Foundation due to restrictions placed on it.

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash, Libraries

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

	<u>2019</u>
Monroe Street Library League	\$ 15,668
Friends of Lakeview Library	<u>31,812</u>
Totals	<u>\$ 47,480</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 1.5%, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

NONMAJOR 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 \$1,323 as of December 31, 2019.

Capitalization Policy

The Foundation's policy is to capitalize equipment with a unit cost of \$1,500 or greater and a useful life of more than one year.

Impairment of Long-lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. To date, there have been no such losses.

Investments

Purchased investments are recorded at fair value, and donated investments are recorded as contributions at fair value on the date of receipt. Realized gains and losses on sales of investments are determined on the basis of specific identification of the cost of the security sold.

Donated Services and Materials

Donated services that create or enhance non-financial assets or that require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair value in the period received. Donated materials are recorded at their estimated fair value in the period received.

Expense Allocation

The 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. Nonpersonnel expenses are attributed to individual programs or supporting function. In certain instances, a portion of the expenses is identifiable with a specific program, while the remaining amount is allocated to management and general and/or fundraising.

Exempt Status

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a public charity and not a private foundation. The Foundation is also exempt from Wisconsin income tax.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

In May 2014, the FASB issued guidance (Accounting Standards Codification [ASC] 606, *Revenue from Contracts with Customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. Collectively, the new Topic 606 is referred to as the "new guidance."

The foundation adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. There was no cumulative adjustment to net position as of January 1, 2019, to reflect the effect of the new guidance. The foundation applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to the foundation's accounting policies for revenue recognition, previously described.

The modified retrospective method of transition requires the foundation to disclose the effect of applying the new guidance on each item included in the 2019 financial statements. There were no changes to the amounts of any line items in the statement of financial position, statement of activities, or statement of cash flows as of and for the year ended December 31, 2019, that would have been reported under the former guidance.

In November 2016, FASB issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when recording the beginning and ending total amounts shown on the statements of cash flows.

The foundation was required to adopt this new accounting standard during its fiscal year ended December 31, 2019 and retrospectively apply the amendments to all periods presented.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

In August 2016, FASB issued Accounting Standards Update (ASU) No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which provides guidance on the classification of eight cash flow issues to reduce the existing diversification in practice. Specific cash flow issues addressed in this ASU that could apply to the entity include a) debt prepayment or debt extinguishment costs; b) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; c) proceeds from the settlement of insurance claims; and d) separately identifiable cash flows and application of the predominance principle.

The entity was required to adopt this new accounting standard during its fiscal year ended December 31, 2019 and retrospectively apply the amendments to all periods presented. The adoption of this new standard did not impact the entity's statements of cash flows.

In June 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received*, which requires an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. After a contribution has been deemed unconditional, an entity would then consider whether the contribution is restricted by a donor-imposed restriction.

The entity was required to adopt this new accounting standard during its fiscal year ended December 31, 2019. The adoption of this new standard did not impact the entity's financial statements.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 31, 2020, which is the date the MPLF financial statements were available to be issued. The Foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

b. Promises to Give

Unconditional Promises to Give

Unconditional promises to give at December 31, 2019 consisted of the following:

Pinney Branch Capital Campaign	\$	26,250
Bookmobile		197,250
Annual		500
John H. Lussier Charitable Lead Annuity Trust		915,115
		<hr/>
Total Unconditional Promises to Give	\$	1,139,115
Less: Discounts to net present value		(148,070)
		<hr/>
Unconditional Promises to Give - Net	\$	991,045
		<hr/>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

At December 31, 2019, \$180,613 of unconditional promises to give are receivable in less than one year and \$617,065 of unconditional promises to give are receivable in one to five years, and \$341,437 is receivable in more than five years.

Unconditional promises to give receivable in one year or more are discounted to net present value using a discount rate of 3.25%. Unconditional promises to give receivable in less than one year are measured at net realizable value which approximates fair value.

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 and has recognized \$816,378 in contribution revenue from the trust as of December 31, 2019, net of the discount to present value totaling \$141,464. 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 pledge receivable balance and contribution revenue. Changes in the value of the CLAT will be reported on a separate line in the statements of activities when recognized.

Conditional Promises to Give

During 2017, the Foundation received restricted grants totaling \$155,400 that contained donor conditions. The Foundation may receive up to \$65,400 for renovations to the teen area of the Goodman South Madison Library and up to \$90,000 for renovations to the children's area of the Goodman South Madison Library. Since these grants are promises conditioned on completing the renovation work at the Goodman South Madison Library, the amounts are not recorded as contribution revenue until the donor conditions are met. In 2018, the renovations for the teen area of the Goodman South Madison Library were completed and the Foundation received and recorded \$65,400 as contribution revenue as the conditions were met. Renovations to the children's area of the Goodman South Madison Library totaling \$30,600 and \$59,400 were completed and the Foundation received and recorded this amount as contribution revenue in 2018 and 2019 respectively. As of December 31, 2019, all conditional promises to give were received and recorded as contribution revenue.

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

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, 2019 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$	68,296
Madison Library Foundation Endowment Fund		5,415,022
Print Books Purchase Fund		109,105
Judy P. Olson Book Discussion Kit Fund		14,745
Lakeview Library Endowment Fund		123,944
Monroe Street Branch Endowment Fund		26,647
Pinney Library Endowment Fund		63,834
Hawthorne Library Endowment Fund		24,650
South Madison Branch Endowment Fund		208,906
Sequoia Branch Endowment Fund		363,800
Central Library Endowment Fund		182,702
Alicia Ashman Library Endowment Fund		53,540
Meadowridge Branch Endowment Fund		130,458
Professional Development Endowment		7,431
		6,793,080
Total Agency Endowments	\$	6,793,080

d. Fair Value Disclosure

Fair value of assets measured on a recurring basis at December 31, 2019, are as follows:

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held at MCF ¹	\$ 6,793,080	\$ -	\$ -	\$ 6,793,080
Unconditional promises to give, long-term, net ²	810,432	-	810,432	-
Totals	\$ 7,603,512	\$ -	\$ 810,432	\$ 6,793,080

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

- ¹ The Foundation's beneficial interest in assets held by MCF represents an agreement between the Foundation and MCF in which the Foundation transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Foundation by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. The change in value of the beneficial interest included in the change in net position is reported as unrestricted investment return on the statement of activities.
- ² The amount reported for unconditional promises to give, long-term, net approximates fair value based on the net present value of pledges receivable using the discount rate as described above in Note b.

The following table presents additional information about the MCF pass thru fund measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Beginning balance	\$ 5,084
Stock donations	16,581
Distributions	(21,499)
Administrative Fees	<u>(166)</u>
Ending Balance	<u>\$ -</u>

The following table presents additional information about the beneficial interest in assets held at MCF measured at fair value on a recurring basis using significant unobservable inputs:

Beginning balance	\$ 5,947,265
Net investment income	870,339
Transfers in	187,671
Withdrawals	<u>(212,195)</u>
Ending Balance	<u>\$ 6,793,080</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

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, 2019:

Madison Public Library Foundation Endowment Fund	\$	5,415,021
Program Venture Fund		55,000
Undesignated		<u>644,096</u>
Net Position Without Donor Restrictions	\$	<u><u>6,114,117</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 – Time or Use

Net position with donor restrictions – time or use include net position set aside in accordance with donor restrictions as to time or use and is available for the following purposes as of December 31, 2019:

Ashman Branch	\$	14,767
Ashman Endowment		6,889
Book Festival		587,880
Central Branch		360
Central Endowment		30,702
General Library		164,383
Hawthorne Branch		3,278
Hawthorne Endowment		25,210
Judy P. Olson Book Discussion Kit Endowment		14,745
Lakeview Branch		404,393
Lakeview Endowment		123,120
Friends of Lakeview Library		31,812
Meadowridge Branch		6,759
Meadowridge Endowment		19,302
Monroe Branch		13,015
Monroe Endowment		6,266
Monroe Library League		15,668
Pinney Branch		(556)
Pinney Capital Campaign		332,732
Pinney Endowment		61,426
Professional Development Endowment		196
Proctor Endowment		11,724
Sequoia Branch		1,159
Sequoia Endowment		77,390
South Madison Branch		62,391
South Madison Endowment		48,144
John H. Lussier Charitable Lead Annuity Trust		773,651
Net Position With Donor Restrictions	\$	<u>2,836,806</u>

The Foundation's solicitations for capital projects indicate that contributions received in excess of the amount needed for the particular project will be used to establish an endowment fund, the income from which can be used to support the particular location.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 – 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, 2019 consisted of the following:

Ashman Branch Endowment Fund	\$	48,400
Central Branch Endowment Fund		152,043
Elizabeth Moon Proctor Scholarship and Professional Development Fund		51,914
Meadowridge Branch Endowment Fund		111,945
Monroe Branch Endowment Fund		21,040
Print Books Endowment Fund		109,104
Sequoia Endowment		294,456
South Madison Branch Endowment Fund		170,497
Judy P. Olson Endowment Fund		5,980
Professional Development Endowment		18,436
Rosemary Endowment Fund		<u>80,000</u>
Net Position With Donor Restrictions – Perpetual Endowments	\$	<u>1,063,815</u>

f. Endowment

The Foundation's endowment consists of 13 individual funds held by Madison Community Foundation and established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board of Directors to function as endowments, is classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted Wisconsin's enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, the Foundation has notified its donors that they reserve the right to make a distribution from their funds even if the value of the fund drops below the amount of the initial gift. In accordance with Wisconsin's enacted version of UPMIFA, the Foundation expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature exist in one donor-restricted endowment fund, which was an original gift value of \$110,766, a current fair value of \$109,104 and a deficiency of \$1,662 as of December 31, 2019. These deficiencies resulted from unfavorable market fluctuations and continued appropriation of the fund for certain programs that was deemed prudent by the Board of Directors.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board appropriated for expenditure \$4,222 from the underwater endowment fund during the year, which represent approximately 4% of the fund.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce returns to fund the scholarship, print books purchases, and income streams for certain branch libraries while assuming a moderate level of investment risk. Endowment assets also include those assets of board-designated funds that the Foundation intends to hold to perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce returns to fund ongoing Foundation operations as well as book discussion kits while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains/losses and interest and dividends. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net asset composition by type of net position as of December 31, 2019.

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Donor-restricted endowment funds	\$ -	\$ 425,115	\$ 1,063,815
Board-designated endowment funds	<u>5,415,021</u>	<u>-</u>	<u>-</u>
Total Funds	<u>\$ 5,415,021</u>	<u>\$ 425,115</u>	<u>\$ 1,063,815</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Changes in endowment net position for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Endowment net position - beginning of year	\$ 4,751,348	\$ 296,677	\$ 928,876
Contributions	142,505	14,690	124,762
Net investment	692,666	163,273	14,399
Amounts appropriated for expenditure	(171,498)	(49,525)	(4,222)
Endowment Net Position - End of Year	\$ 5,415,021	\$ 425,115	\$ 1,063,815

g. Mohaupt Fund for the Sequoia Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoia Branch Library, which is held and managed by the Madison Community Foundation. The Mohaupt Fund is a component fund of MCF, and since MCF has variance power, it is not included in Madison Public Library Foundation, Inc.'s financial statements. Any distributions from the Mohaupt Fund will help fund Madison Public Library Foundation's charitable and exempt purposes. Distributions from the Mohaupt Fund were \$3,634 during 2019. The Mohaupt Fund had a fair value of \$93,519 as of December 31, 2019.

h. Pension Plan

The Foundation's defined contribution employee 401(K) safe harbor retirement plan covers all employees who are age 18 or over and agree to make contributions to the plan. The Foundation matches contributions to the plan up to 5% of the individual participant's contribution. Total expense for 2019 was \$12,961.

i. Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2020. The lease requires an annual payment of \$5,000 and is automatically renewable for successive one-year terms unless terminated in accordance with the lease agreement.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

j. Uncertainty

Subsequent to December 31, 2019, local, U.S., and World governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the foundation as of March 31, 2020, management believes that a material impact on the foundation's financial position and results of future operations is reasonably possible.

k. 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, 2019 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, 2019	\$ 10,015,905
Less: Those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	(2,411,691)
Board designated endowment funds	(5,415,021)
Board designated other	(55,000)
Donor restricted endowment funds	<u>(1,488,930)</u>
Financial Assets Available to Meet Cash needs for General Expenditures Within One Year	<u>\$ 645,263</u>

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

a. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Net position and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein is classified and reported as follows:

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

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

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Foundation considers all investment instruments purchased with a maturity of three months or less, to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement statements of financial position. Unrealized gains and losses are included in the change in net position.

The fair values of the investments, as reported in the statement of financial position, are based on the quoted market prices for those investments as reported on their year-end statements.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Contributions

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

Functional Allocation of Expenses

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

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.

Income Tax Status

The Foundation is an exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for tax years before 2016.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

In preparing the MPF financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 17, 2020 the date of the financial statements were available.

Change in Accounting Principle

FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented this ASU and has adjusted the presentation in the financial statements accordingly, with no effect on net position.

In June 2019, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net position in connection with the implementation of ASU 2018-08

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

b. Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash equivalents and investments. The Foundation maintains its cash equivalents with one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the Foundation's cash balances at financial institutions may exceed federal depository insurance coverage and management considers this to be a normal business risk. At December 31, 2019, 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, 2019, the Foundation held investments of \$2,814,294 which were not covered by SIPC insurance.

c. Investments

The investments consist of cash and marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The Foundation's investments are comprised of the following as of December 31, 2019:

	Market	Cost
Cash	\$ 132,544	\$ 132,544
Equities	1,753,089	1,368,247
Fixed income	852,585	842,646
Real estate	76,076	80,724
Totals	\$ 2,814,294	\$ 2,424,161

Investment income from these investments for the year ended December 31, 2019 is summarized as follows:

	2019
Interest and dividends	\$ 55,031
Net realized and unrealized gains	376,615
Investment expense	(19,878)
Totals	\$ 411,768

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Included within these investments is the endowment established in 2015. See Note h on page 152 for additional information.

d. Fair Value Measurement

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

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)	
December 31, 2019				
Cash	\$ 132,544	\$ 132,544	\$ -	-
Equities	1,753,089	1,753,089	-	-
Fixed income	852,585	852,585	-	-
Exchange-Traded Funds				
Real estate	76,076	76,076	-	-
Beneficial Interest in assets held by MCF	<u>79,918</u>	<u>-</u>	<u>79,918</u>	
Totals	<u>\$ 2,894,212</u>	<u>\$ 2,814,294</u>	<u>\$ 79,918</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 2 inputs were available to the Foundation. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Level 1 Fair Value Measurements

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

The fair values of common stocks, corporate bonds, and exchange-traded funds are based on the closing price reported on the active market where the individual securities are traded.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Level 3 Fair Value Measurements

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

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, 2019:

	2019
Balance - January 1, 2019	\$ 72,347
Agency endowment return	
Investment income	11,238
Distributions from agency endowment	(2,905)
Expense and fees	(762)
	\$ 79,918
Balance - December 31, 2019	\$ 79,918

f. Restricted Net Position

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

Time and purpose restrictions	\$ 697,649
City Endowment	117,876
MCF Endowment	79,918
Donated funds from City of Madison	278,372
	\$ 1,173,815
Total	\$ 1,173,815

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Additionally, in 2019, 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, 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.

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 2019.

h. Endowment

The Foundation has one endowment fund. This fund was established in 2015 to provide ongoing investment income to support the Foundation's exempt purpose. As required by GAAP, net assets associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions. The amount required to remain intact in perpetuity is \$90,000.

	Net Position with Donor Restrictions
Endowment net position, Beginning of year	\$ 100,059
Investment return:	
Unrealized gain	16,016
Investment Income	2,625
Contributions	-
Amount appropriated for expenditure	(824)
Endowment Net Position, End of Year	\$ 117,876

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

I. COMPONENT UNITS (CONT.)

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include permanently restricted funds. Under this policy, as approved by the Executive Board of Directors, the permanently restricted assets are invested to achieve preservation of the principal to allow distribution of income for designated uses consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by Wisconsin. Permanently restricted endowment assets are invested in cash, equity securities, fixed income securities, and real estate.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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, 2019, 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, 2019

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

I. COMPONENT UNITS (CONT.)

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

	December 31, 2019
Cash and cash equivalents	\$ 43,124
Contributions receivable	7,000
Investments	<u>2,814,294</u>
Total Financial Assets	2,864,418
Less: Those unavailable for general expenditure within one year due to:	
City endowment fund	(117,876)
Other donor-imposed restrictions	<u>(969,021)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,777,521</u>

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

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

- > ASU No. 2016-02, (*Topic 842*): *Leases*. For most entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2020.

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

k. Subsequent Event

The recent spread of the COVID-19 coronavirus has created economic uncertainty internationally. The potential of COVID-19 having a financial and economic impact on the Foundation is a possibility although no such impact is known at this time.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

J. RESTATEMENT OF NET POSITION/FUND BALANCE

Fiduciary funds' net position has been restated for the implementation of GASB Statement 84 - *Fiduciary Activities*.

The details of the restatements are as follows:

	Fiduciary Funds
Net Position - December 31, 2018 (as reported)	\$ 5,594,186
Add: Adjustments related to GASB 84	<u>4,057,034</u>
Net Position - December 31, 2018 (as restated)	<u>\$ 9,651,220</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before December 31, 2016) are entitled to 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

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 (%)
2009	(2.1)	42
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$18,213,572 in contributions from the City and \$171,829, in contributions from the CDA.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee		Employer	
General (Executives & Elected Officials)	6.7	%	6.7	%
Protective with Social Security	6.7	%	10.7	%
Protective without Social Security	6.7	%	14.9	%

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

City Information

At December 31, 2019, the City reported a liability of \$62,162,732, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 1.74727964%, which was an increase of 0.06885885% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$40,846,712.

