



City of Madison



2020



Comprehensive Annual Financial Report



As of and for the year ended December 31, 2020

Satya Rhodes-Conway
Mayor

CITY OF MADISON
Madison, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

As of and for the Year Ended
December 31, 2020

Prepared By:

FINANCE DEPARTMENT STAFF

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2020

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INTRODUCTORY SECTION



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June 23, 2021

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

Finance Department staff is pleased to present the City of Madison's Comprehensive Annual Financial Report as of and for the year ended December 31, 2020.

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, 2020 is hereby submitted.

Assumption of Responsibility

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

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

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

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 US, LLP to perform its annual audits. Baker Tilly US, LLP concluded, based upon its audit procedures, that the City's annual financial report for the fiscal year ended December 31, 2020 was fairly presented in accordance with GAAP. The auditor's opinion is included in the financial section of this report.

PROFILE OF GOVERNMENT

Demographic Profile

The City of Madison, with a population as of October 2020 at 257,197, 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 officials begins on page 10).

Financial Statements-Functions/Programs Classifications

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

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

Component Units

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

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

As of December 31, 2020, the City's unemployment rate was 4.8%, below the state and national rates of 6.3%, and 8.1% respectively. Per capita and median income tracked well above the state average, despite the high student population, indicating the area's quality of available jobs. Locally assessed real estate increased by 6.6% between 2019 and 2020. As of March 30, 2021, the City's unemployment rate decreased to 3.3% as the City continues to recover from the COVID-19 pandemic. The City rate remains below the state and national rates of 4.8% and 6.2% respectively.

Long-Term Financial Planning

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

In its rating letter, Moody's lauded the City's diverse local economy and long-standing stability provided by government and a higher education presence. Additionally, a large, expanding property tax base with solid resident income levels also provides strength to the City's tax revenues. Further, Moody's believes the City's credit profile is healthy, and that a trend of general fund unassigned fund balance growth will continue given an influx of federal and state grants aimed at countering the reductions in tourism revenues reported in 2020 that also continue into fiscal year 2021.

The City's debt profile is expected to remain manageable with 92.5% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.7% of the value of the taxable property base.

Relevant Financial Policies

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

Major Initiatives

- General government The Assessor plans to update its outdated software solutions to compute and track assessments by city parcel. They have retained a consultant to assist with the request for proposals and selection process during fiscal year 2021. Project planning and implementation is scheduled to occur in 2022.
- Public safety In response to the COVID-19 health emergency, Public Health of Madison and Dane County (PHMDC) was awarded \$6.05 million in federal grants, as well as \$5.25 million from Dane County. This funding was expended to update the local Public Health Preparedness Pandemic Plans for COVID-19, support contact tracing, subsequent isolation and quarantine measures, testing, vaccination planning, and additional staffing. In January of 2020, PHMDC had approximately 150 permanent and limited term staff, by the end of the year, that number rose to about 370 employees and contractors to support the COVID-19 pandemic preparedness plans.
- During 2020, approximately 34,000 people tested positive for the COVID-19 virus and named 59,000 close contacts. Public Health of Madison and Dane County, the Wisconsin National Guard, and the Wisconsin Department of Health Services, administered more than 280,000 tests to approximately 160,000 people. Shortly thereafter, PHMDC began planning for vaccine distributions, with the first dose administered on December 29, 2020.
- Although the pandemic interrupted other PHMDC operations, staff teams still managed continuity of services in the areas such as sexual and reproductive health services. These included the Woman, Infant, Children Program (WIC), adding new Breastfeeding Peer Counseling and USDA Buddy Programs; nurse family partnership and prenatal care coordination, piloting a platform that works with people at high risk of adverse birth outcomes; tuberculosis infection control and treatments; and a new Syringe Services Program (formerly the Needle Exchange Program); and continued violence prevention services.

Public works
and transportation

Madison Metro Transit has continued to upgrade the 1101 E. Washington bus garage facility. Remodeling of the maintenance bays will commence in 2021. Metro Transit is also embarking on a series of other transformative projects, such as a \$10.0 million technology upgrade planned for 2022-2024, a blank-slate redesign of the entire transit network planned for 2022-2023, and a Bus Rapid Transit Project planned for completion in 2024.

In fall of 2020, the Streets Division made a significant shift to how they provide yard waste collection. They began using a fixed schedule to provide residents clarity on when to set out materials. They also formed a new cooperation with the Parks Division in order to aggregate leaves collected from the curb on select Parks properties, which were later transferred collectively to a composter, versus each truck driving and unloading individually to the composter. These two changes significantly reduced overtime costs, saved a considerable amount of fuel, and improved the efficiency of the service delivery for our residents.

City Engineering reconstructed and resurfaced approximately three and five miles of streets respectively during 2020. Surface maintenance in the form of seal coating was complete on approximately 82 miles of City owned roads, and about 86 miles of roads had cracks sealed. The City of Madison Streets Program is rated every 2 years using the Pavement Surface Evaluation and Rating (PASER) system developed by the University of Wisconsin. By the close of the fiscal year, about 76% of the City's 807 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.

Reconstruction of Gammon Road from USH 12 (Beltline) to Mineral Point Road was completed in 2020 to include six lanes, a new multi-use path, median, and lighting. Also included were a pedestrian and bicycle underpass of Gammon Road for the West Towne Path, which was also reconstructed from Struck Street through Gammon Road. Cottage Grove Road was reconstructed from North Star Drive to Sprecher Road to include curb, gutter, median, new sidewalk, and bike lanes.

The sidewalks and terraces on Martin Luther King Jr. Blvd were reconstructed to include a structural sidewalk support system to promote better tree growth and ongoing health. Toepfer and Clair Streets, Holly and Euclid Avenues were resurfaced and had private utilities replaced. The project included a number of permeable pavement and sidewalk improvements to increase stormwater infiltration.

The Stormwater Utility progressed towards its total suspended solids (TSS) and total phosphorus (TP) reduction goals, by planning for four major pond reconstructions and major greenway reconstruction. These projects are in the design and permitting phases with construction planned for 2022. Projects that will meet flood mitigation goals and provide stormwater quality benefits are prioritized in the City's Capital Improvement Program. Total phosphorus reductions that are necessary to meet our citywide total maximum daily loads (TMDL) mandate will continue to be addressed by additional Stormwater Utility participation in YAHARA WINS Adaptive Management Program. In 2020, the Stormwater Utility began construction of several flood mitigation projects and has continued design, permitting and land acquisitions for major flood mitigation projects. Additionally, twelve major watershed studies are underway or completed within city boundaries.

Additionally, over 38,623 feet of sanitary sewer mains were bid for cured-in-place pipe (CIP) lining. This is the least costly and least disruptive method to improve the service life of pipe while increasing capacity and reducing treatment costs. Highlighted projects for next year include: East Gorham Street Resurfacing with 2,240 feet of sanitary sewer in disrepair replaced; Gregory, Cross, Copeland, and Western Streets with 3,256 feet of sewer mains replaced; and the Toepfer, Holly, and Euclid Avenues with 5,214 feet of sewer mains replaced.