At December 31, 2019, 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	\$ 48,400,541	\$ 85,547,638
Changes in assumptions	10,467,296	-
Net differences between projected and actual earnings on pension plan investments	90,749,673	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,007,270
Employer contributions subsequent to the measurement date	19,003,865	-
Totals	<u>\$ 168,621,375</u>	<u>\$ 86,554,908</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, the CDA reported a liability of \$584,975, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net pension liability was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the CDA's proportion was 0.016442567%, which was an increase of .000001001% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the CDA recognized pension expense of \$392,153.

At December 31, 2019, 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	\$ 470,422	\$ 838,647
Changes in assumptions	109,675	-
Net differences between projected and actual earnings on pension plan investments	889,052	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,972
Employer contributions subsequent to the measurement date	180,744	-
Total	\$ 1,649,893	\$ 848,619

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

City Information

\$19,003,865 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, 2020. 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)
2020	22,792,009
2021	5,531,998
2022	9,989,667
2023	24,748,928

CDA Information

\$180,744 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net) (in dollars)
2020	224,273
2021	54,435
2022	98,298
2023	243,524

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	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	49.0	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9.0	6.5	3.9
Private Equity/Debt	8.0	9.4	6.7
Multi-Asset	4.0	6.7	4.1
Total Core Fund	110.0	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0	7.6	5.0
International Equities	30.0	8.5	5.9
Total Variable Fund	100.0	8.0	5.4

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.5%

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, 2019

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. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. 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	\$ 247,041,210	\$ 62,162,732	\$ (75,308,755)
CDA's proportionate share of the net pension (asset) liability	\$ 2,324,752	\$ 584,975	\$ (708,684)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2019, 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 2019 was \$11,428. The present value of estimated future payments based on past service is \$140,424 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, 2019

NOTE V - OTHER INFORMATION (CONT.)

B. RISK MANAGEMENT

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

Self Insurance

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

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

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

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 14,308,411	\$ 14,814,895
Current year claims and changes in estimates	3,755,024	3,701,334
Claim payments	<u>(3,248,540)</u>	<u>(3,642,462)</u>
Unpaid Claims - End of Year	<u>\$ 14,814,895</u>	<u>\$ 14,873,767</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

B. RISK MANAGEMENT (CONT.)

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMI)

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

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

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

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

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

The City's share of this corporation is 38.98% 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, 2019

NOTE V - OTHER INFORMATION (CONT.)

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, and workers compensation insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2019, 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, 2018. 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 \$10,000,000 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 \$10,000,000 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.

WMMIC has contracted with Safety National to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$500,000 for all but one member that has a retention of \$650,000.

The City's investment in WMMIC is reported on the statement of net position as a deposit. The amount reported is the initial investment of \$3,815,820.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

In September of 2018 the Common Council approved a contract with New Flyer Corp. for the purchase of up to 72 buses over a five-year period. As of December 31, 2019, 15 buses had been purchased under this contract.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

C. COMMITMENTS AND CONTINGENCIES (CONT.)

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Under terms of stipulation orders issued by the State of Wisconsin Department of Industry, Labor and Human Relations, the City is making monthly payments to former employees of the City. These future amounts of \$199,136 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	\$	56,603,568
Nonmajor Governmental Funds		1,183,771
General Fund		208,619

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan description. The City sponsors a single-employer defined benefit healthcare plan, (the Retiree Health Plan). The Plan provides healthcare coverage to eligible retired City employees and their spouses, which covers both active and retired members. The Plan is affiliated with the Wisconsin Public Employer's Group Health Insurance – Dane County service area plan, a purchasing plan administered by the State of Wisconsin. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The Plan provides eligible retirees with the opportunity to stay on the City's health insurance plan. Eligible retirees and spouses contribute the full amount of the premiums after age 55, except for teamsters who contribute the difference between the rate paid by the City and current year rate.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)

The City contributes to the premiums for eligible police and fire employees who retire before age 55, but not before age 50. The contributions for these employees continues until age 55, as defined by the union contract. Retirees are responsible for the premiums after that time. The City will contribute, on behalf of eligible police and police supervisors, up to 105% (90% effective November 1, 2007) of the appropriate premium rates of the lowest bidder among the health care providers offered. The City will contribute, on behalf of eligible fire employees and fire supervisors, up to 105% (90% for those who retired after January 1, 2017) of the appropriate premium rates of the lowest bidder among the health care providers offered. The City will contribute, on behalf of eligible teamsters, up to 100% of the appropriate premium rates of the lowest bidder among the health care providers offered for a maximum of five years or until the retiree is eligible for Medicare, whichever is earlier. The contributions for eligible teamsters will not be adjusted annually, the City's contribution will remain at the rate determined in the year of retirement, and the retiree is responsible for any difference in rates.

The City contributes to defined benefit post-employment benefit plans for fire and laborers' employees, Voluntary Employee Beneficiary Association (VEBA) and to teamsters' escrow account. The City also began contributing to Local 6000 VEBA in 2017. Starting with the 2002 contract, the City will contribute \$200,000 annually to the fire union's retiree health insurance, adjusted by the percentage of wage increase negotiated. The City shall make a contribution to the Local 236 retiree health insurance fund and into an escrow account for contribution towards health premiums for eligible teamsters' employees in an amount determined annually with the wage increase negotiated. The unions are responsible for administering the respective plans. The firefighters discontinued their VEBA for 2010.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

City Information

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

CDA Information

Active plan members	31
Inactive plan members or beneficiaries currently receiving benefit payments	4
	35
	35

The City's total OPEB liability of \$71,257,036 and the CDA's total liability of \$618,835 was measured as of December 31, 2019, 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	2.70%	
Salary increases	3.20%	
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	3.26%	

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019	\$ 65,258,316	\$ 570,966
Changes for the year:		
Service cost	4,291,031	33,038
Interest	2,792,310	24,250
Changes of benefit terms	-	-
Changes in assumptions	4,468,248	38,805
Differences between expected and actual experience	(2,300,267)	(19,977)
Benefit payments	(3,252,602)	(28,247)
Net changes	\$ 5,998,720	\$ 47,869
Balances at December 31, 2019	\$ 71,257,036	\$ 618,835

Changes of assumptions and other inputs reflect a change in the discount rate from 4.11 percent in 2018 to 3.26 percent in 2019.

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 (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
City's Total OPEB liability	\$ 77,018,247	\$ 71,257,036	\$ 66,038,175
CDA's Total OPEB liability	\$ 668,869	\$ 618,835	\$ 573,512

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 (7.50% Decreasing to 6.50%)	Healthcare Cost Trend Rates	1% Increase (7.50% Increasing to 8.50%)
City's Total OPEB liability	\$ 64,281,694	\$ 71,257,036	\$ 79,534,884
CDA's Total OPEB liability	\$ 558,257	\$ 618,835	\$ 690,724

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

City Information

For the year ended December 31, 2019, the City recognized OPEB expense of \$6,535,006. At December 31, 2019, 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	\$ -	\$ 5,897,584
Changes of assumptions	3,909,716	1,006,275
Total	<u>\$ 3,909,716</u>	<u>\$ 6,903,859</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)***

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)
2020	\$ 544,143
2021	544,143
2022	544,143
2023	544,143
2024	544,143
Thereafter	273,428

CDA Information

For the year ended December 31, 2019, the CDA recognized OPEB expense of \$56,754. At December 31, 2019, 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	\$ -	\$ 51,216
Changes of assumptions	33,955	8,737
Total	\$ 33,955	\$ 59,953

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)
2020	\$ 4,726
2021	4,726
2022	4,726
2023	4,726
2024	4,726
Thereafter	2,368

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

E. RELATED PARTIES

Related Parties - Primary Government

The City had the following related party transactions during 2019.

Name	Committee	Affiliated Organization	Amount
Craig Bartlett	Madison's Central Business Improvement District Board	Red Card Media	\$ 16,175
Shane Bernau	Urban Design Commission	SmithGroup	174,469
Christopher Brockel	Madison Food Policy Council	Madison Northside Planning Council	344,190
Baltazar De Anda Santana	Transportation Policy and Planning Board	Vera Court Neighborhood Center	696,883
Veronica Vega	Task Force on Municipal Golf in Madison Parks	Vera Court Neighborhood Center	-
Danielle Dieringer	Equal Opportunities Commission	YWCA Madison	444,169
Nina Gehan	Complete Count Committee - 2020	Centro Hispano, Inc.	270,805
Jason Ilstrup	Historic Preservation Plan Advisory Committee/City-County Homeless Issues Committee	Downtown Madison, Inc.	290,042
Oscar Mireles	Historic Preservation Plan Advisory Committee/Board of Park Commissioners/ Facilities Programs and Fees Subcommittee/ Overture Center Foundation Board of Directors	Omega School	62,999
Dave Porterfield	Housing Strategy Committee	Movin' Out Inc.	743,601
Taeli Reistad	Madison Arts Commission	Overture Center	2,003,515
Hedi Rudd	Madison Food Policy Council	Center for Resilient Cities	63,254
Rachel Sattler	Community Development Block Grant Committee	Legal Action of Wisconsin, Inc.	170,000
Jesse Shields	Sustainable Madison Committee	Madison Gas & Electric Company	7,038,551
Daniel Steinbring	Task Force on Municipal Golf in Madison Parks	Lussier Community Education Center	336,400
Heidi Wegleitner	City-County Homeless Issues Committee/ Education Committee	Legal Action of Wisconsin, Inc.	170,000
Molly Wells	Landlord and Tenant Issues Committee	Tenant Resource Center	<u>431,732</u>
		Total	<u>\$ 13,256,785</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

E. RELATED PARTIES (CONT.)

Related Parties - Primary Government (cont.)

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.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

G. COOPERATIVE BOUNDARY PLANS (CONT.)

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 \$5,384,683 to the PHMDC for 2019. 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, 2019 is available directly from the City of Madison, the fiscal agent for PHMDC.

The City of Madison accounts for its share of the operations in the general fund. The City does not have an equity interest in the organization.

The City of Madison is a member of the Metropolitan Unified Fiber Network Consortium, which is an unincorporated nonprofit association organized under Chapter 184 of the Wisconsin Statutes, the Uniform Unincorporated Nonprofit Association Act. This association was created to implement a community area network to improve broadband adoption among businesses and residential groups, help spur economic development, improve network connectivity for public safety, education and library entities as well as expand broadband services to service organizations providing services to disadvantaged, at-risk population within the community.

Fiscal information of the association as of December 31, 2019 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

I. TAX ABATEMENTS (CONT.)

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 2019 were \$4,605,461. Total amount of loans disbursed during 2019 were \$4,908,000.

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. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*
- > 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*

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (CONT.)

K. SUBSEQUENT EVENTS

In March 2020, comprehensive stay at home orders were issued by the State of Wisconsin and the Public Health Department of Madison and Dane County in response to the public health emergency caused by the global outbreak of COVID-19. The world-wide public health emergency has resulted in unprecedented impacts to the global, national, state, regional and local economies. In May 2020, the City of Madison projected a deficit of \$30 million compared to adopted 2020 budgeted levels across the city's general, library and enterprise funds due to reduced revenues and increased costs associated with these impacts. As of June 2020, city costs due to COVID-19 response actions totaled approximately \$5.5 million. These deficits and response costs are anticipated to be addressed through a series of measures, including cost containment and cost reductions, a city-wide hiring freeze, limits on non-essential non-personnel spending, utilization of federal CARES Act funding, and new appropriations from the city's general fund balance. CARES Act funding available to the city includes approximately \$25 million for transit-related purposes, \$4.1 million of State of Wisconsin Coronavirus Relief Fund (CRF) monies allocated to the city through the state's Routes to Recovery program, and Federal Emergency Management Agency (FEMA) cost reimbursements.

In late May 2020 and continuing through June 2020, the city experienced mass demonstrations, property damage, and other actions in response to the murder of George Floyd while in custody of the Minneapolis, MN police department, as well as other deaths and actions against Black people caused by police actions and other impacts of systemic racism in the United States. These demonstrations have required on-going response actions by the Madison Police Department and other city agencies. Response costs associated with overtime, supplies and other needs will be addressed through currently budgeted appropriations, as well as new appropriations from the city's general fund balance.

The Public Service Commission approved an increase in Water Utility rates effective July 2, 2020.

The City Council approved an increase in stormwater and landfill utility rates effective April 2, 2020, and an increase in sewer utility rates effective May 2, 2020.

The City entered into a development agreement on July 15, 2020 that includes a \$6.0 million payment for the purchase of air rights and the Podium structure above the City's Wilson Street Garage on Block 88, for the Judge Doyle Project which consists of ground floor retail space and two floors of above ground parking (\$5.0 million paid at closing and \$1.0 million paid fifteen years after the certificate of occupancy is used for private development). Additionally, the City will provide a \$450,000 loan from the Affordable Housing Fund to support a portion of the affordable housing component of the development (37 affordable units: 20 funded by the Affordable Housing Fund at or below 60% of the medium income in Dane County, and 17 units the developer is financing at 80% of an alternative mortgage instrument (AMI)). This agreement resulted in a \$5.0 million loss on the sale of the Podium within the Parking Utility Fund that was largely funded through tax incremental financing.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BLANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 241,210,053	\$ 241,210,053	\$240,943,582	\$ (266,471)
Intergovernmental	39,180,704	39,180,704	38,503,530	(677,174)
Licenses and permits	7,729,420	7,729,420	7,385,413	(344,007)
Fines and forfeitures	6,900,000	6,900,000	6,452,870	(447,130)
Charges for services	13,552,101	13,552,101	14,786,359	1,234,258
Investment income	4,350,000	4,350,000	5,767,747	1,417,747
Miscellaneous	1,440,600	1,440,600	3,223,283	1,782,683
Total Revenues	<u>\$ 314,362,878</u>	<u>\$ 314,362,878</u>	<u>\$317,062,784</u>	<u>\$ 2,699,906</u>
EXPENDITURES				
Current				
General Government				
Common council	831,869	831,869	815,466	16,403
Mayor	1,290,238	1,355,238	1,353,888	1,350
Municipal court	55,494	55,494	124,413	(68,919)
Attorney	3,123,351	2,998,351	2,900,443	97,908
Assessor	2,667,024	2,667,024	2,430,784	236,240
Clerk	1,736,064	1,736,064	1,667,785	68,279
Treasurer	764,563	764,563	724,280	40,283
Finance	3,395,658	3,395,746	3,221,364	174,382
Information technology	6,998,694	6,998,694	6,896,330	102,364
Human resources	1,613,995	1,617,595	1,639,060	(21,465)
EAP	413,502	413,502	349,579	63,923
Department of Civil Rights	1,855,926	1,862,962	1,967,307	(104,345)
Total General Government	<u>\$ 24,746,378</u>	<u>\$ 24,697,102</u>	<u>\$ 24,090,699</u>	<u>\$ 606,403</u>
Public Safety				
Fire	52,853,057	55,260,773	55,156,436	104,337
Police	76,748,435	79,225,337	77,829,025	1,396,312
Public health	5,384,683	5,384,683	5,384,683	-
Total Public Safety	<u>\$ 134,986,175</u>	<u>\$ 139,870,793</u>	<u>\$138,370,144</u>	<u>\$ 1,500,649</u>
Public Works and Transportation				
Engineering	4,354,460	4,360,065	4,222,720	137,345
Streets	26,387,940	27,757,940	26,286,078	1,471,862
Transit utility	14,211,148	14,211,148	14,211,149	(1)
Transportation	461,293	461,293	486,326	(25,033)
Traffic engineering	6,649,521	6,649,534	6,474,717	174,817
Total Public Works and Transportation	<u>\$ 52,064,362</u>	<u>\$ 53,439,980</u>	<u>\$ 51,680,990</u>	<u>\$ 1,758,990</u>

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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BLANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (cont.)				
Planning and Development				
Office of the director of planning	\$ 822,094	\$ 822,094	\$ 878,174	\$ (56,080)
Planning	3,229,072	3,302,176	3,233,353	68,823
Building inspection	4,731,645	4,592,002	4,510,389	81,613
Community development	13,537,789	13,958,039	13,490,794	467,245
Economic development	1,869,894	1,735,070	1,692,343	42,727
CDA housing operations	175,000	175,000	175,000	-
Total Planning and Development	<u>\$ 24,365,494</u>	<u>\$ 24,584,381</u>	<u>\$ 23,980,053</u>	<u>\$ 604,328</u>
Culture and Recreation				
Parks	14,236,915	14,361,915	13,828,433	533,482
Total Culture and Recreation	<u>\$ 14,236,915</u>	<u>\$ 14,361,915</u>	<u>\$ 13,828,433</u>	<u>\$ 533,482</u>
Miscellaneous	9,254,842	3,641,459	4,622,639	(981,180)
Total Miscellaneous	<u>\$ 9,254,842</u>	<u>\$ 3,641,459</u>	<u>\$ 4,622,639</u>	<u>\$ (981,180)</u>
Debt Service	54,708,710	54,708,710	54,708,710	-
Total Expenditures	<u>\$ 314,362,876</u>	<u>\$ 315,304,340</u>	<u>\$ 311,281,668</u>	<u>\$ 4,022,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2</u>	<u>\$ (941,462)</u>	<u>\$ 5,781,116</u>	<u>\$ 6,722,578</u>
Net Change in Fund Balance	<u>\$ 2</u>	<u>\$ (941,462)</u>	<u>\$ 5,781,116</u>	<u>\$ 6,722,578</u>
FUND BALANCES, Beginning of Year	62,356,891	62,356,891	62,356,891	-
FUND BALANCES, END OF YEAR	<u><u>\$ 62,356,893</u></u>	<u><u>\$ 61,415,429</u></u>	<u><u>\$ 68,138,007</u></u>	<u><u>\$ 6,722,578</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 17,703,565	\$ 17,703,565	\$ 17,703,565	\$ -
Intergovernmental	105,681	1,245,017	1,300,494	55,477
Public charges for services	1,092,739	1,099,839	1,070,970	(28,869)
Miscellaneous	314,000	762,549	586,720	(175,829)
Total Revenues	<u>\$ 19,215,985</u>	<u>\$ 20,810,970</u>	<u>\$ 20,661,749</u>	<u>\$ (149,221)</u>
EXPENDITURES				
Current				
Culture and recreation	16,417,873	18,110,668	17,741,576	369,092
Total Expenditures	<u>\$ 16,417,873</u>	<u>\$ 18,110,668</u>	<u>\$ 17,741,576</u>	<u>\$ 369,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,798,112</u>	<u>\$ 2,700,302</u>	<u>\$ 2,920,173</u>	<u>\$ 219,871</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	(2,826,376)	(2,826,376)	(2,876,376)	(50,000)
Total Other Financing Sources (Uses)	<u>\$ (2,806,376)</u>	<u>\$ (2,806,376)</u>	<u>\$ (2,856,376)</u>	<u>\$ (50,000)</u>
Net Change in Fund Balance	\$ (8,264)	\$ (106,074)	\$ 63,797	\$ 169,871
FUND BALANCES - Beginning of Year	<u>725,177</u>	<u>725,177</u>	<u>725,177</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 716,913</u>	<u>\$ 619,103</u>	<u>\$ 788,974</u>	<u>\$ 169,871</u>

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

CITY OF MADISON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CITY) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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, 2019

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
12/31/19	\$ 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.