Planning
and development

The Wilson Street Garage, the underground public parking garage element of the Judge Doyle development on Block 88, was completed and opened to the public in June 2020. Development continues with construction of a residential tower, above public parking garage, demolition of the vacated Government East public parking garage, and new hotel added to Block 105.

Culture and recreation

Warner Park Beach Shelter, which will feature Clean Beach Technology, will be open by Memorial Day of 2021. Playgrounds are being replaced at Swallowtail, Eken, Norman Clayton, and Orchard Ridge Parks. A brand new neighborhood park, Eagle Trace, is planned to open to the public by the end of May 2021. In addition, a 7000 square-foot paved pump track at Aldo Leopold Park is under construction. Renovation work will begin on the newly acquired Olin Park Building, with the eventual goal of providing community space to be reserved and enhanced collaboration with community partners and Parks Division staff.

The Olbrich Botanical Gardens expansion project including a dedicated learning center and new greenhouse were completed in late 2020. Continued landscaping of the area will take place next year.

By December of 2021, the Madison Public Library system plans to have their libraries integrated with a centralized voice over internet phone solution, and an informational digital signage network. By mid-2022, it's planned that all Madison neighborhood libraries will be converted to highly energy-efficient LED lighting systems.

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 prepared for the fiscal year ended December 31, 2019. A facsimile of the certificate is included on page 9. This was the twelfth 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 Comprehensive Annual Financial Report satisfying both GAAP and applicable legal requirements.

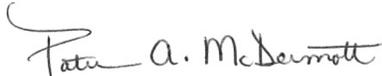
A Certificate of Achievement is valid annually. The City believes that its current Comprehensive Annual Financial Report meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2020 Comprehensive Annual Financial Report to the GFOA to determine its eligibility for award.

The issuing of this report on a timely basis is due to the hard work and dedication of the Accounting Services staff of the Finance Department. The 2020 Comprehensive Annual Financial Report was electronically produced in its entirety by accountants within our department.

Respectfully submitted,



David Schmiedicke
Finance Director



Patricia A. McDermott, CPA
Accounting Manager

City of Madison-Mission

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

Our Values

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Madison
Wisconsin**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

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 E. Verveer	Alder, District #4
Regina M. Vidaver	Alder, District #5
Brian Benford	Alder, District #6
Nasra Wehelie	Alder, District #7
Juliana R. Bennett	Alder, District #8
Nikki Conklin	Alder, District #9
Yannette Figueroa Cole	Alder, District #10
Arvina Martin, Council Vice President	Alder, District #11
Syed Abbas, Council President	Alder, District #12
Tag Evers	Alder, District #13
Sheri Carter	Alder, District #14
Grant Foster	Alder, District #15
Jael Currie	Alder, District #16
Gary Halverson	Alder, District #17
Charles Myadze	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
Dr. Linda Vakunta
Reuben Sanon
Vacant

Chief of Staff
Deputy Mayor
Deputy Mayor
Deputy Mayor
Deputy Mayor

Common Council

Vacant

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
Shon F. Barnes
Janel Heinrich
Rob Phillips
Mahanth Joishy
Eric Knepp
Charles Romines
Yang Tao
Sabrina Tolley
Justin Stuehrenberg
Krishna Kumar
Matt Wachter

City Assessor
City Attorney
City Clerk
Finance Director/City Treasurer
Civil Rights Director
Employee Assistance Program Administrator
Fire Chief
Human Resources Director
Information Technology Director
Library Director
Monona Terrace Director
Police Chief
Public Health Director
City Engineer
Fleet Service Superintendent
Park Superintendent
Street Superintendent
City Traffic Engineer
Parking Division Manager
Metro Transit General Manager
Water Utility General Manager
Planning & Community &
Economic Development Director
Community Development
Division Director
Economic Development
Division Director
CDA Executive Director
Building Inspection Division Director
Planning Division Director
Transportation Director

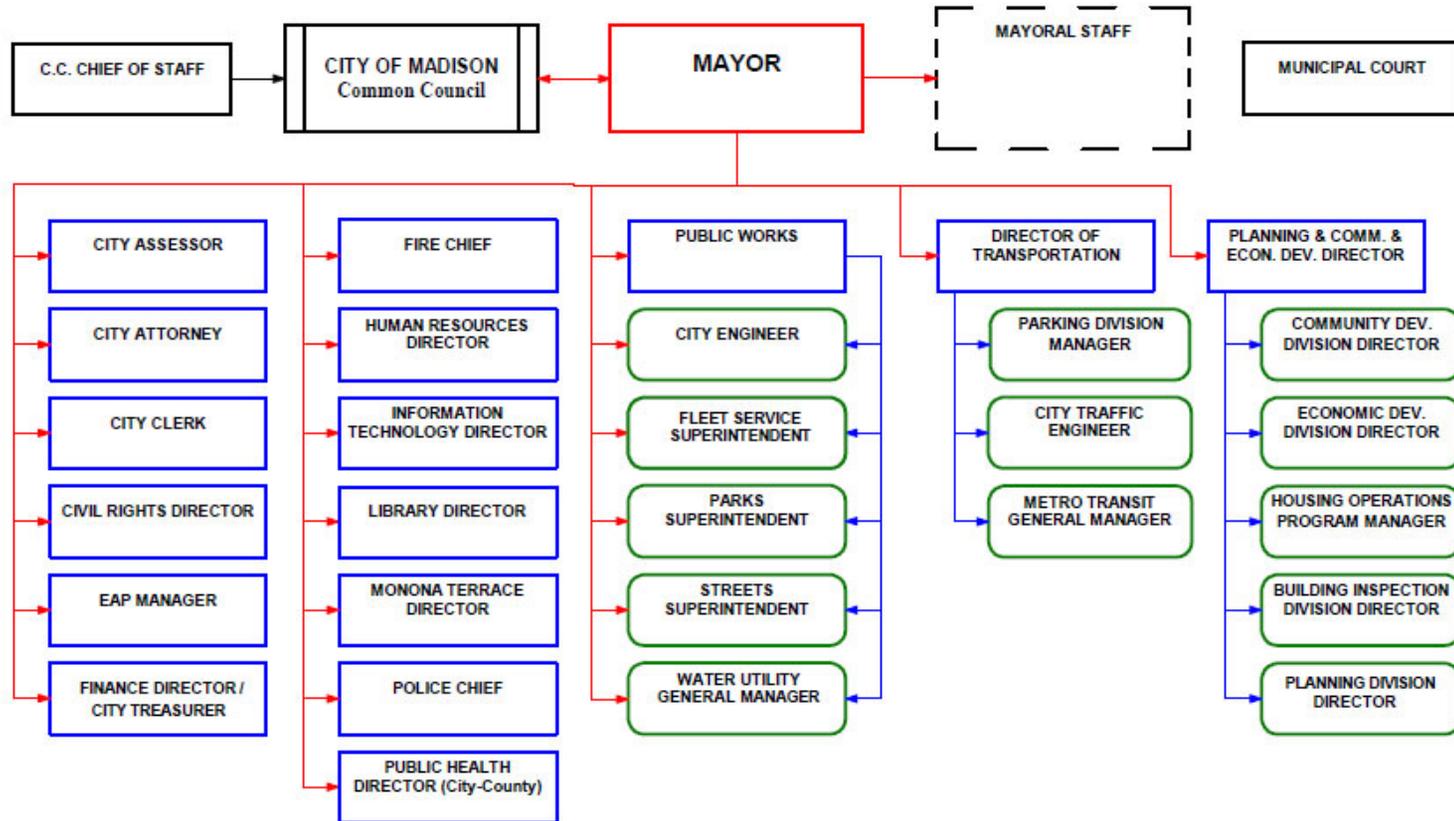
James O'Keefe

Matthew Mikolajewski

Larry Kilmer
Vacant
Heather Stouder
Thomas Lynch

CITY OF MADISON

ORGANIZATION OF CITY OF MADISON GOVERNMENT



FINANCIAL SECTION

Independent Auditors' Report

To the City Council of
City of Madison

Report on the 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, 2020, 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 Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), Monona Shores and Village on Park presented as major funds of the CDA and CDA 95-1 presented as a nonmajor fund of the CDA which represent 66 percent, 58 percent and 22 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 Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), Monona Shores and Village on Park presented as major funds of the CDA and CDA 95-1 presented as a nonmajor fund of the CDA, are based solely on the reports of the other auditors. 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, the Library Foundation, Madison Parks Foundation, Monona Shores, Village on Park, CDA 95-1 and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

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 reports 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
June 23, 2021

**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, 2020, with comparative data for the fiscal year ended December 31, 2019. This section is designed to assist the reader in focusing on significant financial issues, and to identify changes in the City's financial position including adopted budget plans. Please consider it in conjunction with the City's financial statements that follow.

FINANCIAL HIGHLIGHTS

- With total assets over \$2.9 billion, and total liabilities of more than \$1.1 billion, deferred inflows of resources of over \$470.8 million, and deferred outflows of resources at approximately \$148.8 million, the total net position of the City of Madison increased by just under \$33.6 million from the previous year to almost \$1.5 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 over \$47.2 million for 2020. Just under \$194.9 million was held for restricted purposes with a little over \$59.3 million as a deficit unrestricted net position. The unrestricted net position is generally used to meet the City's ongoing obligations to residents and creditors. Noteworthy, the net pension liability of nearly \$62.2 million from 2019 was valued to be a net pension asset of about \$57.6 million at year-end. Net pension assets are required to be restricted as part of net position, with the pension related deferred inflows of resources totaling nearly \$38.0 million more than the pension related deferred outflows of resources. Restricting amounts for pensions, debt, impact fees, and tax incremental district activities, largely increased the deficit of the unrestricted net position for the primary government in total when compared to the prior year.
- The primary government reported a little under \$271.2 million in program revenues to cover approximately \$564.5 million in expenses with the remaining general revenues of taxes, intergovernmental revenues not restricted to specific programs, investment income, interest on capital leases, and other miscellaneous sources offsetting the difference of over \$326.9 million, including a surplus of almost \$33.6 million.
- As of December 31, 2020 the governmental funds reported combined ending fund balances of almost \$264.5 million. This amount is broken down as follows: just over \$41.0 million of this balance is available for spending at the council's discretion (unassigned fund balance), at the end of the year management assigned and committed roughly \$40.6 million for specific purposes with just over \$175.7 million restricted due to external constraints or regulations defining specific uses such as grants, state statutes, and tax exempt financing. The nonspendable fund balance includes noncurrent advances to other funds, advances to component units, noncurrent receivables, inventories, prepaid items, and trust activities which totaled approximately \$7.1 million at year-end. The nonspendable fund balance is legally, or contractually, required to be intact and not expected to be easily converted to cash.

At the end of the fiscal year, just under \$44.0 million of unassigned fund balance remained within the general fund or approximately 13.3% of the adopted 2021 general fund expenditures, which is less than the City's stated target ratio of 15.0%. One of the primary reasons for the reduction in unassigned fund balance, is the Common Council's decision to apply \$8.0 million of general fund reserves to help offset anticipated revenue reductions within the 2021 Operating Budget due to the economic impacts of the pandemic.

While the unassigned fund balance was approximately 13.3% of the adopted 2021 general fund expenditures, a little more than \$514,000 was repaid at year-end for a noncurrent advance to the golf enterprise fund from the general fund that is the result of cumulative cash shortfalls during the past few years. This brings the total noncurrent advance to other funds down to a little more than \$800,000 from \$1.3 million the prior 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 about \$9.2 million, as assignments for encumbrances, compensated absences, and a premium stabilization fund for employee insurances increased by the close of the year. The increase in assigned fund balance due to compensated absences totaled approximately \$2.5 million which was largely caused by employees choosing not to use vacation leaves during the pandemic. Roughly \$1.7 million of the decrease related to the premium stabilization fund market gain at year-end. In addition, \$8.0 million was applied to the 2021 operating budget to offset losses of revenue and balance the budget. Approximately \$2.6 million was added through revenues exceeding expenditures in 2020.

- Room tax revenues transferred to the general fund were down by almost \$5.9 million, or 100% from 2019. Under normal operations, thirty percent of room tax revenues are transferred to the general fund; the remaining seventy percent is held in the room tax fund for expenditures at the direction of the City's Room Tax Commission. Due to the pandemic, room tax collections were down just over \$13.0 million, or 69.0% for the year. As a result of these revenue losses, the Common Council decided to eliminate the transfer to the general fund for fiscal year 2020.
- Intergovernmental revenues increased from the prior year by over \$2.2 million, largely due to increases of \$1.5 million in transportation aids, and \$745,000 in payments for municipal services. Further, general fund licenses and permits were under budget by about \$1.0 million during the year, and were also lower than the prior year by approximately the same amount. Additionally, fines and forfeitures were below budget by almost \$2.6 million, for parking enforcement reductions downtown due to the pandemic.
- Investment income was under the final adopted budget by just over \$300,000 and was down almost \$2.1 million when compared to 2019. Investment income revenues include any to-market adjustments for the City's investment portfolio and life insurance reserves at year-end, which when computed, totaled a gain of about \$2.0 million. Interest rates began the year at about 2.0%; however, due to the economic slowdown caused by the pandemic, were down to under 0.2% by the close of fiscal year 2020.
- Outstanding General Obligation bonds and notes as of December 31, 2020, totaled over \$569.8 million (excluding the joint venture), with approximately \$498.9 million related to governmental activities. Business-type activities closed the year with over \$333.4 million in revenue bond and general obligation debt. In addition, the City utilized low interest rates to refund prior general obligation notes and bonds. This consisted of issuing:

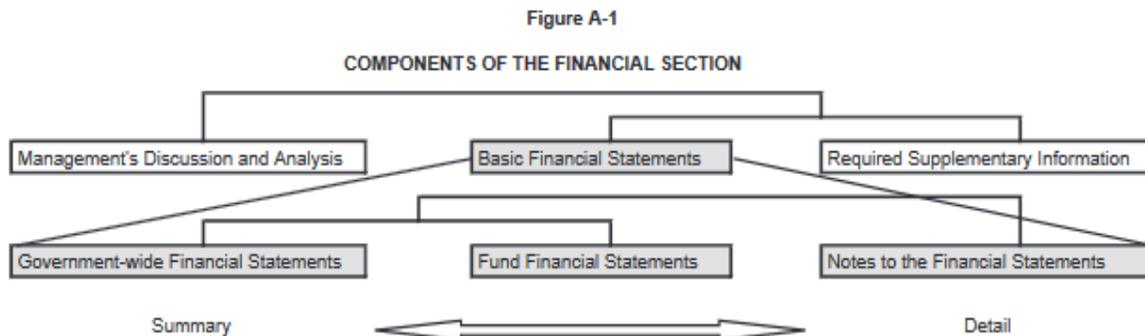
- \$7,565,000 in general obligation notes with an average coupon rate of 4.0% (true interest cost of 0.8% due to bonds sold above par) to current refund \$7,930,000 of outstanding notes with an average coupon rate of 3.0%.
 - \$10,315,000 in general obligation notes with an average coupon rate of 0.34% to current refund \$10,240,000 of outstanding notes with an average coupon rate of 3.94%.
 - \$36,410,000 in general obligation bonds with an average coupon rate of 0.51% to advance refund \$36,160,000 of outstanding bonds with an average coupon rate of 2.15%.
- At December 31, 2020, the City reported an asset of nearly \$57.6 million, for its proportionate share of the Wisconsin Retirement System’s net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2019. The City recognized a pension expense of over \$19.3 million, or approximately \$21.5 million less than what was recorded in the prior year. Net differences between projected and actual earnings on pension plan investments, largely contributed to a roughly \$119.6 million change from a net pension liability in 2019, to a net pension asset by the close of 2020.
 - Other post-employment benefits accrued liability was nearly \$82.4 million at year-end; an increase of approximately 13.6%, from \$71.2 million when compared to the prior year. The obligation was based on an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. Approximately 61.6%, or about \$50.8 million was related to an implicit rate subsidy associated with allowing current and projected future retirees to purchase health insurance at the same blended premium rate as active employees. The explicit rate subsidy, or the difference between the amounts required by the retiree based on the blended premium rate, and the actual cash contributed by the City, was over \$31.6 million or roughly 38.4% for 2020.
 - 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 47 years.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Further explanation of the basic financial statement sections follows:

Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all of the City of Madison's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating. For the City of Madison, the primary deferred outflows of resources are for unamortized loss on advance refunding, and pension related amounts, with deferred inflows of resources mostly for property tax revenues levied in 2020, but will not be collected until 2021, for pension related, and other post-employment benefits amounts.

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

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

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

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

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

The discretely presented component units are; the Community Development Authority (CDA) of the City of Madison which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID); the Olbrich Botanical Society and Olbrich Botanical Society Foundation (OBS and OBSF); and the Madison Public Library Foundation, Inc. (MPLF); and the Madison Parks Foundation (MPF). These entities are described in Note IV-I page 116 following the financial statements.

Fund Financial Statements

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The governmental fund financial statements can be found beginning on page 46 of this report.

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

Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City of Madison maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Library Fund, 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 185.

Proprietary Funds maintained by the City of Madison are of two different types: *enterprise funds* and *internal service funds* that generally report services for which the City charges customers a fee. *Enterprise funds* are used to report those functions presented as business-type activities in the government-wide financial statements. The *proprietary fund financial statements* can be found beginning on page 54 of this report.

The City's fund financial statements present separate major enterprise fund information for the Water Utility, Sewer Utility, Stormwater Utility, and Transit Utility. The Parking Utility, Convention Center and Golf operations are presented as nonmajor Enterprise Funds beginning on page 193.

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

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

These are presented separately in the combining statement of net position internal service funds presentation beginning on page 197 and are included with other governmental activities in the government-wide financial statements.

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

The accounting for fiduciary funds is similar to that used for proprietary funds. The City of Madison uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions and investments made on behalf of the local school district. City staff also serves as the fiscal agent to account for the Board of Education, Board of Health, and the Metropolitan Unified Fiber Network Consortium operations. The fiduciary fund financial statements can be found beginning on page 64 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 70 of this report.

Supplementary and Statistical Information

Compliance with the City's annual operating budget for the year ended December 31, 2020 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 175.

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 185-210 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 211 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, 2020, and 2019, are summarized in the table below.

The change in net position improved by almost \$33.6 million during the year, to just under \$1.5 billion by the close of the year, or a little more than 2.3%. The upward change in net position is mostly attributable to the City generating approximately \$271.2 million in program revenues, recognizing a little over \$326.9 million in total general revenues and transfers to support expenses that decreased by over \$17.7 million from the prior year, to just under \$564.5 million.

Additionally, the primary government investments in capital assets such as land, infrastructure, and plant in service capitalized for both the governmental and business-type activities. The net investment in capital assets comprises the majority, or roughly 90.8% of the primary government's total net position.

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

See page 39 of this report for information related to capital assets.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and Other Assets	\$ 725,070	\$ 619,889	\$ 160,399	\$ 134,024	\$ 885,469	\$ 753,913
Capital Assets (net)	<u>1,143,156</u>	<u>1,111,293</u>	<u>890,276</u>	<u>879,010</u>	<u>2,033,432</u>	<u>1,990,303</u>
Total Assets	\$ 1,868,226	\$ 1,731,182	\$ 1,050,675	\$ 1,013,034	\$ 2,918,901	\$ 2,744,216
Deferred Outflows of Resources	\$ 118,347	\$ 136,543	\$ 30,489	\$ 36,721	\$ 148,836	\$ 173,264
Liabilities:						
Current Liabilities	\$ 66,361	\$ 68,815	\$ 42,660	\$ 33,124	\$ 109,021	\$ 101,939
Noncurrent Liabilities	<u>645,429</u>	<u>640,329</u>	<u>366,602</u>	<u>363,827</u>	<u>1,012,031</u>	<u>1,004,156</u>
Total Liabilities	\$ 711,790	\$ 709,144	\$ 409,262	\$ 396,951	\$ 1,121,052	\$ 1,106,095
Deferred Inflows of Resources	\$ 435,076	\$ 349,189	\$ 35,748	\$ 19,907	\$ 470,824	\$ 369,096
Net Position:						
Net investment in capital assets	\$ 754,118	\$ 745,492	\$ 586,205	\$ 594,856	\$ 1,340,323	\$ 1,340,348
Restricted	164,049	104,497	30,844	16,273	194,893	120,770
Unrestricted (deficit)	<u>(78,460)</u>	<u>(40,597)</u>	<u>19,104</u>	<u>21,768</u>	<u>(59,356)</u>	<u>(18,829)</u>
Total Net Position	\$ 839,707	\$ 809,392	\$ 636,153	\$ 632,897	\$ 1,475,860	\$ 1,442,289
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	73%	76%	143%	152%	93%	98%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	-7%	-4%	4%	5%	-4%	-1%