CITY OF MADISON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

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
12/31/19	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, 2019

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
12/31/19	\$ 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	-	2,237,306	7.03

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF MADISON

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS December 31, 2019

	2019		2018	
	City	CDA	City	CDA
Total OPEB Liability				
Service Cost	\$ 4,291,031	\$ 33,038	\$ 4,672,941	\$ 40,885
Interest	2,792,310	24,250	2,516,975	22,021
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(2,300,267)	(19,977)	(5,179,468)	(45,317)
Changes of assumptions	4,468,248	38,805	(1,341,239)	(11,735)
Benefit payments	(3,252,602)	(28,247)	(2,854,098)	(24,971)
Net change in Total OPEB Liability	\$ 5,998,720	\$ 47,869	\$ (2,184,889)	\$ (19,117)
Total OPEB Liability - Beginning	65,258,316	570,966	67,443,205	590,083
Total OPEB Liability - Ending	<u>\$ 71,257,036</u>	<u>\$ 618,835</u>	<u>\$ 65,258,316</u>	<u>\$ 570,966</u>
Covered payroll	\$ 205,413,778	\$ 2,489,055	\$ 194,757,906	\$ 2,750,141
Total OPEB Liability as a percentage of covered payroll	34.69 %	24.86 %	33.51 %	20.76 %

Notes to Schedule:

Benefit changes. There were no changes of benefit terms.

Changes of assumptions:

Discount Rate - The discount rate has been updated from 4.11% to 3.26% in the December 31, 2019 valuation.

Health Care and Subsidy Trend Rates - An update in the health care and subsidy trend rates from an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50% to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50% for the December 31, 2019 valuation.

Valuation Date:

January 1, 2019 with results actuarially projected on a "no gain/no loss" basis to get to the December 31, 2019 measurement date. Liabilities as of January 1, 2019 are based on actuarial valuation date of January 1, 2019 with no adjustments.

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	2.70 percent
Healthcare cost trend rates	7.5 percent initial, decreasing 0.5 percent every year
Salary increases	3.20 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2017 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on RPH-2018 Total Dataset Mortality Table Fully generational using Scale MP-2018

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

Other Information:

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

CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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	\$ 301,924,321
Add: Operating Transfers In	20,898,187
Less: Operating Transfers Out	<u>(5,759,724)</u>
Total Revenues - Budgetary Basis	<u>\$ 317,062,784</u>
Total Expenditures - GAAP Basis	\$ 245,468,051
Add: Operating Transfers Out	71,573,341
Less: Operating Transfers In	<u>(5,759,724)</u>
Total Expenditures - Budgetary Basis	<u>\$ 311,281,668</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 \$208,619. 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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the Total Pension Liability have changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, and separation rates.

SUPPLEMENTARY INFORMATION

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 213,817	\$ 213,817	\$ 151,044	\$ (62,773)
Investment income	1,300,000	1,300,000	1,346,103	46,103
Total Revenues	<u>\$ 1,513,817</u>	<u>\$ 1,513,817</u>	<u>\$ 1,497,147</u>	<u>\$ (16,670)</u>
EXPENDITURES				
Debt service	-	-	-	-
Principal retirement	75,895,000	75,895,000	62,011,875	13,883,125
Interest and fiscal charges	15,994,214	15,994,214	13,818,724	2,175,490
Total Expenditures	<u>\$ 91,889,214</u>	<u>\$ 91,889,214</u>	<u>\$ 75,830,599</u>	<u>\$ 16,058,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (90,375,397)</u>	<u>\$ (90,375,397)</u>	<u>\$ (74,333,452)</u>	<u>\$ 16,041,945</u>
OTHER FINANCING SOURCES				
General obligation debt issued	-	-	120,377	120,377
Premium on debt issued	-	-	6,325,495	6,325,495
Transfers in	90,375,397	90,375,397	68,488,530	(21,886,867)
Total Other Financing Sources	<u>\$ 90,375,397</u>	<u>\$ 90,375,397</u>	<u>\$ 74,934,402</u>	<u>\$ (15,440,995)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 600,950	\$ 600,950
FUND BALANCES - Beginning of Year	<u>22,277,365</u>	<u>22,277,365</u>	<u>22,277,365</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 22,277,365</u></u>	<u><u>\$ 22,277,365</u></u>	<u><u>\$ 22,878,315</u></u>	<u><u>\$ 600,950</u></u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 19,068,234	\$ 19,068,234	\$ 19,241,269	\$ 173,035
Special assessments	6,100,000	6,100,000	4,275,595	(1,824,405)
Intergovernmental	1,504,716	2,436,016	1,613,865	(822,151)
Intergovernmental charges for services	8,590,500	8,824,270	8,895,746	71,476
Public charges for services	410,000	560,000	522,402	(37,598)
Investment income	1,021,724	1,021,724	1,678,717	656,993
Miscellaneous	856,559	1,131,559	5,947,337	4,815,778
Total Revenues	<u>\$ 37,551,733</u>	<u>\$ 39,141,803</u>	<u>\$ 42,174,931</u>	<u>\$ 3,033,128</u>
EXPENDITURES				
Current				
General government	4,272,000	4,272,000	4,393,369	(121,369)
Public safety	632,200	632,200	154,379	477,821
Public works and transportation	5,343,410	5,343,410	8,805,787	(3,462,377)
Planning and development	283,372	283,372	1,149,063	(865,691)
Culture and recreation	3,545,000	3,545,000	2,348,325	1,196,675
Capital Outlay	98,736,091	108,386,161	98,526,072	9,860,089
Debt service				
Principal retirement	765,000	765,000	765,000	-
Interest and fiscal charges	77,828	77,828	77,828	-
Total Expenditures	<u>\$ 113,654,901</u>	<u>\$ 123,304,971</u>	<u>\$ 116,219,823</u>	<u>\$ 7,085,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (76,103,168)</u>	<u>\$ (84,163,168)</u>	<u>\$ (74,044,892)</u>	<u>\$ 10,118,276</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	66,769,336	68,779,336	64,533,953	(4,245,383)
Sale of capital assets	25,000	25,000	24,914	(86)
Transfers in	13,196,730	18,746,730	12,117,293	(6,629,437)
Transfers out	(21,167,624)	(21,167,624)	(10,693,930)	10,473,694
Total Other Financing Sources (Uses)	<u>\$ 58,823,442</u>	<u>\$ 66,383,442</u>	<u>\$ 65,982,230</u>	<u>\$ (401,212)</u>
Net Change in Fund Balance	<u>\$ (17,279,726)</u>	<u>\$ (17,779,726)</u>	<u>\$ (8,062,662)</u>	<u>\$ 9,717,064</u>
FUND BALANCES - Beginning of Year	<u>68,882,626</u>	<u>68,882,626</u>	<u>68,882,626</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 51,602,900</u></u>	<u><u>\$ 51,102,900</u></u>	<u><u>\$ 60,819,964</u></u>	<u><u>\$ 9,717,064</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 the CDBG City program.

Revolving Loans – Accounts for housing and development loans.

Other Grants – The remaining grant funds account for receipts and disbursements of grants received from governmental units.

Other Restricted Funds – Accounts for resources, other than grants, that are restricted for particular purposes.

PERMANENT FUNDS

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

Endowments and Donations – Accounts for the resources restricted for Park uses and Cemetery care.

CITY OF MADISON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue		
	Community Development Block Grant	Revolving Loans	Other Grants
ASSETS			
Cash and investments	\$ 2,170,301	\$ 2,485,527	\$ 603,337
Receivables			
Taxes	-	-	-
Accounts	-	-	30,975
Accrued revenue	-	-	-
Accrued interest	-	25,860	-
Long-term loans	21,691,492	5,934,313	-
Due from other funds	-	-	-
Due from other governmental units	3,142,350	-	1,308,768
Prepaid items	6,247	1,022	25,831
Restricted cash and investments	919,009	-	-
TOTAL ASSETS	\$ 27,929,399	\$ 8,446,722	\$ 1,968,911
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 371,097	\$ 555	\$ 268,091
Accrued liabilities	28,461	3,091	158,068
Deposits	-	-	-
Advances from other funds	-	609,778	-
Unearned revenues	919,009	-	825,669
Total Liabilities	\$ 1,318,567	\$ 613,424	\$ 1,251,828
Deferred Inflows of Resources			
Unavailable revenues	2,602,580	25,860	673,363
Total Deferred Inflows of Resources	\$ 2,602,580	\$ 25,860	\$ 673,363
Fund Balances			
Nonspendable	6,247	1,022	25,831
Restricted	24,002,005	7,806,416	17,889
Committed	-	-	-
Total Fund Balances	\$ 24,008,252	\$ 7,807,438	\$ 43,720
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 27,929,399	\$ 8,446,722	\$ 1,968,911

Special Revenue	Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Other Restricted Funds			
\$ 6,444,928	\$ 11,704,093	\$ 5,190,379	\$ 16,894,472
4,596,320	4,596,320	-	4,596,320
470,337	501,312	-	501,312
252,232	252,232	-	252,232
448	26,308	10,386	36,694
503,336	28,129,141	-	28,129,141
210,513	210,513	-	210,513
280	4,451,398	-	4,451,398
7,060	40,160	-	40,160
5,960,427	6,879,436	-	6,879,436
<u>\$ 18,445,881</u>	<u>\$ 56,790,913</u>	<u>\$ 5,200,765</u>	<u>\$ 61,991,678</u>
\$ 190,324	\$ 830,067	\$ 540	\$ 830,607
44,797	234,417	-	234,417
1,503	1,503	-	1,503
-	609,778	-	609,778
-	1,744,678	-	1,744,678
<u>\$ 236,624</u>	<u>\$ 3,420,443</u>	<u>\$ 540</u>	<u>\$ 3,420,983</u>
437,196	3,738,999	4,996	3,743,995
<u>\$ 437,196</u>	<u>\$ 3,738,999</u>	<u>\$ 4,996</u>	<u>\$ 3,743,995</u>
7,060	40,160	774,847	815,007
13,306,441	45,132,751	4,420,382	49,553,133
4,458,560	4,458,560	-	4,458,560
<u>\$ 17,772,061</u>	<u>\$ 49,631,471</u>	<u>\$ 5,195,229</u>	<u>\$ 54,826,700</u>
<u>\$ 18,445,881</u>	<u>\$ 56,790,913</u>	<u>\$ 5,200,765</u>	<u>\$ 61,991,678</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Special Revenue		
	Community Development Block Grant	Revolving Loans	Other Grants
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	5,046,791	-	6,183,599
Public charges for services	345,775	1,808	-
Licenses and permits	-	-	-
Investment income	230,302	70,112	16,277
Miscellaneous	-	-	54,318
Total Revenues	\$ 5,622,868	\$ 71,920	\$ 6,254,194
EXPENDITURES			
Current			
General government	-	-	54,239
Public safety	-	-	3,553,226
Public works and transportation	-	-	33,502
Planning and development	4,322,514	157,697	2,794,912
Culture and recreation	-	-	-
Total Expenditures	\$ 4,322,514	\$ 157,697	\$ 6,435,879
Excess (deficiency) of revenues over (under) expenditures	\$ 1,300,354	\$ (85,777)	\$ (181,685)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	18,733	-	970,933
Transfers out	(11,601)	(118,841)	(1,055,367)
Total Other Financing Sources (Uses)	\$ 7,132	\$ (118,841)	\$ (84,434)
Net Change in Fund Balances	\$ 1,307,486	\$ (204,618)	\$ (266,119)
FUND BALANCES - Beginning of Year	22,700,766	8,012,056	309,839
FUND BALANCES - END OF YEAR	\$ 24,008,252	\$ 7,807,438	\$ 43,720

Special Revenue	Total		
Other Restricted Funds	Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 18,929,841	\$ 18,929,841	\$ -	\$ 18,929,841
227,563	11,457,953	-	11,457,953
9,154,133	9,501,716	82,783	9,584,499
314,936	314,936	-	314,936
671,007	987,698	459,711	1,447,409
16,753	71,071	-	71,071
<u>\$ 29,314,233</u>	<u>\$ 41,263,215</u>	<u>\$ 542,494</u>	<u>\$ 41,805,709</u>
7,637,209	7,691,448	-	7,691,448
278,306	3,831,532	16,661	3,848,193
792,462	825,964	-	825,964
8,110,118	15,385,241	-	15,385,241
367,235	367,235	40,065	407,300
<u>\$ 17,185,330</u>	<u>\$ 28,101,420</u>	<u>\$ 56,726</u>	<u>\$ 28,158,146</u>
<u>\$ 12,128,903</u>	<u>\$ 13,161,795</u>	<u>\$ 485,768</u>	<u>\$ 13,647,563</u>
4,326	4,326	-	4,326
27,124	1,016,790	-	1,016,790
<u>(26,039,903)</u>	<u>(27,225,712)</u>	<u>(207,901)</u>	<u>(27,433,613)</u>
<u>\$ (26,008,453)</u>	<u>\$ (26,204,596)</u>	<u>\$ (207,901)</u>	<u>\$ (26,412,497)</u>
\$ (13,879,550)	\$ (13,042,801)	\$ 277,867	\$ (12,764,934)
<u>31,651,611</u>	<u>62,674,272</u>	<u>4,917,362</u>	<u>67,591,634</u>
<u>\$ 17,772,061</u>	<u>\$ 49,631,471</u>	<u>\$ 5,195,229</u>	<u>\$ 54,826,700</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, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,566,003	\$ 4,689,643	\$ 5,046,791	\$ 357,148
Public charges for services	2,906,992	2,906,992	345,775	(2,561,217)
Investment income	30,500	30,500	230,302	199,802
Miscellaneous	15,000	15,000	-	(15,000)
Total Revenues	<u>\$ 7,518,495</u>	<u>\$ 7,642,135</u>	<u>\$ 5,622,868</u>	<u>\$ (2,019,267)</u>
EXPENDITURES				
Current				
Planning and development	<u>7,499,267</u>	<u>7,624,907</u>	<u>4,322,514</u>	<u>3,302,393</u>
Total Expenditures	<u>\$ 7,499,267</u>	<u>\$ 7,624,907</u>	<u>\$ 4,322,514</u>	<u>\$ 3,302,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 19,228</u>	<u>\$ 17,228</u>	<u>\$ 1,300,354</u>	<u>\$ 1,283,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	18,733	18,733
Transfers out	-	-	(11,601)	(11,601)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ 7,132</u>
Net Change in Fund Balance	\$ 19,228	\$ 17,228	\$ 1,307,486	\$ 1,290,258
FUND BALANCES - Beginning of Year	<u>22,700,766</u>	<u>22,700,766</u>	<u>22,700,766</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 22,719,994</u></u>	<u><u>\$ 22,717,994</u></u>	<u><u>\$ 24,008,252</u></u>	<u><u>\$ 1,290,258</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, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 145,000	\$ 264,324	\$ 1,808	\$ (262,516)
Investment income	-	-	70,112	70,112
Total Revenues	<u>\$ 145,000</u>	<u>\$ 264,324</u>	<u>\$ 71,920</u>	<u>\$ (192,404)</u>
EXPENDITURES				
Current				
Planning and development	<u>1,375,000</u>	<u>2,750,000</u>	<u>157,697</u>	<u>2,592,303</u>
Total Expenditures	<u>\$ 1,375,000</u>	<u>\$ 2,750,000</u>	<u>\$ 157,697</u>	<u>\$ 2,592,303</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,230,000)</u>	<u>(2,485,676)</u>	<u>(85,777)</u>	<u>2,399,899</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(118,841)</u>	<u>(118,841)</u>
Net Change in Fund Balance	<u>\$ (1,230,000)</u>	<u>\$ (2,485,676)</u>	<u>\$ (204,618)</u>	<u>\$ 2,281,058</u>
FUND BALANCES - Beginning of Year	<u>8,012,056</u>	<u>8,012,056</u>	<u>8,012,056</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 6,782,056</u></u>	<u><u>\$ 5,526,380</u></u>	<u><u>\$ 7,807,438</u></u>	<u><u>\$ 2,281,058</u></u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OTHER GRANTS For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,258,043	\$ 4,630,665	\$ 6,183,599	\$ 1,552,934
Investment income	1,200	2,200	16,277	14,077
Miscellaneous	-	-	54,318	54,318
Total Revenues	<u>\$ 3,259,243</u>	<u>\$ 4,632,865</u>	<u>\$ 6,254,194</u>	<u>\$ 1,621,329</u>
EXPENDITURES				
Current				
General government	39,227	44,420	54,239	(9,819)
Public safety	3,112,137	3,649,985	3,553,226	96,759
Public works and transportation	-	39,000	33,502	5,498
Planning and development	1,192,346	1,960,565	2,794,912	(834,347)
Total Expenditures	<u>\$ 4,343,710</u>	<u>\$ 5,693,970</u>	<u>\$ 6,435,879</u>	<u>\$ (741,909)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,084,467)</u>	<u>\$ (1,061,105)</u>	<u>\$ (181,685)</u>	<u>\$ 879,420</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	34,412	-	(34,412)
Transfers in	824,582	835,631	970,933	135,302
Transfers out	-	-	(1,055,367)	(1,055,367)
Total Other Financing Sources (Uses)	<u>\$ 824,582</u>	<u>\$ 870,043</u>	<u>\$ (84,434)</u>	<u>\$ (954,477)</u>
Net Change in Fund Balance	\$ (259,885)	\$ (191,062)	\$ (266,119)	\$ (75,057)
FUND BALANCES - Beginning of Year	<u>309,839</u>	<u>309,839</u>	<u>309,839</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 49,954</u>	<u>\$ 118,777</u>	<u>\$ 43,720</u>	<u>\$ (75,057)</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 18,800,133	\$ 18,800,133	\$ 18,929,841	\$ 129,708
Intergovernmental	111,000	206,000	227,563	21,563
Licenses and permits	316,185	316,185	314,936	(1,249)
Public charges for services	5,288,442	9,470,442	9,154,133	(316,309)
Investment income	83,686	260,236	671,007	410,771
Miscellaneous	5,500	10,500	16,753	6,253
Total Revenues	<u>\$ 24,604,946</u>	<u>\$ 29,063,496</u>	<u>\$ 29,314,233</u>	<u>\$ 250,737</u>
EXPENDITURES				
Current				
General government	7,880,185	7,880,185	7,637,209	242,976
Public safety	193,000	288,000	278,306	9,694
Public works and transportation	895,130	895,130	792,462	102,668
Planning and development	-	9,272,500	8,110,118	1,162,382
Culture and recreation	320,348	328,685	367,235	(38,550)
Total Expenditures	<u>\$ 9,288,663</u>	<u>\$ 18,664,500</u>	<u>\$ 17,185,330</u>	<u>\$ 1,479,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,316,283</u>	<u>\$ 10,398,996</u>	<u>\$ 12,128,903</u>	<u>\$ 1,729,907</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	4,326	4,326
Transfers in	-	-	27,124	27,124
Transfers out	(15,784,791)	(22,477,889)	(26,039,903)	(3,562,014)
Total Other Financing Sources (Uses)	<u>\$ (15,784,791)</u>	<u>\$ (22,477,889)</u>	<u>\$ (26,008,453)</u>	<u>\$ (3,530,564)</u>
Net Change in Fund Balance	<u>\$ (468,508)</u>	<u>\$ (12,078,893)</u>	<u>\$ (13,879,550)</u>	<u>\$ (1,800,657)</u>
FUND BALANCES - Beginning of Year	<u>31,651,611</u>	<u>31,651,611</u>	<u>31,651,611</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 31,183,103</u>	<u>\$ 19,572,718</u>	<u>\$ 17,772,061</u>	<u>\$ (1,800,657)</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 (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2019