Approximately 13.2% or more than \$194.9 million of the primary government's total net position represent resources that are subject to other restrictions as to how they may be used either by external groups, such as contributors, or due to laws or regulations of other governments or grantors or, as a result of legal limitations established through constitutional provisions or enabling legislation.

The year concluded, with the primary government's total unrestricted net position at a deficit of just over \$59.3 million. It is important to note, that a little over \$19.1 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 93% of total liabilities and deferred inflows at the end of 2020, for both governmental and business-type activities. However, unrestricted net position was at a deficit of approximately 7% of total liabilities and deferred inflows for governmental activities. The same measure was 4% for business-type activities, and totaled a deficit of 4% in the aggregate for the primary government.

Statement of Activities

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

City of Madison Summary Statement of Activities (in thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenue:						
Program revenues:						
Charges for services	\$ 42,379	\$ 49,092	\$ 128,353	\$ 141,906	\$ 170,732	\$ 190,998
Operating grants and contributions	29,798	25,742	39,772	28,105	69,570	53,847
Capital grants and contributions	17,231	18,752	13,608	11,996	30,839	30,748
General revenues:						
Property Taxes	275,783	261,368	-	-	275,783	261,368
Intergovernmental revenues not restricted to specific programs	28,322	26,647	-	-	28,322	26,647
Investment income	5,754	9,323	1,079	2,737	6,833	12,060
Other	9,589	23,865	6,397	914	15,986	24,779
Total revenues	\$ 408,856	\$ 414,789	\$ 189,209	\$ 185,658	\$ 598,065	\$ 600,447
Expenses:						
General government	\$ 38,953	\$ 41,586	-	-	\$ 38,953	\$ 41,586
Public safety	160,688	160,822	-	-	160,688	160,822
Public works and transportation	88,639	92,142	-	-	88,639	92,142
Planning and development	34,621	46,926	-	-	34,621	46,926
Culture and recreation	45,743	46,900	-	-	45,743	46,900
Interest and fiscal charges	9,760	9,459	-	-	9,760	9,459
Water	-	-	31,740	33,477	31,740	33,477
Sewer	-	-	41,421	42,448	41,421	42,448
Stormwater	-	-	18,727	16,806	18,727	16,806
Parking	-	-	20,598	12,313	20,598	12,313
Transit	-	-	61,181	64,782	61,181	64,782
Convention Center	-	-	9,228	11,484	9,228	11,484
Golf courses	-	-	3,195	3,107	3,195	3,107
Total expenses	\$ 378,404	\$ 397,835	\$ 186,090	\$ 184,417	\$ 564,494	\$ 582,252
Excess before transfers	30,452	16,954	3,119	1,241	33,571	18,195
Transfers	(137)	(20,365)	137	20,365	-	-
Change in net position	30,315	(3,411)	3,256	21,606	33,571	18,195
Net position, beginning of year	809,392	812,803	632,897	611,291	1,442,289	1,424,094
Net position, end of year	\$ 839,707	\$ 809,392	\$ 636,153	\$ 632,897	\$ 1,475,860	\$ 1,442,289

Property tax general revenues and charges for services program revenues financed nearly 79.1% of the primary government's expenses. Operating and capital grant contributions, as well as intergovernmental revenues not restricted for specific programs, are largely passed through from federal and state resources. These same resources funded over 22.8% 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 2020 increased net position by more than \$30.3 million. Total revenues exceeded total expenses by over \$30.4 million; however approximately \$137,000 (net) was transferred to the business-type activities, thereby slightly reducing the governmental activities net position at the end of year.

Some notable changes in revenues and expenses are described below:

Revenues:

Charges for Services:

- General government decreased in total, by about \$800,000 from the prior year as follows:
 1. Cable Franchise Fees were down by about \$297,000,
 2. Clerks licenses were down by just over \$492,000,
- Public safety decreased by approximately \$2.9 million from 2019:
 1. Ambulance conveyance fees collected during the year were down by nearly \$1.4 million when compared to the prior year,
 2. Parking violations were also down by about \$2.4 million,
 3. There was an increase of almost \$160,000 attributable to provided fire services,
 3. The remaining difference of about \$900,000 was due to changes between year-end, unavailable revenue accruals, mostly related to timing for ambulance fees, and grant revenue recognitions,
- Public works and transportation decreased by nearly \$1.8 million for the following:
 1. Building permit revenues were down by \$493,000,
 2. Street occupancy permits decreased by \$68,000,
 3. Billings for engineering services were up totaling about \$126,000 for the year,
 4. Other governmental revenues for capital cost sharing construction projects and design work decreased by over \$1.6 million, primarily for CTH M being in 2019,
 5. Increase of nearly \$4.9 million for Urban Forestry charges now managed by the City's Streets Division rather than the Parks Division in 2019 and prior,
 6. Moreover, the difference of about \$4.7 million less for conversion entries required for unavailable revenue accruals largely related to special assessment collections, and timing for deferred revenues for larger capital projects,
- Planning and development program revenues increased from the prior year by over \$4.3 million for the following:
 1. Liquor and bar licenses increased by about \$150,000,
 2. Impact fee revenues were up by almost \$4.0 million for newer projects whereby these fees were collected during the year,
 3. Fiber use charges decreased by approximately \$25,000,
- Culture and recreation decreased by just over \$5.5 million from the prior year for the following:
 1. Urban forestry special charges were moved to program revenues under the public works, and transportation function which resulted in a decrease of \$4.9 million,
 2. Parks use, dog and other permits decreased by over \$600,000,
 3. Library charges for services were lower by about \$140,000.