	Parking Utility	Convention Center	Golf Courses	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 24,796,334	\$ 3,556,145	\$ 7,840	\$ 28,360,319
Accounts receivable	269,963	406,009	2,860	678,832
Inventories	-	156,340	-	156,340
Prepaid items	83,992	56,823	7,175	147,990
Total Current Assets	<u>\$ 25,150,289</u>	<u>\$ 4,175,317</u>	<u>\$ 17,875</u>	<u>\$ 29,343,481</u>
Noncurrent Assets				
Capital Assets				
Land	6,124,226	25,254	803,833	6,953,313
Construction work in progress	45,867,270	-	-	45,867,270
Land improvements	691,055	69,033	4,644,155	5,404,243
Buildings	47,461,614	59,963,022	709,689	108,134,325
Machinery and equipment	6,232,527	2,695,105	1,501,656	10,429,288
Intangibles	704,138	23,150	-	727,288
Accumulated depreciation/amortization	<u>(32,804,192)</u>	<u>(34,920,454)</u>	<u>(6,352,362)</u>	<u>(74,077,008)</u>
Net Capital Assets	<u>\$ 74,276,638</u>	<u>\$ 27,855,110</u>	<u>\$ 1,306,971</u>	<u>\$ 103,438,719</u>
Total Assets	<u>\$ 99,426,927</u>	<u>\$ 32,030,427</u>	<u>\$ 1,324,846</u>	<u>\$ 132,782,200</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	2,773,107	2,303,369	498,109	5,574,585
Other post-employment benefits related amounts	83,225	45,220	12,838	141,283
Total Deferred Outflows of Resources	<u>\$ 2,856,332</u>	<u>\$ 2,348,589</u>	<u>\$ 510,947</u>	<u>\$ 5,715,868</u>
LIABILITIES				
Liabilities				
Current Liabilities				
Accounts payable	289,612	562,725	28,990	881,327
Accrued liabilities	364,091	222,770	33,349	620,210
Deposits	-	1,132,826	40,727	1,173,553
Current portion of general obligation long-term debt	-	89,688	24,621	114,309
Current portion of capital lease	-	260,500	-	260,500
Current portion of advances from other funds	-	43,307	12,400	55,707
Current portion of accrued compensated absences	309,178	199,171	35,912	544,261
Unearned revenue	-	114,613	-	114,613
Total Current Liabilities	<u>\$ 962,881</u>	<u>\$ 2,625,600</u>	<u>\$ 175,999</u>	<u>\$ 3,764,480</u>
Noncurrent Liabilities				
General obligation long-term debt	-	652,256	172,348	824,604
Advances from other funds	-	218,996	1,379,531	1,598,527
Net pension liability	1,044,329	842,557	177,628	2,064,514
Accrued compensated absences	1,291,778	832,158	150,044	2,273,980
Other post-employment benefits	1,516,830	824,163	233,982	2,574,975
Total Noncurrent Liabilities	<u>\$ 3,852,937</u>	<u>\$ 3,370,130</u>	<u>\$ 2,113,533</u>	<u>\$ 9,336,600</u>
Total Liabilities	<u>\$ 4,815,818</u>	<u>\$ 5,995,730</u>	<u>\$ 2,289,532</u>	<u>\$ 13,101,080</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	1,453,708	1,188,669	253,168	2,895,545
Other post-employment benefits related amounts	146,958	79,847	22,667	249,472
Total Deferred Inflows of Resources	<u>\$ 1,600,666</u>	<u>\$ 1,268,516</u>	<u>\$ 275,835</u>	<u>\$ 3,145,017</u>
NET POSITION				
Net investment in capital assets	74,276,638	27,107,439	1,110,002	102,494,079
Unrestricted (deficit)	21,590,137	7,331	(1,839,576)	19,757,892
TOTAL NET POSITION (DEFICIT)	<u>\$ 95,866,775</u>	<u>\$ 27,114,770</u>	<u>\$ (729,574)</u>	<u>\$ 122,251,971</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 16,739,751	\$ 5,184,806	\$ 2,727,858	\$ 24,652,415
Total Operating Revenues	<u>\$ 16,739,751</u>	<u>\$ 5,184,806</u>	<u>\$ 2,727,858</u>	<u>\$ 24,652,415</u>
OPERATING EXPENSES				
Operation and Maintenance	10,979,528	9,565,039	2,903,658	23,448,225
Depreciation	1,343,740	1,866,003	172,888	3,382,631
Total Operating Expenses	<u>\$ 12,323,268</u>	<u>\$ 11,431,042</u>	<u>\$ 3,076,546</u>	<u>\$ 26,830,856</u>
Operating Income (Loss)	<u>\$ 4,416,483</u>	<u>\$ (6,246,236)</u>	<u>\$ (348,688)</u>	<u>\$ (2,178,441)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	758,735	3	-	758,738
Interest and amortization	-	(61,951)	(33,106)	(95,057)
Miscellaneous	36,724	63,196	41,289	141,209
Total Nonoperating Revenues (Expenses)	<u>\$ 795,459</u>	<u>\$ 1,248</u>	<u>\$ 8,183</u>	<u>\$ 804,890</u>
Income (Loss) Before Transfers and Capital Contributions	<u>\$ 5,211,942</u>	<u>\$ (6,244,988)</u>	<u>\$ (340,505)</u>	<u>\$ (1,373,551)</u>
TRANSFERS				
Transfers in	-	5,187,552	-	5,187,552
Transfers out	(1,528,636)	(338,200)	(196,250)	(2,063,086)
Net Transfers	<u>\$ (1,528,636)</u>	<u>\$ 4,849,352</u>	<u>\$ (196,250)</u>	<u>\$ 3,124,466</u>
Income (Loss) Before Contributions	\$ 3,683,306	\$ (1,395,636)	\$ (536,755)	\$ 1,750,915
Capital Contributions	115,490	-	-	115,490
Capital Contributions - Municipal	5,955,268	-	-	5,955,268
Change in Net Position	\$ 9,754,064	\$ (1,395,636)	\$ (536,755)	\$ 7,821,673
NET POSITION (DEFICIT) - Beginning of Year	<u>86,112,711</u>	<u>28,510,406</u>	<u>(192,819)</u>	<u>114,430,298</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ 95,866,775</u></u>	<u><u>\$ 27,114,770</u></u>	<u><u>\$ (729,574)</u></u>	<u><u>\$ 122,251,971</u></u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	<u>Parking Utility</u>	<u>Convention Center</u>	<u>Golf Courses</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 16,680,461	\$ 5,245,717	\$ 2,773,670	\$ 24,699,848
Customer deposits received (returned)	-	52,369	(12,553)	39,816
Paid to suppliers for goods and services	(2,763,753)	(2,930,608)	(1,232,153)	(6,926,514)
Paid to employees for services	(7,333,392)	(6,178,297)	(1,728,569)	(15,240,258)
Net Cash Flows From Operating Activities	<u>\$ 6,583,316</u>	<u>\$ (3,810,819)</u>	<u>\$ (199,605)</u>	<u>\$ 2,572,892</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(39,458)	(11,297)	(50,755)
Transfers in	-	5,187,552	-	5,187,552
Transfers out	(1,528,636)	(338,200)	(196,250)	(2,063,086)
Advances from other funds	-	-	503,489	503,489
Net Cash Flows From Noncapital Financing Activities	<u>\$ (1,528,636)</u>	<u>\$ 4,809,894</u>	<u>\$ 295,942</u>	<u>\$ 3,577,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(839,690)	(24,622)	(864,312)
Interest paid	-	(69,455)	(33,107)	(102,562)
Long-term debt issued	-	149,918	-	149,918
Acquisition and construction of capital assets	(17,362,291)	(332,987)	(37,108)	(17,732,386)
Net Cash Flows From Capital and Related Financing Activities	<u>\$ (17,362,291)</u>	<u>\$ (1,092,214)</u>	<u>\$ (94,837)</u>	<u>\$ (18,549,342)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	758,735	3	-	758,738
Net Cash Flows From Investing Activities	<u>\$ 758,735</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 758,738</u>
Net Change in Cash and Cash Equivalents	<u>\$ (11,548,876)</u>	<u>\$ (93,136)</u>	<u>\$ 1,500</u>	<u>\$ (11,640,512)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	36,345,210	3,649,281	6,340	40,000,831
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 24,796,334</u></u>	<u><u>\$ 3,556,145</u></u>	<u><u>\$ 7,840</u></u>	<u><u>\$ 28,360,319</u></u>

	Parking Utility	Convention Center	Golf Courses	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ 4,416,483	\$ (6,246,236)	\$ (348,688)	\$ (2,178,441)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Nonoperating income	36,724	63,196	41,288	141,208
Depreciation	1,343,740	1,866,003	172,888	3,382,631
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	(137,943)	(23,057)	1,963	(159,037)
Inventories	-	(6,398)	-	(6,398)
Prepaid items	(4,185)	(7,900)	15	(12,070)
Accounts payable	70,646	11,678	(115,772)	(33,448)
Other current liabilities	17,123	-	-	17,123
Customer deposits	-	52,369	(12,553)	39,816
Accrued compensated absences	374,620	79,184	8,458	462,262
Other post-employment benefits, deferrals and liabilities	119,724	104,333	4,014	228,071
Pension related deferrals and liabilities	346,384	292,150	48,782	687,316
Unearned revenue	-	3,859	-	3,859
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 6,583,316</u>	<u>\$ (3,810,819)</u>	<u>\$ (199,605)</u>	<u>\$ 2,572,892</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	<u>\$ 24,796,334</u>	<u>\$ 3,556,145</u>	<u>\$ 7,840</u>	<u>\$ 28,360,319</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 24,796,334</u>	<u>\$ 3,556,145</u>	<u>\$ 7,840</u>	<u>\$ 28,360,319</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributed capital assets	<u>\$ 6,070,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,070,758</u>

INTERNAL SERVICE FUNDS

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

Fleet Services – Accounts for the purchase and preparation of fleet equipment used by City agencies, the provision of in-house repairs, and the purchase of outside repair and maintenance services.

City Insurance - Accounts for payment of property and liability claims on a self-insured basis or for purchase of insurance coverage from Wisconsin Municipal Mutual Insurance Co. (WMMIC) or from other carriers.

Worker's Compensation - Accounts for workers' compensation claims on a self-insured basis.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

	Fleet Services	City Insurance	Worker's Compensation	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 11,639,538	\$ -	\$ 16,067,510	\$ 27,707,048
Accounts receivable	41,290	120,905	97	162,292
Due from other funds	-	-	495,992	495,992
Inventories	978,765	-	-	978,765
Prepaid items	38,507	2,830	1,429	42,766
Total Current Assets	<u>\$ 12,698,100</u>	<u>\$ 123,735</u>	<u>\$ 16,565,028</u>	<u>\$ 29,386,863</u>
Restricted assets				
Cash and investments	-	640,019	41,696	681,715
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted assets	<u>\$ -</u>	<u>\$ 4,455,839</u>	<u>\$ 41,696</u>	<u>\$ 4,497,535</u>
Capital Assets:				
Land	2,570,970	-	-	2,570,970
Construction work in progress	14,724,899	-	-	14,724,899
Land improvements	71,990	-	-	71,990
Buildings	2,878,027	-	-	2,878,027
Machinery and equipment	84,379,545	-	-	84,379,545
Intangibles	119,525	-	-	119,525
Accumulated depreciation/amortization	(59,799,195)	-	-	(59,799,195)
Net Capital Assets	<u>\$ 44,945,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,945,761</u>
Total Assets	<u>\$ 57,643,861</u>	<u>\$ 4,579,574</u>	<u>\$ 16,606,724</u>	<u>\$ 78,830,159</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	1,650,412	92,666	34,108	1,777,186
Other post-employment benefits related amounts	87,983	-	-	87,983
Total Deferred Outflows of Resources	<u>\$ 1,738,395</u>	<u>\$ 92,666</u>	<u>\$ 34,108</u>	<u>\$ 1,865,169</u>
LIABILITIES				
Accounts payable	254,860	6,591	236,106	497,557
Accrued liabilities	541,759	9,931	4,209	555,899
Due to other funds	-	495,992	-	495,992
Claims payable	-	3,291,128	11,582,639	14,873,767
Current portion of general obligation long-term debt	7,043,636	-	-	7,043,636
Current portion of accrued compensated absences	176,990	12,968	4,201	194,159
Total Current Liabilities	<u>\$ 8,017,245</u>	<u>\$ 3,816,610</u>	<u>\$ 11,827,155</u>	<u>\$ 23,661,010</u>
Noncurrent Liabilities				
General obligation long-term debt	46,585,308	-	-	46,585,308
Accrued compensated absences	469,042	34,367	11,134	514,543
Net pension liability	567,468	39,828	15,943	623,239
Other post-employment benefits	1,603,552	-	-	1,603,552
Total Noncurrent Liabilities	<u>\$ 49,225,370</u>	<u>\$ 74,195</u>	<u>\$ 27,077</u>	<u>\$ 49,326,642</u>
Total Liabilities	<u>\$ 57,242,615</u>	<u>\$ 3,890,805</u>	<u>\$ 11,854,232</u>	<u>\$ 72,987,652</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	851,176	56,573	24,905	932,654
Other post-employment benefits related amounts	155,363	-	-	155,363
Total Deferred Inflows of Resources	<u>\$ 1,006,539</u>	<u>\$ 56,573</u>	<u>\$ 24,905</u>	<u>\$ 1,088,017</u>
NET POSITION				
Net investment in capital assets	68,419	-	-	68,419
Unrestricted	1,064,683	724,862	4,761,695	6,551,240
TOTAL NET POSITION	<u>\$ 1,133,102</u>	<u>\$ 724,862</u>	<u>\$ 4,761,695</u>	<u>\$ 6,619,659</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Fleet Services	City Insurance	Worker's Compensation	Totals
OPERATING REVENUES:				
Charges for services	\$ 16,364,076	\$ 2,399,850	\$ 4,049,999	\$ 22,813,925
Total Operating Revenues	\$ 16,364,076	\$ 2,399,850	\$ 4,049,999	\$ 22,813,925
OPERATING EXPENSES:				
Operation and Maintenance	10,081,725	2,221,527	3,943,106	16,246,358
Depreciation	6,052,365	-	-	6,052,365
Total Operating Expenses	\$ 16,134,090	\$ 2,221,527	\$ 3,943,106	\$ 22,298,723
 Operating Income	 \$ 229,986	 \$ 178,323	 \$ 106,893	 \$ 515,202
NONOPERATING REVENUES (EXPENSES)				
Investment income	205	12,045	41	12,291
Interest and amortization	(1,339,549)	-	-	(1,339,549)
Gain on sale of assets	480,968	-	-	480,968
Intergovernmental revenues	10,628	-	-	10,628
Miscellaneous	155,425	322,336	30,085	507,846
Total Nonoperating Revenues (Expenses)	\$ (692,323)	\$ 334,381	\$ 30,126	\$ (327,816)
 Income (Loss) Before Transfers	 \$ (462,337)	 \$ 512,704	 \$ 137,019	 \$ 187,386
TRANSFERS				
Transfers in	761,119	-	-	761,119
Transfers out	-	(151,887)	-	(151,887)
Net Transfers	\$ 761,119	\$ (151,887)	\$ -	\$ 609,232
 Change in Net Position	 \$ 298,782	 \$ 360,817	 \$ 137,019	 \$ 796,618
 NET POSITION - Beginning of Year	 834,320	 364,045	 4,624,676	 5,823,041
 NET POSITION - END OF YEAR	 \$ 1,133,102	 \$ 724,862	 \$ 4,761,695	 \$ 6,619,659

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Fleet Services	City Insurance	Worker's Compensation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 16,612,747	\$ 2,699,502	\$ 4,110,940	\$ 23,423,189
Paid to suppliers for goods and services	(5,918,206)	(2,146,261)	(3,601,342)	(11,665,809)
Paid to employees for services	(3,885,533)	(250,117)	(107,764)	(4,243,414)
Net Cash Flows From Operating Activities	<u>\$ 6,809,008</u>	<u>\$ 303,124</u>	<u>\$ 401,834</u>	<u>\$ 7,513,966</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Negative cash implicitly financed	-	(247,514)	247,514	-
Transfers in	31,281	-	-	31,281
Transfers out	-	(151,887)	-	(151,887)
Net Cash Flows From Noncapital Financing Activities	<u>\$ 31,281</u>	<u>\$ (399,401)</u>	<u>\$ 247,514</u>	<u>\$ (120,606)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(5,901,850)	-	-	(5,901,850)
Interest paid	(1,242,325)	-	-	(1,242,325)
Long-term debt issued	22,143,189	-	-	22,143,189
Acquisition and construction of capital assets	(18,278,797)	-	-	(18,278,797)
Transfer in for capital assets acquisition	729,838	-	-	729,838
Net Cash Flows From Capital and Related Financing Activities	<u>\$ (2,549,945)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,549,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Marketable securities sold	-	84,232	230,723	314,955
Investment income	205	12,045	41	12,291
Net Cash Flows From Investing Activities	<u>\$ 205</u>	<u>\$ 96,277</u>	<u>\$ 230,764</u>	<u>\$ 327,246</u>
Net Change in Cash and Cash Equivalents	\$ 4,290,549	\$ -	\$ 880,112	\$ 5,170,661
CASH AND CASH EQUIVALENTS - Beginning of Year				
	<u>7,348,989</u>	<u>-</u>	<u>15,187,398</u>	<u>22,536,387</u>
CASH AND CASH EQUIVALENTS - END OF YEAR				
	<u>\$ 11,639,538</u>	<u>\$ -</u>	<u>\$ 16,067,510</u>	<u>\$ 27,707,048</u>

	Fleet Services	City Insurance	Worker's Compensation	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operations	\$ 229,986	\$ 178,323	\$ 106,893	\$ 515,202
Adjustments to reconcile operating income to net cash from operating activities				
Nonoperating income	166,054	323,010	30,085	519,149
Depreciation	6,052,365	-	-	6,052,365
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	52,297	(23,358)	30,856	59,795
Inventories	(101,795)	-	-	(101,795)
Prepaid items	(631)	(275)	(1,269)	(2,175)
Accounts payable	99,326	3,819	(39,885)	63,260
Accrued liabilities	-	2,002	3,231	5,233
Other current liabilities	13,342	(195,918)	254,758	72,182
Accrued compensated absences	(42,019)	901	6,151	(34,967)
Other post-employment benefits, deferrals and liabilities	173,386	-	-	173,386
Pension related deferrals and liabilities	166,697	14,620	11,014	192,331
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 6,809,008</u>	<u>\$ 303,124</u>	<u>\$ 401,834</u>	<u>\$ 7,513,966</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 11,639,538	\$ -	\$ 16,067,510	\$ 27,707,048
Restricted cash and investments - statement of net position	-	640,019	41,696	681,715
Less: Noncash equivalents	-	(640,019)	(41,696)	(681,715)
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,639,538</u>	<u>\$ -</u>	<u>\$ 16,067,510</u>	<u>\$ 27,707,048</u>
NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
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, 2019

	Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Tax Collection Fund	Madison School District Investment Fund	Total Custodial Funds
ASSETS						
Cash and investments	\$ 376,162	\$ 1,553,967	\$ 580,662	\$ 177,684,428	\$ -	\$ 180,195,219
Taxes receivable	-	-	-	260,337,901	-	260,337,901
Total Assets	\$ 376,162	\$ 1,553,967	\$ 580,662	\$ 438,022,329	\$ -	\$ 440,533,120
LIABILITIES						
Accounts payable	-	-	-	498	-	498
Due to other governmental units	-	-	-	438,021,831	3,187,503	441,209,334
Total Liabilities	\$ -	\$ -	\$ -	\$ 438,022,329	\$ 3,187,503	\$ 441,209,832
NET POSITION						
Restricted	376,162	1,553,967	580,662	-	-	2,510,791
Unrestricted (deficit)	-	-	-	-	(3,187,503)	(3,187,503)
TOTAL NET POSITION (DEFICIT)	\$ 376,162	\$ 1,553,967	\$ 580,662	\$ -	\$ (3,187,503)	\$ (676,712)

CITY OF MADISON

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS

For the Year Ended December 31, 2019

		Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Tax Collection Fund	Madison School District Investment Fund	Total Custodial Funds
ADDITIONS							
Gifts and bequests	\$	-	\$ 95,379	\$ -	-	-	\$ 95,379
Interest and dividends		8,109	-	10,789	-	1,959,514	1,978,412
Property taxes collected for other governments		-	-	-	408,306,296	-	408,306,296
Investments		-	17,692,500	682,465	-	505,015,270	523,390,235
Total Additions	\$	8,109	\$ 17,787,879	\$ 693,254	\$ 408,306,296	\$ 506,974,784	\$ 933,770,322
DEDUCTIONS							
Administrative expense		-	19,460,832	524,310	-	-	19,985,142
Property taxes distributed to other governments		-	-	-	408,306,296	-	408,306,296
Distributions		50,343	-	-	-	515,756,473	515,806,816
Total Deductions	\$	50,343	\$ 19,460,832	\$ 524,310	\$ 408,306,296	\$ 515,756,473	\$ 944,098,254
Change in Fiduciary Net Position	\$	(42,234)	\$ (1,672,953)	\$ 168,944	-	\$ (8,781,689)	\$ (10,327,932)
NET POSITION - Beginning of Year (as restated)		418,396	3,226,920	411,718	-	5,594,186	9,651,220
NET POSITION (DEFICIT) - END OF YEAR	\$	376,162	\$ 1,553,967	\$ 580,662	-	\$ (3,187,503)	\$ (676,712)

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION (DEFICIT) NONMAJOR COMPONENT UNITS As of December 31, 2019

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
ASSETS				
Cash and investments	\$ 150	\$ 2,184,300	\$ 2,857,418	\$ 5,041,868
Receivables				
Accounts	4,078	-	7,000	11,078
Special assessments	293,114	-	-	293,114
Pledge receivable	-	991,045	-	991,045
Prepaid items	-	15,419	1,250	16,669
Capital assets, net of accumulated depreciation	-	10,586	-	10,586
Beneficial interest in assets held by MCF	-	6,793,080	79,918	6,872,998
Restricted assets				
Cash and investments	-	47,480	-	47,480
Total Assets	\$ 297,342	\$ 10,041,910	\$ 2,945,586	\$ 13,284,838
LIABILITIES				
Accounts payable	\$ 34,966	\$ 13,256	\$ 78,892	\$ 127,114
Accrued liabilities	-	13,916	4,328	18,244
Due to primary government	11,831	-	-	11,831
Total Liabilities	\$ 46,797	\$ 27,172	\$ 83,220	\$ 157,189
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	292,109	-	-	292,109
Total Deferred Inflows of Resources	\$ 292,109	\$ -	\$ -	\$ 292,109
NET POSITION				
Restricted for:				
Library	-	3,900,621	-	3,900,621
Parks	-	-	1,173,815	1,173,815
Unrestricted (deficit)	(41,564)	6,114,117	1,688,551	7,761,104
TOTAL NET POSITION (DEFICIT)	\$ (41,564)	\$ 10,014,738	\$ 2,862,366	\$ 12,835,540

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) NONMAJOR COMPONENT UNITS For the Year Ended December 31, 2019

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
OPERATING REVENUES				
Special assessments	\$ 286,321	\$ -	\$ -	\$ 286,321
Charges for services	200,609	191,031	50,199	441,839
Grants and donations	49,829	2,259,086	375,830	2,684,745
Miscellaneous	6,256	-	-	6,256
Total Operating Revenues	<u>\$ 543,015</u>	<u>\$ 2,450,117</u>	<u>\$ 426,029</u>	<u>\$ 3,419,161</u>
OPERATING EXPENSES				
Operation and maintenance	496,972	2,302,518	315,606	3,115,096
Total Operating Expenses	<u>\$ 496,972</u>	<u>\$ 2,302,518</u>	<u>\$ 315,606</u>	<u>\$ 3,115,096</u>
Operating Income	<u>\$ 46,043</u>	<u>\$ 147,599</u>	<u>\$ 110,423</u>	<u>\$ 304,065</u>
NONOPERATING REVENUES				
Investment income	1,552	903,314	422,060	1,326,926
Total Nonoperating Revenues	<u>\$ 1,552</u>	<u>\$ 903,314</u>	<u>\$ 422,060</u>	<u>\$ 1,326,926</u>
Change in Net Position	\$ 47,595	\$ 1,050,913	\$ 532,483	\$ 1,630,991
NET POSITION (DEFICIT) - Beginning of Year	<u>(89,159)</u>	<u>8,963,825</u>	<u>2,329,883</u>	<u>11,204,549</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ (41,564)</u></u>	<u><u>\$ 10,014,738</u></u>	<u><u>\$ 2,862,366</u></u>	<u><u>\$ 12,835,540</u></u>

CITY OF MADISON

STATEMENT OF NET POSITION (DEFICIT) AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2019

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 150	\$ -	\$ 150
Receivables			
Accounts	4,078	-	4,078
Special assessments	293,114	-	293,114
Total Assets	<u>\$ 297,342</u>	<u>\$ -</u>	<u>\$ 297,342</u>
LIABILITIES			
Accounts payable	\$ 34,966	\$ -	\$ 34,966
Due to primary government	11,831	-	11,831
Total Liabilities	<u>\$ 46,797</u>	<u>\$ -</u>	<u>\$ 46,797</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments for subsequent year	292,109	-	292,109
Total Deferred Inflows of Resources	<u>\$ 292,109</u>	<u>\$ -</u>	<u>\$ 292,109</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned (deficit)	(41,564)	41,564	-
Total Fund Balance (Deficit)	<u>\$ (41,564)</u>	<u>\$ 41,564</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 297,342</u>		
Net Position			
Unrestricted (deficit)		(41,564)	(41,564)
TOTAL NET POSITION (DEFICIT)		<u>\$ (41,564)</u>	<u>\$ (41,564)</u>

CITY OF MADISON

STATEMENT OF ACTIVITIES AND GOVERNMENTAL COMPONENT UNIT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
BUSINESS IMPROVEMENT DISTRICT
For the Year Ended December 31, 2019

	Business Improvement District	Adjustments	Statement of Activities
REVENUES			
Special assessments	\$ 286,321	\$ -	\$ 286,321
Charges for services	200,609	-	200,609
Investment income	1,552	-	1,552
Contributions	49,829	-	49,829
Miscellaneous	6,256	-	6,256
Total Revenues	<u>\$ 544,567</u>	<u>\$ -</u>	<u>\$ 544,567</u>
EXPENDITURES/EXPENSES			
Planning and development	496,972	-	496,972
Total Expenditures/Expenses	<u>\$ 496,972</u>	<u>\$ -</u>	<u>\$ 496,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 47,595</u>	<u>\$ (47,595)</u>	<u>\$ -</u>
Change in Net Position	\$ -	\$ (47,595)	\$ 47,595
FUND BALANCE/NET POSITION			
Beginning of Year (Deficit)	<u>(89,159)</u>	<u>-</u>	<u>(89,159)</u>
END OF YEAR (DEFICIT)	<u><u>\$ (41,564)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (41,564)</u></u>

CITY OF MADISON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - BUSINESS IMPROVEMENT DISTRICT For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ 287,940	\$ 286,321	\$ (1,619)
Charges for services	157,250	200,609	43,359
Investment income	750	1,552	802
Grants and donations	10,000	49,829	39,829
Miscellaneous	5,000	6,256	1,256
Total Revenues	<u>\$ 460,940</u>	<u>\$ 544,567</u>	<u>\$ 83,627</u>
EXPENDITURES			
Audit fees	2,020	2,020	-
Management fees	175,051	189,100	(14,049)
Miscellaneous	5,000	6,832	(1,832)
Advertising/marketing	36,466	24,654	11,812
Maps	30,000	21,203	8,797
Map distribution	2,500	1,988	512
Trolley	10,000	14,960	(4,960)
Downtown doors	-	19,225	(19,225)
Planters	40,000	11,400	28,600
Winter light program	20,000	34,633	(14,633)
Ambassadors	48,000	45,640	2,360
Gift certificates	2,500	2,972	(472)
BID website	10,000	13,457	(3,457)
Parking passes	3,500	3,569	(69)
Postage	3,000	1,440	1,560
TOS programming	54,500	67,206	(12,706)
Night Market	27,500	36,673	(9,173)
Total Expenditures	<u>\$ 470,037</u>	<u>\$ 496,972</u>	<u>\$ (26,935)</u>
Net Change in Fund Balance	\$ (9,097)	\$ 47,595	\$ 56,692
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(89,159)</u>	<u>(89,159)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (98,256)</u></u>	<u><u>\$ (41,564)</u></u>	<u><u>\$ 56,692</u></u>

CITY OF MADISON

SEWER REMEDIATION REVENUE BOND COVENANT
For the Year Ended December 31, 2019

	<u>Sewer Utility</u>
OPERATING REVENUES	
Charges for services	\$ 40,947,494
OPERATING EXPENSES	
Operation and maintenance	33,524,128
Depreciation	<u>2,702,383</u>
Total Operating Expenses	\$ 36,226,511
 Sewer Net Operating Income	 <u>\$ 4,720,983</u>
NONOPERATING REVENUES	
Investment income	662,476
OTHER ADJUSTMENTS	
Depreciation	<u>2,702,383</u>
 NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE	 <u>\$ 8,085,842</u>
 Landfill remediation net revenues	 \$ 178,344
 NET SEWER AND LANDFILL REVENUES AVAILABLE FOR DEBT SERVICE	 <u>\$ 8,264,186</u>

See revenue bonds are backed by sewer rates and landfill remediation fees.

CAPITAL PROJECTS FUND

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

Special Assessments Improvements – Accounts for long-term receivables associated with the city's Special Assessment Improvement Program.

TIF Districts – Accounts for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing.

Other Capital Projects – Accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure.

CITY OF MADISON

SCHEDULE OF BALANCE SHEET - CAPITAL PROJECTS As of December 31, 2019

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
ASSETS					
Cash and investments	\$ 4,690,099	\$ 32,194,038	\$ 40,443,122	\$ -	\$ 77,327,259
Receivables					
Taxes	5,237,187	25,533,533	-	-	30,770,720
Accounts	432,206	-	220,814	-	653,020
Special assessments	13,618,582	-	-	-	13,618,582
Accrued interest	-	1,293,310	-	-	1,293,310
Long-term loans	9,530	1,000,000	-	-	1,009,530
Due from other governmental units	164,110	-	9,438,592	-	9,602,702
Advances to other funds	1,076,534	-	11,797,708	(11,797,708)	1,076,534
Leases receivable	-	2,405,000	-	-	2,405,000
Inventories	-	-	1,674,987	-	1,674,987
Prepaid items	-	1,099	42,181	-	43,280
TOTAL ASSETS	<u>\$ 25,228,248</u>	<u>\$ 62,426,980</u>	<u>\$ 63,617,404</u>	<u>\$ (11,797,708)</u>	<u>\$ 139,474,924</u>
LIABILITIES					
Accounts payable	\$ 3,882	\$ 1,914	\$ 20,567,589	\$ -	\$ 20,573,385
Accrued liabilities	-	9,413	180,678	-	190,091
Due to other governmental units	71,024	-	-	-	71,024
Due to other funds	3,716,115	-	-	-	3,716,115
Advances from other funds	-	11,797,708	-	(11,797,708)	-
Unearned revenues	1,289,770	-	-	-	1,289,770
Total Liabilities	<u>\$ 5,080,791</u>	<u>\$ 11,809,035</u>	<u>\$ 20,748,267</u>	<u>\$ (11,797,708)</u>	<u>\$ 25,840,385</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	15,078,160	3,698,310	8,504,572	-	27,281,042
Property taxes for subsequent year	-	25,533,533	-	-	25,533,533
Total Deferred Inflows of Resources	<u>\$ 15,078,160</u>	<u>\$ 29,231,843</u>	<u>\$ 8,504,572</u>	<u>\$ -</u>	<u>\$ 52,814,575</u>
FUND BALANCES					
Nonspendable	-	1,099	1,717,168	-	1,718,267
Restricted	-	32,185,958	18,563,121	-	50,749,079
Assigned	5,069,297	-	14,084,276	-	19,153,573
Unassigned (deficit)	-	(10,800,955)	-	-	(10,800,955)
Total Fund Balances	<u>\$ 5,069,297</u>	<u>\$ 21,386,102</u>	<u>\$ 34,364,565</u>	<u>\$ -</u>	<u>\$ 60,819,964</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 25,228,248</u>	<u>\$ 62,426,980</u>	<u>\$ 63,617,404</u>	<u>\$ (11,797,708)</u>	<u>\$ 139,474,924</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS For the Year Ended December 31, 2019