Operating Grants and Contributions:

- General government increased by nearly \$3.2 million from 2019, due to receiving CARES Act grants totaling over \$3.1 million during the year. This funding was used for pandemic related expenses such as: masks, sanitizer, and other personal protective equipment, so that city staff and pollworkers could conduct elections,
- Public safety increased by over \$1.2 million during the year due to:
 1. State Fire Insurance Dues were up by \$45,000,
 2. Police and fire federal grants increased by \$1.2 million,
- Public works and transportation was up by approximately \$1.1 million for the following:
 1. State highway aids were up around \$1.5 million,
 2. Federal government revenues were down by around \$725,000 primarily due to \$900,000 of (FEMA) grants that were received in 2019, for flooding events that occurred in 2018,
- Planning and development decreased by just over \$1.7 million during 2020, largely due to almost \$1.8 million in federal home loan funding that was not provided to program participants during the pandemic,
- Culture and recreation increased by approximately \$400,000 as a result of increased library foundation donations and contributions from other units of government provided during the year,
- Interest and fiscal charges decreased as debt service funds earned less interest rebate from the federal government of approximately \$105,000 by year-end.

Capital Grants and Contributions:

- There were no general government or public safety capital grants received during 2020,
- Public works and transportation increased from the prior year, by a little over \$4.1 million. Special assessment revenues were down by about \$675,000, and timing for revenue recognition, which collectively totaled nearly \$4.8 million more from that of the prior year, was for deferred special assessments not collected in 2020,
- Planning and development capital contributions decreased by approximately \$1.0 million,
 1. There were \$580,000 in increases for state capital revenues and TIF contributions,
 2. Federal housing assistance grants decreased by almost \$750,000 from 2019,
- Culture and recreation capital funding decreased from the prior year, by approximately \$4.7 million,
 1. In 2019, over \$3.7 million was received from the Olbrich Botanical Society for the completed Olbrich Botanical Complex project.
 2. Donations were down by about \$500,000 for the Pinney library branch that were received in the prior fiscal year.

Expenses:

- General government expenses decreased by approximately \$2.6 million when compared to the prior year, including required conversion entries to full accrual from modified accrual fund statements. Most of the notable changes are for the following:
 1. Pension-related expenses down by just over \$1.1 million,
 2. Other post-employment benefits up by about \$60,000,
 3. Compensated absences increased by almost \$1.0 million,
 4. Purchased services were down by around \$2.6 million,

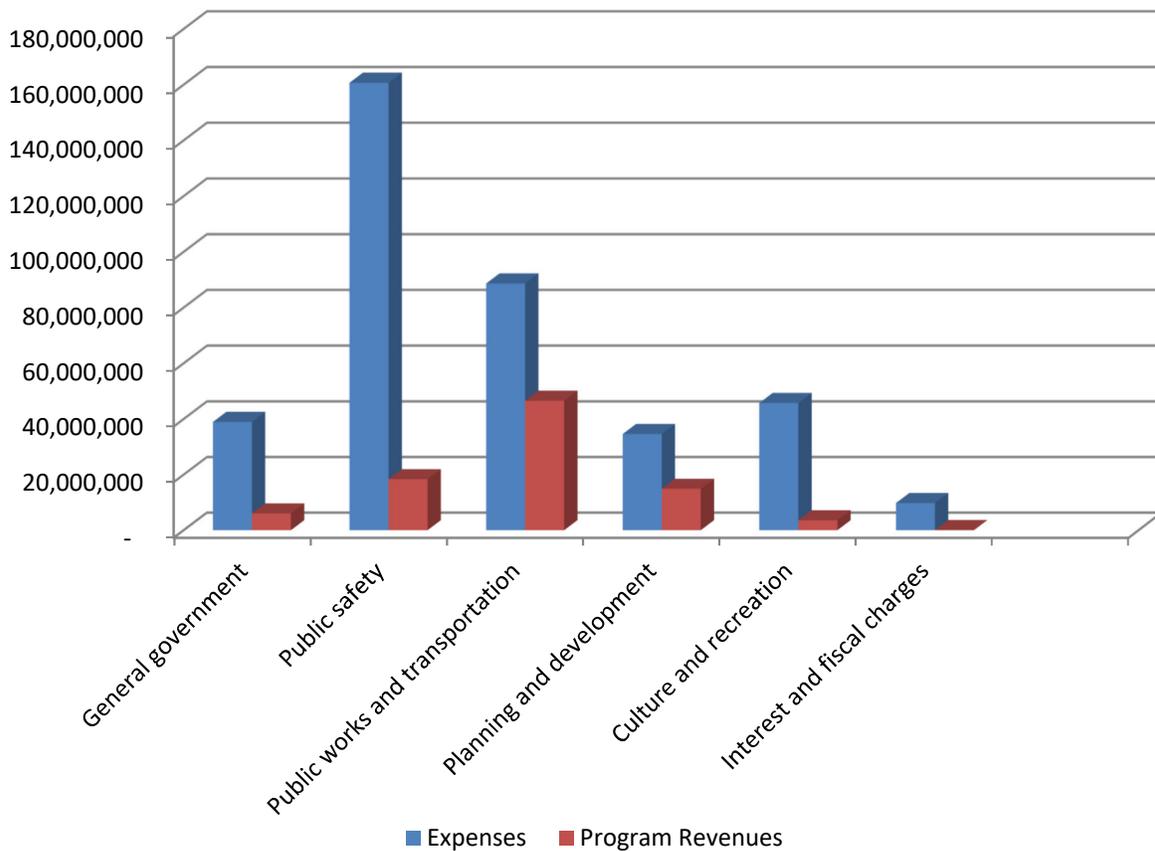
- Public safety expenses decreased by approximately \$130,000 when compared to 2019, including required conversion entries to full accrual from modified accrual fund statements. The fund statement change between years increased by about \$11.1 million, and the conversion entries in aggregate, netted to a decrease of about \$11.2 million. The following list identifies larger changes in total between years:
 1. Salaries and overtime wages were higher by about \$5.2 million for both the fire and police departments,
 2. Benefits were higher including those for annual retirements, health insurance, pensions, and FICA, totaling approximately \$2.0 million,
 3. Supplies and purchased service expenses were up over \$1.1 million,
 4. Pension expenses when converting from a net pension liability to a net pension asset decreased by about \$12.1 million,
 5. Compensated absences were up by around \$1.2 million compared to 2019,
 6. Other post-employment benefits increased by about \$1.0 million,
 7. Increases between years for capital asset dispositions, acquisitions, and depreciation totaling \$1.5 million,

- Public works and transportation expenses between years, netted to a decrease of just over \$3.5 million, which is largely due to the increases between the fund statements and the conversion entries required for full accrual reporting. The most notable were the following:
 1. Pension-related expenses were down by almost \$1.4 million,
 2. Compensated absence expenses were higher by just over \$1.4 million,
 3. Salaries and benefits were up by about \$3.0 million more than the prior year, largely due to Urban Forestry expenses moving to this functional category from culture and recreation,
 4. Depreciation expense was roughly \$800,000 more than the prior year,

- Planning and development expenses decreased by just over \$12.3 million in 2020, when netted against the conversion entries required for full accrual reporting. The most significant were the following:
 1. Affordable housing grants decreased by just over \$7.2 million from 2019,
 2. Tax Increment District (TID #25), provided over \$5.7 million to the Judge Doyle Square construction project in 2019, with no funding provided in 2020,
 3. Pension-related expenses were down by just over \$1.1 million,
 4. Compensated absences were higher by over \$800,000,