	Capital Projects				Total Capital Project Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
REVENUES					
Taxes	\$ -	\$ 19,241,269	\$ -	\$ -	\$ 19,241,269
Special assessments	4,275,595	-	-	-	4,275,595
Intergovernmental	-	983,258	630,607	-	1,613,865
Intergovernmental charges for services	-	-	8,895,746	-	8,895,746
Public charges for services	-	-	522,402	-	522,402
Investment income	431,191	812,418	435,108	-	1,678,717
Miscellaneous	-	1,162,337	4,785,000	-	5,947,337
Total Revenues	\$ 4,706,786	\$ 22,199,282	\$ 15,268,863	\$ -	\$ 42,174,931
EXPENDITURES					
Current					
General government	-	-	4,393,369	-	4,393,369
Public safety	-	-	154,379	-	154,379
Public works and transportation	-	-	8,805,787	-	8,805,787
Planning and development	59,902	-	1,089,161	-	1,149,063
Culture and recreation	-	-	2,348,325	-	2,348,325
Capital Outlay	-	14,395,154	84,130,918	-	98,526,072
Debt service					
Principal retirement	-	765,000	-	-	765,000
Interest and fiscal charges	-	77,828	-	-	77,828
Total Expenditures	\$ 59,902	\$ 15,237,982	\$ 100,921,939	\$ -	\$ 116,219,823
Excess (deficiency) of revenues over (under) expenditures	\$ 4,646,884	\$ 6,961,300	\$ (85,653,076)	\$ -	\$ (74,044,892)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	2,897,000	61,636,953	-	64,533,953
Sale of capital assets	-	-	24,914	-	24,914
Transfers in	696,603	-	16,839,222	(5,418,532)	12,117,293
Transfers out	(5,017,903)	(10,047,956)	(1,046,603)	5,418,532	(10,693,930)
Total Other Financing Sources (Uses)	\$ (4,321,300)	\$ (7,150,956)	\$ 77,454,486	\$ -	\$ 65,982,230
Net Change in Fund Balances	\$ 325,584	\$ (189,656)	\$ (8,198,590)	\$ -	\$ (8,062,662)
FUND BALANCE - Beginning of Year	4,743,713	21,575,758	42,563,155	-	68,882,626
FUND BALANCE - END OF YEAR	\$ 5,069,297	\$ 21,386,102	\$ 34,364,565	\$ -	\$ 60,819,964

STATISTICAL SECTION

CITY OF MADISON

INDEX TO THE STATISTICAL SECTION December 31, 2019

CONTENTS	<u>Page</u>
I. Financial Trends These schedules contain trend information to aid in the understanding of how the City's financial performance and well-being have changed over time.	215
II. Revenue Capacity These schedules offer information about the City's most significant revenue source, its property tax.	224
III. Debt Capacity These schedules present information about the affordability of the City's current levels of outstanding debt and ability to issue additional debt in the future.	228
IV. Demographic and Economic Information These schedules contain demographic and economic indicators about the environment within which the City's financial activities take place.	234
V. Operating Information These schedules include service and infrastructure data about how the information in the City's financial report relates to the services the City provides and activities it performs.	236

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			
	2019	2018	2017	2016
Governmental Activities				
Net investment in capital assets	\$ 745,491,927	\$ 722,844,218	\$ 713,627,552	\$ 696,130,916
Restricted	104,497,274	143,527,401	142,807,418	112,778,836
Unrestricted (deficit)	(40,596,812)	(53,568,052)	(5,615,467)	40,794,284
Total Governmental Activities Net Position	\$ 809,392,389	\$ 812,803,567	\$ 850,819,503	\$ 849,704,036
Business-type Activities				
Net investment in capital assets	\$ 594,855,763	\$ 533,375,162	\$ 494,387,567	\$ 459,130,784
Restricted	16,272,554	29,207,255	12,787,770	12,101,837
Unrestricted	21,768,407	48,708,804	61,701,866	78,720,796
Total Business-type Activities Net Position	\$ 632,896,724	\$ 611,291,221	\$ 568,877,203	\$ 549,953,417
Primary Government				
Net investment in capital assets	\$ 1,340,347,690	\$ 1,256,219,380	\$ 1,208,015,119	\$ 1,155,261,700
Restricted	120,769,828	172,734,656	155,595,188	124,880,673
Unrestricted (deficit)	(18,828,405)	(4,859,248)	56,086,399	119,515,080
Total Primary Government Net Position	\$ 1,442,289,113	\$ 1,424,094,788	\$ 1,419,696,706	\$ 1,399,657,453

Source: City of Madison Finance Department

	Fiscal Year					
	2015	2014	2013	2012	2011	2010
\$	686,732,418	697,100,797	669,740,170	648,240,698	629,377,433	590,604,246
	130,519,817	96,845,672	102,065,176	116,189,017	136,122,589	106,311,824
	24,198,147	(11,365,460)	(15,122,827)	(15,294,186)	(9,322,438)	26,308,915
\$	841,450,382	782,581,009	756,682,519	749,135,529	756,177,584	723,224,985
\$	449,895,013	439,940,358	425,067,257	424,324,445	420,562,727	409,528,718
	17,878,796	9,239,578	7,321,422	6,237,712	5,577,351	4,845,148
	67,862,809	58,556,914	51,792,342	43,824,494	31,725,610	29,511,183
\$	535,636,618	507,736,850	484,181,021	474,386,651	457,865,688	443,885,049
\$	1,136,627,431	1,137,041,155	1,094,807,427	1,072,565,143	1,049,940,160	1,000,132,964
	148,398,613	106,085,250	109,386,598	122,426,729	141,699,940	111,156,972
	92,060,956	47,191,454	36,669,515	28,530,308	22,403,172	55,820,098
\$	1,377,087,000	1,290,317,859	1,240,863,540	1,223,522,180	1,214,043,272	1,167,110,034

Table 2

CITY OF MADISON

CHANGES IN NET POSITION Last Ten Fiscal Years

	Fiscal Year			
	2019	2018	2017 ⁴	2016
Primary Government Expenses				
Governmental activities				
General government	\$ 41,586,079	\$ 38,195,056	\$ 37,776,791	\$ 38,026,460
Administration	-	-	-	-
Public safety	160,822,447	145,499,533	145,485,840	138,832,946
Public works and transportation	92,141,702	91,619,298	78,568,257	73,049,893
Planning and development	46,925,502	41,665,883	44,592,108	37,986,391
Culture and recreation	46,900,454	43,669,631	45,818,401	40,912,451
Interest and fiscal charges	9,458,851	8,581,608	9,021,539	8,673,810
Total governmental activities	<u>\$ 397,835,035</u>	<u>\$ 369,231,009</u>	<u>\$ 361,262,936</u>	<u>\$ 337,481,951</u>
Business-type activities				
Water	33,477,692	32,190,652	31,574,165	27,087,143
Sewer	42,448,262	38,804,951	36,428,410	34,597,239
Stormwater	16,805,641	14,675,487	13,334,019	12,800,118
Parking utility	12,313,365	10,406,064	10,102,429	9,070,617
Transit	64,781,713	61,746,157	64,998,558	64,010,188
Convention center	11,484,032	11,169,804	10,946,668	10,348,530
Golf courses	3,106,737	3,124,969	3,127,281	3,320,180
Total business-type activities	<u>\$ 184,417,442</u>	<u>\$ 172,118,084</u>	<u>\$ 170,511,530</u>	<u>\$ 161,234,015</u>
Total Primary Government Expenses	<u>\$ 582,252,477</u>	<u>\$ 541,349,093</u>	<u>\$ 531,774,466</u>	<u>\$ 498,715,966</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 3,667,402	\$ 4,166,311	\$ 4,158,506	\$ 1,582,945
Public safety	15,971,106	14,159,152	15,009,256	15,791,545
Public works and transportation	17,545,762	17,443,301	11,634,568	10,131,496
Planning and development	5,157,300	3,307,780	10,074,010	10,439,621
Culture and recreation	6,750,159	6,715,572	6,443,102	5,135,854
Operating grants and contributions	25,742,434	20,186,786	15,800,682	16,115,215
Capital grants and contributions	18,751,727	15,202,376	21,289,542	13,861,387
Total governmental activities program revenues	<u>\$ 93,585,890</u>	<u>\$ 81,181,278</u>	<u>\$ 84,409,666</u>	<u>\$ 73,058,063</u>
Business-type activities				
Charges for services				
Water	43,944,888	35,099,182	34,919,941	35,552,491
Sewer	40,947,494	37,923,065	36,080,764	34,293,941
Stormwater	17,293,542	16,002,076	15,635,997	15,188,100
Parking utility	16,739,751	15,527,351	16,018,656	14,923,974
Transit	15,067,977	16,654,793	18,503,174	18,328,051
Convention center	5,184,806	5,582,570	5,028,238	5,442,720
Golf courses	2,727,858	2,434,016	2,832,151	3,187,116
Operating grants and contributions	28,104,899	29,436,884	29,384,584	27,269,559
Capital grants and contributions	11,995,773	17,075,653	16,335,615	14,482,850
Total business-type activities program revenues	<u>\$ 182,006,988</u>	<u>\$ 175,735,590</u>	<u>\$ 174,739,120</u>	<u>\$ 168,668,802</u>
Total Primary Government Program Revenue	<u>\$ 275,592,878</u>	<u>\$ 256,916,868</u>	<u>\$ 259,148,786</u>	<u>\$ 241,726,865</u>
Net (expense)/revenue				
Government activities	\$ (304,249,145)	\$ (288,049,731)	\$ (276,853,270)	\$ (264,423,888)
Business-type activities	<u>(2,410,454)</u>	<u>3,617,506</u>	<u>4,227,590</u>	<u>7,434,787</u>
Total Primary Government	<u>\$ (306,659,599)</u>	<u>\$ (284,432,225)</u>	<u>\$ (272,625,680)</u>	<u>\$ (256,989,101)</u>

Fiscal Year					
2015	2014 ³	2013	2012	2011	2010
\$ 32,364,752 ¹	\$ 2,121,656	\$ 2,255,651	\$ 1,958,254	\$ 1,628,722	\$ 3,031,324
-	22,848,442	20,687,499	21,669,949	18,430,102	15,616,895
127,693,407	115,721,627	113,255,320	112,216,449	112,037,179	110,164,913
76,018,961	73,923,377	81,105,591	74,174,346	65,272,682	69,860,451
48,069,978	67,065,104	57,401,249	49,614,211	59,025,231	60,099,632
40,131,614 ²	17,345,247	14,714,621	11,117,422	10,280,021	8,693,307
8,521,134	8,527,351	11,180,783	9,513,832	9,642,365	10,528,055
<u>\$ 332,799,846</u>	<u>\$ 307,552,804</u>	<u>\$ 300,600,714</u>	<u>\$ 280,264,463</u>	<u>\$ 276,316,302</u>	<u>\$ 277,994,577</u>
26,845,428	25,954,120	25,549,223	22,947,444	23,378,337	22,103,679
32,799,172	30,879,641	29,045,341	26,668,531	27,106,624	25,036,162
13,176,054	12,341,348	11,978,662	10,534,871	10,286,533	9,507,140
9,070,059	9,326,944	9,023,631	8,793,504	8,740,316	8,298,771
61,721,601	61,402,871	58,787,093	57,339,818	58,094,848	56,286,549
9,311,942	10,252,087	10,093,985	9,175,872	9,078,108	9,280,186
2,835,591	2,861,549	2,909,508	2,312,548	2,262,318	2,090,489
<u>\$ 155,759,847</u>	<u>\$ 153,018,560</u>	<u>\$ 147,387,443</u>	<u>\$ 137,772,588</u>	<u>\$ 138,947,084</u>	<u>\$ 132,602,976</u>
<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>	<u>\$ 447,988,157</u>	<u>\$ 418,037,051</u>	<u>\$ 415,263,386</u>	<u>\$ 410,597,553</u>
\$ 1,327,316 ¹	\$ 3,044,967	\$ 3,099,468	\$ 2,820,507	\$ 4,815,287	\$ 2,453,263
15,283,825	13,034,385	13,457,460	12,399,734	12,075,521	12,508,667
3,337,537	12,098,555	8,237,731	6,636,579	6,909,956	5,994,781
10,717,502	3,455,614	3,522,503	2,707,851	2,231,039	2,151,830
3,189,570 ²	592,074	561,459	517,407	1,363,708	1,949,805
18,037,173	13,328,609	15,023,919	12,846,011	13,288,699	11,740,758
24,293,877	41,419,302	30,504,459	27,111,813	34,014,931	34,462,428
<u>\$ 76,186,800</u>	<u>\$ 86,973,506</u>	<u>\$ 74,406,999</u>	<u>\$ 65,039,902</u>	<u>\$ 74,699,141</u>	<u>\$ 71,261,532</u>
29,513,563	29,866,020	28,922,282	29,945,988	28,100,283	26,682,887
32,845,454	33,241,202	30,909,466	30,558,613	29,977,230	27,652,056
14,586,406	14,423,757	13,723,265	13,287,899	12,826,835	11,536,491
13,660,478	13,361,272	12,320,855	11,494,828	11,173,228	11,043,036
18,045,485	18,010,975	17,468,166	16,515,060	16,178,584	15,364,470
4,686,368	4,359,290	4,595,060	4,263,591	4,145,295	4,163,608
3,052,335	2,652,013	2,676,118	2,136,428	2,007,156	2,077,855
27,087,906	26,399,858	25,915,025	25,697,964	26,941,035	27,101,036
13,694,134	18,075,551	7,746,128	8,431,763	11,061,134	14,566,485
<u>\$ 157,172,129</u>	<u>\$ 160,389,938</u>	<u>\$ 144,276,365</u>	<u>\$ 142,332,134</u>	<u>\$ 142,410,780</u>	<u>\$ 140,187,924</u>
<u>\$ 233,358,929</u>	<u>\$ 247,363,444</u>	<u>\$ 218,683,364</u>	<u>\$ 207,372,036</u>	<u>\$ 217,109,921</u>	<u>\$ 211,449,456</u>
\$(256,613,046)	\$(220,579,298)	\$(226,193,715)	\$(215,224,561)	\$(201,617,161)	\$(206,733,045)
1,412,282	7,371,378	(3,111,078)	4,559,546	3,463,696	7,584,948
<u>\$(255,200,764)</u>	<u>\$(213,207,920)</u>	<u>\$(229,304,793)</u>	<u>\$(210,665,015)</u>	<u>\$(198,153,465)</u>	<u>\$(199,148,097)</u>

Table 2 (Cont.)

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year			
	2019	2018	2017 ⁴	2016
Governmental Activities:				
Taxes				
Property taxes, levied for general purposes	\$ 224,423,270	\$ 213,268,863	\$ 203,006,609	\$ 194,019,578
Property taxes, levied for the library	17,703,565	17,779,030	16,915,564	16,288,835
Property taxes, levied for TIF districts	19,241,269	30,545,605	19,043,987	17,893,720
Other taxes	20,311,690	19,280,303	17,027,958	15,957,567
Intergovernmental revenues not restricted to specific programs	26,647,087	25,393,200	25,915,387	23,943,199
Investment income	9,322,707	5,854,258	4,473,178	4,810,159
Miscellaneous	3,000,331	2,783,864	2,057,816	4,051,870
Gain (loss) on sale of assets	553,157	551,145	1,209,681	1,024,070
Transfers - Internal	(20,365,109)	(45,640,707)	(11,681,443)	(5,311,456)
Total governmental activities general revenues	<u>\$ 300,837,967</u>	<u>\$ 269,815,561</u>	<u>\$ 277,968,737</u>	<u>\$ 272,677,542</u>
Business-type Activities:				
Investment income	2,736,703	1,817,938	1,870,056	1,123,765
Miscellaneous	553,172	371,411	1,080,123	443,209
Gain (loss) on sale of assets	360,973	7,968	9,825	3,582
Special item - Water utility	-	-	54,749	-
Transfers - Internal	20,365,109	45,640,707	11,681,443	5,311,456
Total business-type activities general revenues	<u>\$ 24,015,957</u>	<u>\$ 47,838,024</u>	<u>\$ 14,696,196</u>	<u>\$ 6,882,012</u>
Total Primary Government General Revenues	<u>\$ 324,853,924</u>	<u>\$ 317,653,585</u>	<u>\$ 292,664,933</u>	<u>\$ 279,559,554</u>
Change in Net Position, Before Special and Extraordinary Items				
Governmental activities	\$ (3,411,178)	\$ (18,234,170)	\$ 1,115,467	\$ 8,253,654
Business-type activities	21,605,503	51,455,530	18,923,786	14,316,799
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	<u>\$ 18,194,325</u>	<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>
Special and Extraordinary Items				
Governmental activities				
Special item - loan allowances	-	-	-	-
Change in Net Position, After Special and Extraordinary Items				
Governmental activities	\$ (3,411,178)	\$ (18,234,170)	\$ 1,115,467	\$ 8,253,654
Business-type activities	21,605,503	51,455,530	18,923,786	14,316,799
Total Primary Government Change in Net Position, After Special and Extraordinary Items	<u>\$ 18,194,325</u>	<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</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					
2015	2014 ³	2013	2012	2011	2010
\$ 188,040,216	\$ 182,858,993	\$ 179,480,708	\$ 174,282,292	\$ 167,260,333	\$ 161,524,371
15,453,334	14,513,083	13,839,511	12,136,283	12,383,292	12,165,259
13,759,032	11,939,533	10,134,337	9,272,236	10,664,746	10,578,010
15,261,034	13,606,870	12,240,012	11,376,162	11,011,045	10,097,061
24,058,453	25,723,753	24,711,209	24,911,463	26,922,649	25,954,536
2,804,384	4,914,140	(673,893)	3,520,843	6,790,404	4,145,004
5,193,375	4,605,664	4,402,902	7,323,422	8,515,647	12,604,300
1,351,317	3,659,078	1,944,748	1,476,149	305,290	-
<u>(11,550,524)</u>	<u>(15,343,326)</u>	<u>(12,338,829)</u>	<u>(10,555,966)</u>	<u>(9,283,646)</u>	<u>(9,440,352)</u>
<u>\$ 254,370,621</u>	<u>\$ 246,477,788</u>	<u>\$ 233,740,705</u>	<u>\$ 233,742,884</u>	<u>\$ 234,569,760</u>	<u>\$ 227,628,189</u>
838,752	878,504	393,470	576,275	701,957	632,378
498,258	490,977	1,951,480	466,458	309,416	51,455
(1,080,767)	370,450	(1,778,331)	362,718	221,924	884,520
-	-	-	-	-	-
<u>11,550,524</u>	<u>15,343,326</u>	<u>12,338,829</u>	<u>10,555,966</u>	<u>9,283,646</u>	<u>9,440,352</u>
<u>\$ 11,806,767</u>	<u>\$ 17,083,257</u>	<u>\$ 12,905,448</u>	<u>\$ 11,961,417</u>	<u>\$ 10,516,943</u>	<u>\$ 11,008,705</u>
<u>\$ 266,177,388</u>	<u>\$ 263,561,045</u>	<u>\$ 246,646,153</u>	<u>\$ 245,704,301</u>	<u>\$ 245,086,703</u>	<u>\$ 238,636,894</u>
\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ 18,518,323	\$ 32,952,599	\$ 20,895,144
<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>	<u>13,980,639</u>	<u>18,593,653</u>
<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>	<u>\$ 35,039,286</u>	<u>\$ 46,933,238</u>	<u>\$ 39,488,797</u>
-	-	-	(25,560,378)	-	-
-	-	-	-	-	-
\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ (7,042,055)	\$ 32,952,599	\$ 20,895,144
<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>	<u>13,980,639</u>	<u>18,593,653</u>
<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>	<u>\$ 9,478,908</u>	<u>\$ 46,933,238</u>	<u>\$ 39,488,797</u>