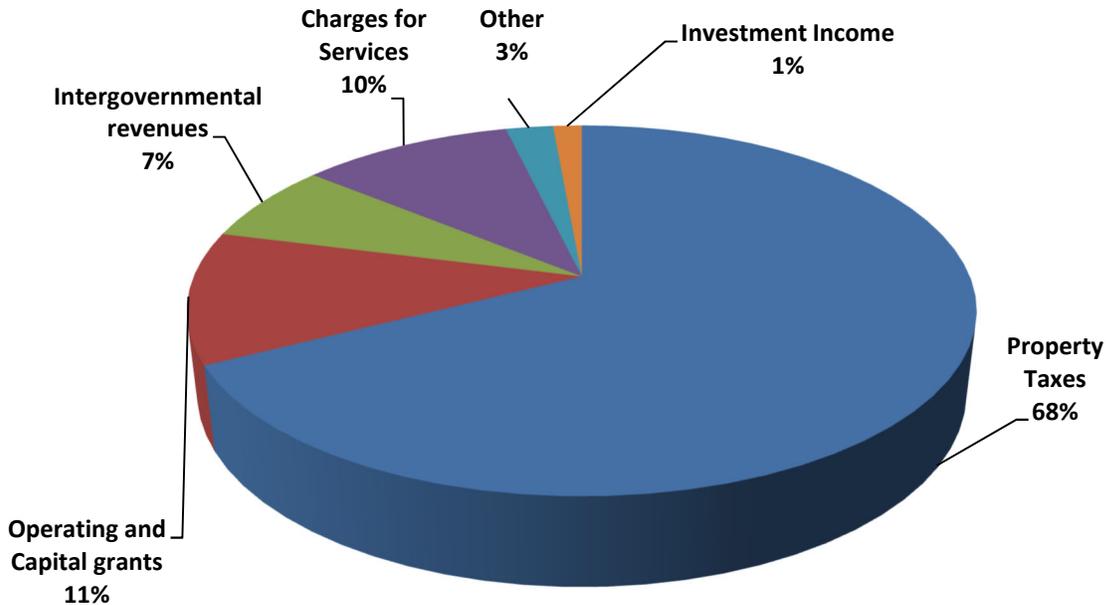
- Culture and recreation expenses were lower by nearly \$1.2 million due to the following:
 1. Salaries and benefits were lower by \$2.1 million due to Urban Forestry moving to the public works and transportation functional category,
 2. Compensated absences were higher by around \$900,000,
- Interest and fiscal charges between years were up by about \$300,000 as required interest paid, issuance costs for debt, and amortization for premiums and/or discounts went up slightly compared to the prior year.

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



The statement of activities provides a concise picture of funding for the various activities of the City. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon the property tax for funding, deriving 68% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 18%, while charges for services and all other sources account for 14% of total governmental activity resources.

**City of Madison
Governmental Activities
2020 Funding Sources**



Business-type Activities

Business-type activities include the operations of the Water, Sewer, Stormwater, Parking, and Transit Utilities, the Convention Center, and Golf courses provided an increase to the City’s net position of under \$3.3 million including transfers netting over \$137,000 for 2020. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled over \$5.9 million, with approximately \$5.2 million of room tax revenues funding Convention Center continuing operations and capital project improvements. The governmental activities transferred capital assets to the utilities totaling almost \$3.8 million largely for stormwater projects.

The business-type activities remitted payments in lieu of taxes (PILOT) to the general fund totaling just over \$9.5 million. Total revenues exceeded expenses by approximately \$3.1 million prior to any transfer of funds activity by the close of 2020. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 99.

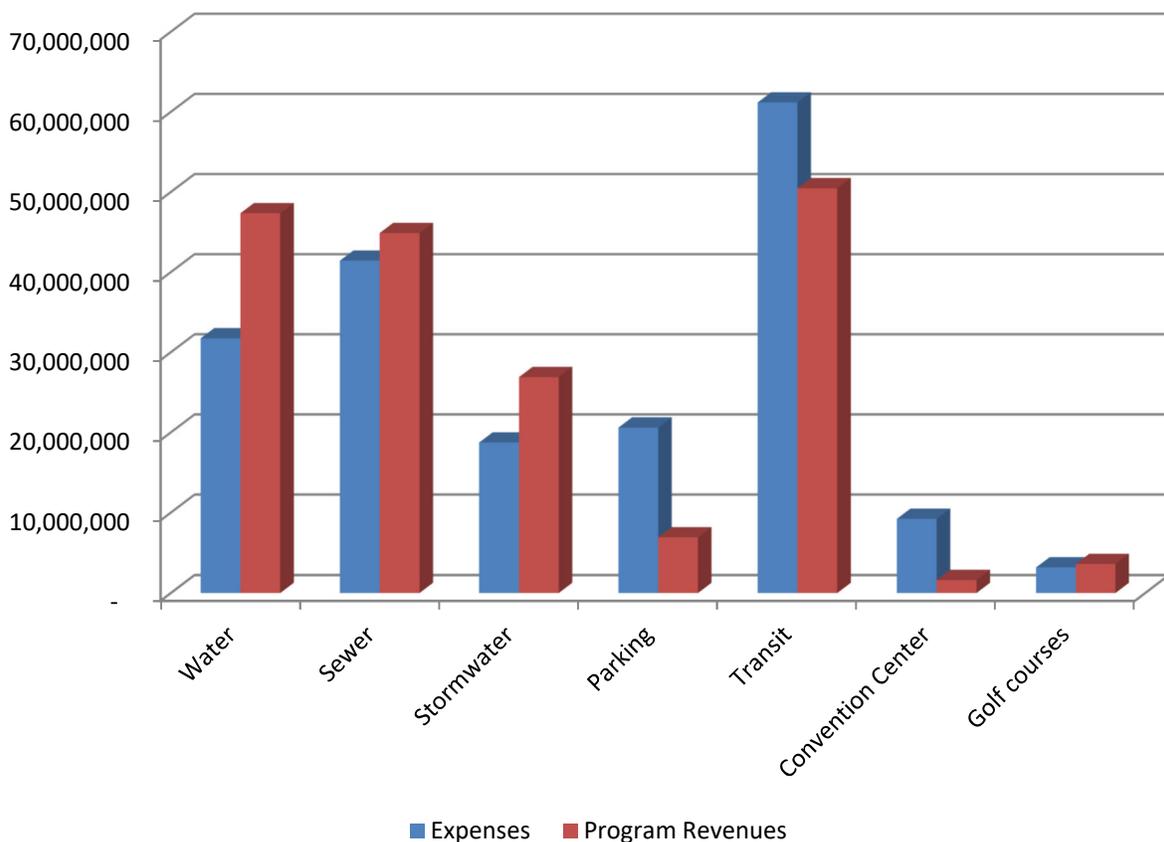
Program revenues for business-type activities decreased from the prior year to nearly \$181.8 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate over \$5.1 million more than the prior year, in charges for services revenues to support operating expenditures.