Table 3

CITY OF MADISON

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011 ¹	2010
General Fund	\$ 4,209,585	\$ 3,570,997	\$ 6,676,920	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781	\$ 9,231,767	\$ -
Restricted	779,273	822,139	-	-	-	-	-	-	-	-
Assigned	9,977,440	8,645,543	9,495,705	10,209,047	7,479,909	8,877,458	13,064,529	14,065,149	14,803,973	-
Unassigned	53,171,709	49,318,212	42,025,347	39,306,185	38,428,656	39,157,966	38,581,069	42,820,297	39,891,934	-
Reserved	-	-	-	-	-	-	-	-	-	11,016,262
Unreserved	-	-	-	-	-	-	-	-	-	33,728,720
Total General Fund	\$ 68,138,007	\$ 62,356,891	\$ 58,197,972	\$ 54,215,524	\$ 54,637,598	\$ 56,258,254	\$ 59,792,251	\$ 66,031,227	\$ 63,927,674	\$ 44,744,982
All Other Governmental Funds	\$ 2,705,488	\$ 2,682,667	\$ 2,484,251	\$ 2,541,344	\$ 636,096	\$ 909,569	\$ 819,224	\$ 780,307	\$ 753,980	\$ -
Nonspendable	123,797,287	134,274,680	154,674,606	110,607,410	73,582,930	80,105,535	87,534,566	92,993,807	84,978,274	-
Restricted	4,458,560	12,435,477	1,007,604	1,591,645	4,552,377	3,103,793	3,620,218	3,554,712	3,529,971	-
Committed	8,352,618	21,407,705	15,421,485	20,533,818	19,028,843	9,211,062	11,133,474	10,039,158	5,688,602	-
Assigned	-	(11,323,728)	(15,553,974)	-	-	(1,300,500)	(1,785,658)	(1,930,941)	(3,182,091)	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	83,242,816
Reserved	-	-	-	-	-	-	-	-	-	28,888,434
Special revenue funds	-	-	-	-	-	-	-	-	-	12,496,924
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total All Other	\$ 139,313,953	\$ 159,476,801	\$ 158,033,972	\$ 135,274,217	\$ 97,800,246	\$ 92,029,459	\$ 101,321,844	\$ 105,437,043	\$ 91,768,736	\$ 124,628,174
Governmental Funds	\$ 207,451,960	\$ 221,833,692	\$ 216,231,944	\$ 189,489,741	\$ 152,437,844	\$ 148,287,713	\$ 161,114,095	\$ 171,468,270	\$ 155,696,410	\$ 169,373,156

Source: City of Madison Finance Department

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

Table 4

CITY OF MADISON

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year			
	2019	2018	2017	2016
REVENUES				
Taxes	\$ 281,679,794	\$ 280,873,801	\$ 255,994,118	\$ 244,159,701
Special assessments	4,275,595	4,294,695	3,603,220	3,380,545
Intergovernmental	53,026,886	46,151,555	47,533,164	44,713,157
Licenses and permits	7,700,349	8,223,531	8,003,350	9,638,235
Fines and forfeitures	6,452,870	6,360,901	6,614,108	7,694,509
Intergovernmental charges for services	8,895,746	4,998,982	-	-
Public charges for services	25,964,230	22,471,566	31,423,696	24,096,115
Investment income	10,239,976	7,333,935	4,328,764	4,721,172
Grants and donations	-	- ⁴	- ⁴	1,094,437
Miscellaneous	9,776,653	2,857,539	3,185,339	2,112,144
Total Revenues	<u>\$ 408,012,099</u>	<u>\$ 383,566,505</u>	<u>\$ 360,685,759</u>	<u>\$ 341,610,015</u>
EXPENDITURES				
Current				
General government	37,782,876	35,804,545	35,066,148	35,057,714
Administration	-	- ²	- ²	- ²
Public safety	141,678,912	136,200,771	130,557,767	127,780,666
Public works and transportation	49,812,437	48,124,008	43,994,136	44,207,213
Culture and recreation	38,601,471	36,377,166	37,585,445	31,595,640
Planning and development	40,343,000	40,853,027	36,710,172	34,556,301
Capital Outlay	98,526,072	120,587,477	73,795,990	41,803,806
Debt service				
Principal retirement	62,776,875	63,584,609	54,504,739	59,714,249
Interest and fiscal charges	13,896,552	12,404,803	11,278,441	11,545,249
Total Expenditures	<u>\$ 483,418,195</u>	<u>\$ 493,936,406</u>	<u>\$ 423,492,838</u>	<u>\$ 386,260,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (75,406,096)</u>	<u>\$ (110,369,901)</u>	<u>\$ (62,807,079)</u>	<u>\$ (44,650,823)</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	64,654,330	87,675,220	87,634,104	71,076,662
Refunding debt issue	-	-	-	10,610,598
Premium on debt issued	6,325,495	4,759,354	6,602,862	5,069,697
Payment to refunding escrow	-	-	-	-
Interest on capital leases	-	3,960,000	-	-
Sale of capital assets	80,999	812,802	2,582,286	628,630
Transfers in	102,540,800	113,518,626	85,584,748	78,898,569
Transfers out	(112,577,261)	(123,047,235)	(92,854,718)	(84,581,436)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 61,024,363</u>	<u>\$ 87,678,767</u>	<u>\$ 89,549,282</u>	<u>\$ 81,702,720</u>
Net Change in Fund Balances	<u>\$ (14,381,733)</u>	<u>\$ (22,691,134)</u>	<u>\$ 26,742,203</u>	<u>\$ 37,051,897</u>
Debt services as a percentage of non-capital expenditures	19.15 %	19.8 %	18.2 %	20.2 %

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					
2015	2014	2013	2012	2011	2010
\$ 232,513,616	\$ 222,918,478	\$ 215,694,569	\$ 207,066,973	\$ 201,319,416	\$ 194,362,724
6,510,649 ¹	3,555,076	3,433,496	3,253,150	3,263,682	2,286,075
48,120,548	42,048,795	42,699,076	45,199,898	46,963,955	45,808,346
6,975,916	5,563,190	5,694,748	5,060,653	4,253,595	3,949,572
7,012,225	6,583,550	7,003,338	7,116,451	7,045,657	6,960,334
-	-	-	-	-	-
23,560,642	12,349,216	11,674,054	10,241,783	11,452,879	11,196,600
2,750,270	4,712,405	(928,585)	4,246,576	6,857,819	4,154,120
326,485	691,517	2,875,771	4,810,756	1,626,299	187,920
5,017,982	11,606,825	14,295,196	12,524,831	9,635,933	14,110,755
<u>\$ 332,788,333</u>	<u>\$ 310,029,052</u>	<u>\$ 302,441,663</u>	<u>\$ 299,521,071</u>	<u>\$ 292,419,235</u>	<u>\$ 283,016,446</u>
30,180,556	4,790,434	1,645,978	1,367,452	1,578,022	1,602,350
- ²	21,328,316	19,942,313	19,827,118	21,637,641	20,050,001
121,413,860	114,952,846	113,057,244	110,238,776	109,742,533	106,680,652
45,448,660	56,788,138	55,384,932	45,844,762	45,573,125	46,410,443
32,842,736	13,275,660	12,533,252	11,539,516	20,859,087	12,203,829
29,073,026	34,043,194	34,687,925	41,005,823	30,589,064	43,939,467
74,653,601	57,605,100	58,901,304	59,618,224	56,772,151	53,358,456
53,233,284	47,826,378	47,589,243	40,480,575	73,992,362	32,874,536
11,247,273	10,959,890	11,439,196	10,721,148	11,183,708	10,449,318
<u>\$ 398,092,996</u>	<u>\$ 361,569,956</u>	<u>\$ 355,181,387</u>	<u>\$ 340,643,394</u>	<u>\$ 371,927,693</u>	<u>\$ 327,569,052</u>
<u>\$ (65,304,663)</u>	<u>\$ (51,540,904)</u>	<u>\$ (52,739,724)</u>	<u>\$ (41,122,323)</u>	<u>\$ (79,508,458)</u>	<u>\$ (44,552,606)</u>
66,802,278	42,529,234	48,926,937	61,134,431	63,251,325	48,465,296
6,698,966	-	-	-	-	51,520,000
4,865,460	4,757,647	4,172,560	5,578,933	10,470,265	4,017,287
-	-	-	-	-	(35,098,167)
-	-	-	-	-	-
1,351,317	3,659,078	1,944,748	1,476,149	-	-
74,112,020	73,033,560	72,023,687	57,514,330	55,806,794	52,141,807
(84,375,247)	(85,264,997)	(84,682,383)	(68,809,660)	(63,696,672)	(60,058,979)
<u>\$ 69,454,794</u>	<u>\$ 38,714,522</u>	<u>\$ 42,385,549</u>	<u>\$ 56,894,183</u>	<u>\$ 65,831,712</u>	<u>\$ 60,987,244</u>
<u>\$ 4,150,131</u>	<u>\$ (12,826,382)</u>	<u>\$ (10,354,175)</u>	<u>\$ 15,771,860</u>	<u>\$ (13,676,746)</u>	<u>\$ 16,434,638</u>
18.9 %	19.1 %	19.1 % ³	18.2 %	27.0 %	15.8 %

Table 5

CITY OF MADISON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Levy Year	Real Property					Personal Property ⁵	Total Assessed Value ¹	Less: TIF Increment Value ²	Total Taxable Assessed Value	Total Direct Tax Rate	Equalized Value	Ratio of Assessed to Equalized ³
		Residential	Commercial	Manufacturing	Agricultural	Other							
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	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 ⁴	2014	14,139,751	7,689,111	249,363	5,187	15,683	712,141	22,811,236	701,631	22,109,605	9.48	23,685,668	96.3
2014	2013	13,636,868	7,347,451	247,797	6,661	16,225	703,178	21,958,180	551,556	21,406,624	9.50	22,710,892	96.7
2013	2012	13,223,785	7,118,629	268,622	5,495	14,782	719,138	21,350,451	461,115	20,889,336	9.30	21,853,251	97.7
2012	2011	13,320,053	6,884,721	258,751	5,813	15,306	709,680	21,194,324	401,116	20,793,208	8.81	21,697,081	97.7
2011	2010	13,692,160	6,866,172	273,292	5,848	12,778	718,844	21,569,094	382,688	21,186,406	8.43	21,965,222	98.2
2010	2009	13,829,410	6,872,197	268,163	5,269	11,562	765,031	21,751,632	456,274	21,295,358	7.89	22,212,096	97.9

Source: Statement of Assessment for the City of Madison

- ¹ Total Assessed Value does not include exempt properties. The City of Madison Assessor's Office does not assess property classified as exempt.
- ² TIF assessments are taxable only to the districts
- ³ Assessment ratio is calculated by the State of Wisconsin Equalization Board
- ⁴ Amended Statement of Assessment submitted to Wisconsin Department of Revenue
- ⁵ 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 ¹	Dane County	State of Wisconsin ²	Madison Area Technical College		
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	0.17	0.17	0.99
2016	0.74	8.76	9.49	12.54	3.06	0.18	0.18	0.18	0.96
2015	0.72	8.77	9.48	12.38	3.02	0.18	0.18	0.18	0.97
2014	0.69	8.81	9.50	12.16	2.97	0.17	0.17	0.17	1.89
2013	0.67	8.65	9.30	11.80	2.87	0.17	0.17	0.17	1.86
2012	0.57	8.24	8.81	11.35	2.73	0.17	0.17	0.17	1.74
2011	0.58	7.85	8.43	11.31	2.59	0.17	0.17	0.17	1.51
2010	0.55	7.34	7.89	10.47	2.43	0.17	0.17	0.17	1.35

Source: Annual City of Madison Adopted Operating Budget

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

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

Table 7

CITY OF MADISON

PRINCIPLE PROPERTY TAXPAYERS
Prior Year and Ten Years Ago

Tax Payer	2018			2009		
	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	\$ 157,188,700	1	0.59 %	\$ 202,958,300	1	0.92 %
American Family Insurance	150,997,400	2	0.56	179,024,000	2	0.81
Core Campus Madison LLC	89,500,000	3	0.33	-	-	-
Core Campus II Madison LLC	76,700,000	4	0.29	-	-	-
University Research Park Inc	76,157,300	5	0.28	-	-	-
Covance Laboratories Inc	74,955,000	6	0.28	131,790,300	3	0.60
777 University Ave LLC	66,261,000	7	0.25	-	-	-
AX Madison Junction LP	64,300,000	8	0.24	-	-	-
Domain Apartments LLC	57,070,000	9	0.21	-	-	-
CMFG Life Insurance Co	52,824,000	10	0.20	-	-	-
Wingra Building Group/Dean Medical Center	-	-	-	127,089,900	4	0.58
Terrance R. Wall	-	-	-	103,099,900	5	0.47
Mullins, Carol	-	-	-	89,584,700	6	0.41
CUNA Mutual Group	-	-	-	70,178,900	7	0.32
Munz Investment/Munz Corp.	-	-	-	66,810,300	8	0.30
McAllen Properties LLC	-	-	-	62,682,600	9	0.28
Hilldale Building Co LLC	-	-	-	52,491,500	10	0.24
Total	\$ 865,953,400		3.23 %	\$ 1,085,710,400		4.93 %

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 ¹	Collected within the Fiscal Year of the Levy			Collections of the Levy in Subsequent Years			Total Collections to Date ²	
		Taxes Levied for Fiscal Year	Amount	Percentage of Levy	Years	Amount	Percentage of Levy	Amount	Percentage of Levy
2019	2018	\$ 241,829,722	\$ 240,941,642	99.63 %	\$ -	240,941,642	99.63 %	\$ 240,941,642	99.63 %
2018	2017	231,041,537	229,767,881	99.45	1,202,088	230,969,969	99.97	230,969,969	99.97
2017	2016	219,728,630	219,181,700	99.75	471,069	219,652,769	99.97	219,652,769	99.97
2016	2015	209,856,552	209,124,596	99.65	669,099	209,793,695	99.97	209,793,695	99.97
2015	2014	202,870,333	202,157,694	99.65	608,847	202,766,541	99.95	202,766,541	99.95
2014	2013	198,441,725	197,888,080	99.72	475,379	198,363,459	99.96	198,363,459	99.96
2013	2012	193,400,074	192,614,826	99.59	662,966	193,277,792	99.94	193,277,792	99.94
2012	2011	186,737,361	186,183,242	99.70	433,189	186,616,431	99.94	186,616,431	99.94
2011	2010	179,491,250	178,618,404	99.51	715,415	179,333,819	99.91	179,333,819	99.91
2010	2009	173,805,401	172,932,555	99.50	724,033	173,656,588	99.91	173,656,588	99.91

Source: City of Madison Finance Department

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

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

² Collections as of January 31, 2020

Table 9

CITY OF MADISON

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Debt ¹	Restricted Debt Service ²	Net General Obligation Debt	Ratio of Net General Obligation Debt to Equalized Property Value ³	Net General Obligation Debt Per Capita ⁴
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
2011	321,528,958	29,265,699	292,263,259	1.33	1,250
2010	319,851,132	44,558,846	275,292,286	1.24	1,206

Source: City of Madison Finance Department

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

¹ Gross General Obligation Debt years 2010 - 2012 do not include premium/discount.

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

³ Wisconsin uses equalized value for calculating legal debt limit. Equalized property value data can be found in Table 5: Assessed and Actual Value of Taxable Property on page 223.

⁴ Population data can be found in Table 15: Demographic and Economic Statistics, on page 233.

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 ³	Per Capita
	General Obligation Debt ¹	Revenue Bonds		Capital Leases	General Obligation Debt	Revenue Bonds ²			Capital Leases				
		Landfill Remediation				Water Utility	Sanitary Sewer Utility						
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			
2011	289,798,243	-	17,088,679	31,730,715	103,610,000	27,580,000	7,425,000	477,232,637	4.39	2,040			
2010	294,982,170	1,805,750	18,868,679	24,868,962	86,920,000	31,569,250	8,110,000	467,124,811	4.56	2,047			

Source: City of Madison Finance Department

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

¹ General Obligation Debt years 2010 - 2012 do not include premium/discount.

² Revenue Bonds years 2010 - 2012 do not include premium.

³ See Table 15: Demographic and Economic Statistics on page 233 for personal income and population data.

Table 11

CITY OF MADISON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of December 31, 2019

Government Unit	Governmental Activities Debt Outstanding	Percentage Applicable to City	Amount Applicable to City ²
Direct			
City of Madison	\$ 489,206,626	100.00 %	\$ 489,206,626
Indirect			
Dane County School Districts: ¹	405,410,000	44.82	181,704,762
DeForest	121,380,000	9.79	11,883,102
Madison Metropolitan	61,340,000	89.61	54,966,774
McFarland	62,825,000	10.03	6,301,348
Middleton-Cross Plains	206,025,000	22.42	46,190,805
Monona Grove	93,690,000	0.12	112,428
Sun Prairie Area	268,395,000	15.74	42,245,373
Verona	177,975,000	3.66	6,513,885
Waunakee Community	75,804,991	2.60	1,970,930
Madison Area Technical College	<u>180,375,000</u>	32.96	<u>59,451,600</u>
Total Overlapping	<u>\$ 1,653,219,991</u>		<u>\$ 411,341,007</u>
Total Direct and Overlapping	<u>\$ 2,142,426,617</u>		<u>\$ 900,547,633</u>

Source: City of Madison Finance Department

¹ Under Wisconsin annexation laws, properties annexed from one municipality to another do not automatically change school districts. Therefore, portions of the City of Madison are in seven school districts in addition to the Madison Metropolitan School District.

² The percent applicable to the City is calculated by dividing the City's equalized value into the total equalized value of the indirect debt entity.

Table 12

CITY OF MADISON

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>(in thousands)</i>										
Equalized Value ¹	\$ 30,910,698	\$ 28,727,408	\$ 26,768,654	\$ 24,596,422	\$ 23,685,668	\$ 22,710,892	\$ 21,853,251	\$ 21,697,081	\$ 21,965,222	\$ 22,212,096
Debt limit ²	1,545,535	1,436,370	1,338,433	1,229,821	1,184,283	1,135,545	1,092,663	1,084,854	1,098,261	1,110,605
Debt Applicable to Limit										
General Obligation Debt	519,336	484,747	447,740	409,860	381,836	355,769	352,797	342,349	321,529	319,851
General Obligation Debt - Joint Venture	2,055	2,314	905	745	559	676	698	696	636	642
Pledged to CDA										
Total debt applicable to debt limit	\$ 521,391	\$ 487,061	\$ 448,645	\$ 410,605	\$ 382,395	\$ 356,445	\$ 353,495	\$ 343,045	\$ 322,165	\$ 327,493
Less: Debt Service fund available for payment of principal	\$ 19,692	\$ 17,648	\$ 16,951	\$ 15,658	\$ 15,029	\$ 16,528	\$ 16,405	\$ 23,975	\$ 29,266	\$ 44,559
Net debt applicable to debt limit	\$ 501,699	\$ 469,413	\$ 431,694	\$ 394,947	\$ 367,366	\$ 339,917	\$ 337,090	\$ 319,070	\$ 292,899	\$ 282,934
Total debt applicable to the limit as a percentage of debt limit	33.7 %	33.9 %	33.5 %	33.4 %	32.3 %	31.4 %	32.4 %	31.6 %	29.3 %	29.5 %

¹ Source: Wisconsin Department of Revenue

² In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's Jurisdiction.

Table 13

CITY OF MADISON

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

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ³	
2019	\$ 41,788,314	\$ 33,524,128	\$ 8,264,186	\$ 3,490,000 ⁶	\$ 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	1,391,516	1.66
2014	33,841,450	25,705,916	8,135,534	2,015,000 ⁵	1,215,554	2.52
2013	31,400,922	24,650,879	6,750,043	2,535,000	1,577,317	1.64
2012	31,224,592	22,167,078	9,057,514	1,950,000	1,102,924	2.97
2011	29,893,021	21,263,261	8,629,760	2,350,000 ⁴	1,252,700	2.40
2010	28,333,257	20,976,074	7,357,183	1,500,000	871,353	3.10

Source: City of Madison Finance Department

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

¹ Operating Revenues plus investment income.

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

³ Gross interest. Amount is not net of tax credits, when available.

⁴ The Landfill Remediation Bonds were paid off in 2011.

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

⁶ Actual principal paid in 2019 was \$8,095,000 in order to retire \$4,605,000 of 2008 Revenue Bonds.

Table 14

CITY OF MADISON

PLEDGED REVENUE COVERAGE - WATER UTILITY Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenues for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ³	
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
2011	28,364,269	14,861,349	13,502,920	2,680,000	3,279,273	2.27
2010	26,808,712	14,194,328	12,614,384	1,115,000	2,242,351	3.76

Source: City of Madison Finance Department

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

¹ Operating Revenues plus investment income.

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

³ 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 ¹	Personal Income ² (<i>in thousands</i>)	Per Capita Personal Income ³		Annualized Unemployment Rates ⁴		
			Dane County	State of Wisconsin	City of Madison	Dane County	State of Wisconsin
2019	255,650	\$ 16,263,216	\$ 63,615	\$ 53,583	2.4 %	2.4 %	3.3 %
2018	252,546	15,482,080	61,304	51,647	2.2	2.2	3.0
2017	250,073	14,634,772	58,522	49,305	2.3	2.4	3.3
2016	247,207	13,948,161	56,423	47,553	2.9	2.9	4.1
2015	242,216	13,309,043	54,947	46,685	3.1	3.2	4.6
2014	240,153	12,524,699	52,153	44,943	3.7	3.8	5.5
2013	236,900	11,939,286	50,398	43,186	4.6	4.6	6.7
2012	234,625	11,554,108	49,245	43,034	4.7	4.7	6.9
2011	233,890	11,107,436	47,490	41,174	4.9	5.0	7.5
2010	228,200	10,212,406	44,752	38,997	4.4	4.6	7.5

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

² Personal income is computed by multiplying City population by County per capita personal income.

³ Source - Bureau of Economic Analysis - U.S. Department of Commerce, except for 2019 Dane County, which is an estimate based on the prior nine years of growth.

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

Table 16

CITY OF MADISON

PRINCIPAL EMPLOYERS
Prior Year and Ten Years Ago

Employer	2018			2009		
	Employees ¹	Rank	Percentage of Total Area Employment ²	Employees ³	Rank	Percentage of Total Area Employment
Madison & Dane County Area						
State of Wisconsin	41,045 ^{4,5}	1	10.02 %	16,506	1	5.16 %
University of Wisconsin	22,365 ^{4,5}	2	5.46	16,000	2	5.00
UW Health	14,599 ⁶	3	3.57	7,462	3	2.33
Epic Systems	9,600	4	2.34	-	-	-
SSM Health Care	6,082 ⁶	5	1.49	-	-	-
United States Government	5,430	6	1.33	4,629	5	1.45
American Family Mutual Insurance Group	4,468 ⁶	7	1.09	3,752	7	1.17
Madison Metropolitan School District	3,592 ⁶	8	0.88	5,600	4	1.75
City of Madison	3,056	9	0.75	-	-	-
UnityPoint Health - Meriter	2,987	10	0.73	3,300	9	1.03
Dean Health Systems	-	-	-	4,515	6	1.41
University of Wisconsin Medical Foundation	-	-	-	3,453	8	1.08
Saint Mary's Medical Center	-	-	-	2,743	10	0.86
Total	113,224		27.66 %	67,960		21.24 %

¹ Sources: Madison InBusiness, 2018 Report; Dane County; UW Madison 2018-2019 Data Digest

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

³ Source: Telephone survey of individual employers, August 2009

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

⁵ Includes full- and part-time employees.

⁶ 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)			
	2019	2018	2017	2016
Public Safety and Health				
Fire	411	411	393	393
Police	599	588	584	593
Public Health - Madison and Dane County ¹	143	138	138	138
General Government				
Common Council	4	4	2	2
Mayor	12	12	12	12
Municipal Court	5	5	5	5
Administration				
Department of Civil Rights	18	18	16	16
Attorney	26	26	27	27
Assessor	24	24	24	24
Clerk	9	9	9	8
Treasurer	-	6	6	6
Madison City Channel ²	-	-	-	-
Finance ³	-	41	42	42
Information Technology	54	54	53	53
Human Resources	18	17	16	16
Employee Assistance Program ⁴	4	3	3	3
Finance/City Treasurer ⁹	47	-	-	-
Public Facilities				
Overture Center ⁵	-	-	-	-
Monona Terrace	55	55	55	55
Department of Public Works and Transportation				
Engineering	117	115	112	77
Sewer Utility ⁶	38	36	35	44
Stormwater Utility ⁷	15	12	11	39
Parks	171	172	167	165
Golf Enterprise	8	8	8	8
Streets	191	193	190	187
Water Utility	130	130	130	130
Metro Transit	457	473	476	474
Traffic Engineering	67	66	64	63
Parking Utility	75	71	71	69
Fleet Services	43	43	43	43

Full-time Equivalent Employees (FTEs)

2015	2014	2013	2012	2011	2010
389	390	389	389	371	371
586	581	580	580	577	568
136	135	134	152	155	157
2	2	2	2	3	2
12	12	12	12	12	12
5	5	5	5	5	5
15	15	15	15	16	17
27	27	27	27	26	26
24	24	24	24	24	24
8	7	7	7	7	7
5	5	5	5	5	6
-	-	-	-	-	7
39	38	38	39	38	38
49	48	47	47	47	42
18	18	18	19	18	18
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	46
55	55	55	58	58	59
149	143	138	137	137	130
-	-	-	-	-	-
-	-	-	-	-	-
161	148	144	144	147	146
8	8	8	7	7	7
183	177	177	177	179	175
129	128	128	127	126	127
472	472	466	461	460	445
64	62	62	61	59	59
70	74	75	75	76	76
43	43	43	44	44	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)			
	2019	2018	2017	2016
Department of Planning & Community & Economic Development				
Office of the Director of Planning and Community and Economic Development	8	8	8	8
Community Development Authority Housing Operations and Redevelopment	49	43	43	43
Community Development Division ⁸	41	41	39	39
Economic Development Division	18	17	17	16
Planning Division	32	36	36	32
Building Inspection Division	46	46	45	48
Library	137	135	131	131
Total	3,072	3,056	3,011	3,009

Source - City's Annual Operating Budget

- ¹ All Public Health Madison Dane County staff are County employees as of 2012.
- ² Madison City Channel Operations were transferred to Information Technology in 2011.
- ³ The Finance Department was known as Office of the Comptroller prior to May 2011.
- ⁴ Employee Assistance Program was created in 2016. Its functions were previously included in Human Resources.
- ⁵ The City of Madison provided the same services for the Overture Center as it did for the Madison Civic Center. The Overture Center became a separate authority on January 1, 2011.
- ⁶ The City Engineer serves as the manager of the Sewer and Stormwater Utilities.
- ⁷ Community Development Authority Redevelopment had no dedicated employees prior to 2011.
- ⁸ 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.
- ⁹ The Finance and Treasury departments were consolidated in 2019.

Full-time Equivalent Employees (FTEs)					
2015	2014	2013	2012	2011	2010
8	7	7	7	7	7
41	40	41	40	38	41
37	36	38	38	41	32
16	18	18	19	19	19
32	30	29	28	28	28
47	47	47	46	45	44
128	127	124	119	117	118
2,958	2,922	2,903	2,911	2,892	2,903

Table 18

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2018 ²</u>	<u>2017 ²</u>	<u>2016</u>	<u>2015</u>
General Government				
Information Technology				
Webpage visits	6,114,219	5,439,856	6,057,900	6,343,573
Online payments transactions	423,443	301,479	270,728	353,462
Public Safety				
Fire				
EMS responses	21,667	21,716	21,291	18,348
Fire/service responses	9,357	8,810	8,762	6,839
Fires extinguished	412	476	411	459
Public Health				
Inspections/Pre-inspections	1,233	1,318	1,418	1,363
Police				
Calls for service	211,507	212,196	212,601	212,376
Arrests	12,455	12,039	11,969	14,020
Citations	4,193	4,928	5,851	7,203
Traffic violations	14,128	17,843	20,966	23,316
Public works and transportation				
Metro Transit				
Annual rides	13,230,698	12,817,077	13,305,291	14,358,261
Annual miles	5,109,240	5,075,010	5,050,916	5,070,813
Fleet Services				
Work Orders	8,570	3,073	2,394	2,588
Parking Utility				
Ramp Occupancy	69 %	70 %	72 %	71 %
Streets				
Tons of debris swept	4,802	4,551	4,351	7,256
Refuse collected (tons)	43,155	43,352	42,525	44,866
Recyclables collected (tons)	18,999	19,344	19,228	19,379
Sewer Utility				
Average annual residential customer volume (gallons)	46,376	47,124	50,864	52,360
Water Utility				
Main replacement (miles)	9.22	11.52	10.70	6.45
Gallons pumped (millions)	9,223	9,419	9,848	9,977
Water main breaks (per mile)	0.252	0.208	0.247	0.240
Mains added	15.35	21.49	16.60	8.60

2014	2013	2012	2011	2010	2009
6,544,987	5,808,882	5,543,502	5,333,097	4,810,131	4,072,018
212,866	139,542	152,951	147,290	130,392	117,815
19,599	20,541	19,698	18,409	18,125	19,058
6,215	5,879	5,500	5,257	5,314	5,587
412	534	479	N/A	471	494
1,258	1,387	1,271	1,348	1,298	1,387
206,648	203,394	203,087	211,802	202,392	203,031
9,726	9,421	11,378	12,089	12,074	16,545
7,142	8,376	10,432	11,373	12,969	11,352
19,872	22,878	25,195	21,844	25,624	24,845
15,492,317	15,001,760	14,592,214	14,923,969	13,623,461	13,588,426
5,040,007	4,922,010	4,822,865	4,818,879	4,810,956	4,709,101
2,084	1,321	1,735	1,491	1,571	1,198
71 %	66 %	64 %	64 %	64 %	63 %
7,539	5,674	4,820	6,526	8,269	8,779
41,680	40,367	40,367	38,561	40,086	N/A
19,225	19,401	19,401	18,949	19,229	N/A
49,368	55,352	55,352	53,856	65,824	67,320
7.80	5.06	6.55	10.00	9.77	6.67
10,099	10,058	10,659	10,320	10,255	10,355
0.440	0.350	0.280	0.300	0.290	0.310
4.90	3.50	2.41	4.08	4.05	2.20

Table 18 (Cont.)

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2018 ²</u>	<u>2017 ²</u>	<u>2016</u>	<u>2015</u>
Planning and development				
Planning Unit				
Plans worked on, adopted, amended	N/A	N/A	N/A	N/A
Inspection Unit				
Inspections	57,866	52,854	54,113	48,023
Housing Operations				
Households served	2,563	2,490	2,528	2,404
Community Services				
Children receiving child care from an accredited facility	48.00 %	49.28 %	51.30 %	50.00 %
Seniors in city funded activities	¹	¹	¹	¹
Senior Center				
Number of visits	38,609	38,521	41,106	38,828
Number of events	2,952	3,108	2,871	2,777
New visitors	775	866	817	889
Culture and recreation				
Library				
Circulation	3,575,215	3,698,903	3,800,000	3,950,000
Visits	1,911,287	1,965,014	2,170,000	2,150,000
Registered borrowers	158,977	168,443	170,420	165,855
Internet uses	655,599	917,107	769,704	708,214
Parks				
General park (shelter) reservations	1,594	1,598	1,765	1,590
Athletic Field reservations	7,956	8,362	8,700	8,358
Recreation center attendance	226,215	221,000	209,000	64,495
Special events held	489	521	350	245
Calls for service - Forestry	4,119	4,415	5,068	4,336
Visitors - Olbrich Gardens	335,153	325,530	300,396	289,540
Municipal Pool				
Attendance	33,265	46,469	46,400	52,140
Golf Enterprise				
Rounds (18 holes)	77,510	100,004	109,934	107,212
Monona Terrace				
Conventions and Conferences	62	60	67	63

Source: 2009 - 2015 Madison Measures & Departmental Annual Reports

Note: Departmental Annual Reports available for prior ten years

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

2014	2013	2012	2011	2010	2009
N/A	N/A	N/A	N/A	N/A	11
52,166	51,220	47,579	46,131	56,261	48,649
2,432	2,456	2,460	2,427	2,291	2,322
49.00 % ₁	50.00 % ₁	49.00 % 5,200	58.00 % 5,200	54.00 % 5,200	60.00 % 5,143
42,263	41,460	46,675	42,518	42,696	38,075
2,829	2,864	3,112	3,020	2,363	2,243
7,422	7,971	10,086	7,597	7,568	6,921
3,841,997	4,085,341	4,122,191	4,398,343	4,730,496	4,846,206
2,152,731	2,053,449	2,020,557	2,241,086	2,347,234	2,351,691
163,934	162,374	167,717	156,285	132,428	138,632
813,880	686,444	682,034	721,431	693,432	547,216
1,570	1,426	1,524	1,409	1,527	1,441
7,325	8,021	7,531	7,751	7,675	7,146
63,315	57,277	267,757	305,751	295,000	293,753
130	130	110	116	114	333
4,264	4,233	4,553	3,542	4,644	5,603
279,090	252,750	252,750	245,183	253,048	246,197
49,503	66,000	68,752	65,692	63,320	51,799
79,122	77,824	82,055	74,658	77,295	85,955
54	67	65	62	62	68

Table 19

CITY OF MADISON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2018¹</u>	<u>2017¹</u>	<u>2016¹</u>	<u>2015</u>
Public Safety				
Fire				
Fire Stations	14	13	13	13
Public works and transportation				
Metro Transit				
Shelters	222	222	208	208
Buses (incl. Paratransit)	215	232	232	232
Fleet Services				
Vehicles	1,238	1,011	1,169	1,166
Parking Utility				
Ramps	6	6	5	5
Surface lots	6	6	7	7
Parking Spaces	6,215	6,142	5,506	5,589
Traffic Engineering				
Miles of Streets	800	795	790	785
Water Utility				
Water main (miles)	892	895	884	867
Hydrants	9,117	9,004	8,956	8,882
Valves	25,976	27,381	25,126	21,525
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	965,277	961,596	957,562	943,507
Parks				
Parks	275	274	275	274
Acreage of Parks (rounded to nearest 100th)	5,600	5,600	6,000	6,000
Beaches	12	12	12	12
Shelters	25	22	22	21
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

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

2014	2013	2012	2011	2010	2009
13	12	12	12	12	12
208	208	211	211	210	210
231	228	228	229	204	204
1,278	1,152	1,144	1,144	1,090	1,146
5	5	5	5	5	5
7	7	7	7	7	7
5,426	5,548	6,300	6,300	6,300	6,300
780	777	773	772	769	766
859	854	850	847	843	839
8,751	8,669	8,615	8,555	8,482	8,383
21,114	20,804	20,564	20,332	20,065	19,678
9	9	9	9	9	9
936,975	831,296	863,645	841,929	929,682	1,034,933
270	261	260	260	260	260
6,000	6,000	6,000	6,000	6,000	6,000
12	12	12	12	13	13
21	20	20	20	18	18
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4