- Water Utility’s rate increase was approved June of 2020, for 8.9% by the Public Service Commission. The rate increase was projected to generate approximately \$3.8 million more annually from usage charges for services. The utility recorded an additional \$1.0 million in operating revenues due to the new rates being in effect for the second half of 2020.

- Sewer Utility’s volume and demand charge rates increased by 5.6% on average for 2020, down from 6.0% in 2019,
- Stormwater Utility impervious, pervious, and customer charge rates increased on average by 14.8% for 2020, compared to the increase of 10.1% in 2019.
- Parking Utility’s last rate increase was adopted in 2018. There were, however, reductions related to the pandemic, including free metered parking for the months of April and May with a \$5.00 maximum daily rate at downtown ramps from June through December of 2020.

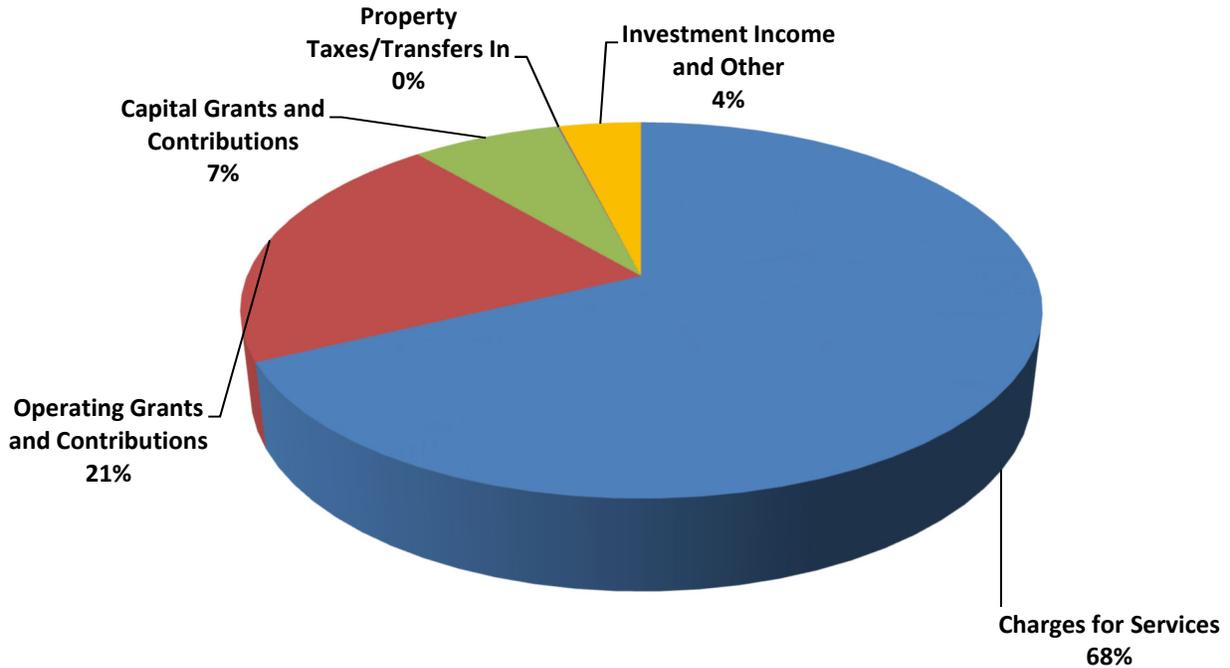
Total operating expenses for the business-type activities increased by just under \$1.7 million at year-end. Much of the increase in spending is attributable to the Water, Sewer, Parking, and Transit Utilities capital, personnel costs, pension, other post-retirement benefits, and transportation expenses.

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



As would be expected for business-type activities, charges for services are the primary revenue source, at 68% of the total. State and federal aids and grants continue to be an important revenue source at 28%. Transfers from the primary government are comprised of property taxes and minor investment income representing 4% of business-type revenues.

**City of Madison
Business-Type Activities
2020 Funding Sources**



FINANCIAL ANALYSIS OF THE CITY’S MAJOR FUNDS

Governmental Funds

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

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and nonmajor governmental funds:

	Fund Balance 2020	Fund Balance 2019	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 70,812,167	\$ 68,138,007	\$ 2,674,160
Library	2,242,244	788,974	1,453,270
Debt Service	47,005,503	22,878,315	24,127,188
Capital Projects	88,707,234	60,819,964	27,887,270
Other Nonmajor Governmental	<u>55,713,811</u>	<u>54,826,700</u>	<u>887,111</u>
Total	<u>\$ 264,480,959</u>	<u>\$ 207,451,960</u>	<u>\$ 57,028,999</u>

As of December 31, 2020, the City of Madison's governmental funds reported combined ending fund balances of approximately \$264.5 million, an increase of just over \$57.0 million from the prior year.

Of this total, nearly \$7.1 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 2021 premiums, and trust activities.

Over \$175.7 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 \$40.6 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 just over \$41.0 million available for spending at the discretion of the City's elected officials.

The **general fund** is the primary operating fund used to account for the governmental operations of the City, with the direct expenditures of this fund accounting for a little over 56.4% of the City's governmental fund expenditures as reported on the *statement of revenues, expenditures and changes in fund balances*.

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

The total year-end general fund balance of over \$70.8 million represented just under 27.8% of roughly \$255.1 million in 2020 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while approximately \$44.0 million unassigned balance represented just over 17.2% 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 2021 general fund budget authorized expenditures of \$330,649,230.

The general fund 2020 unassigned fund balance was at 13.3% of the subsequent year's budget, which decreased from last year's percentage of 16.5%, higher than the historical target due to the following:

- During 2020, city management assigned roughly \$12.4 million more than the prior year, for life and disability stabilization of premium funds of approximately \$1.7 million, encumbrances of about \$70,000; fund balance applied to the 2021 operating budget of \$8.0 million, and higher compensated absences reserves of just over \$2.5 million.

- The investment's book, par, and market values were tracked throughout 2020. The City's investment portfolio, and premium stabilization fund for life and disability benefits, both incurred gains, or mark-to-market adjustments of over \$2.0 million. This adjustment was combined with the general fund income earnings of about \$1.7 million at year-end.
- Personal property exemption aid decreased by almost \$200,000 during the year, while payments for municipal services increased by around \$700,000. Shared revenues also increased by around \$300,000, while highway aids increased by \$1.5 million, resulting in total state aids increasing by almost \$2.3 million for the year.
- Total expenditure variances ended the year favorably at approximately \$14.8 million, and less than 4.6% from the final amended budget, due to savings of just over \$3.2 million in the Police Department, \$400,000 in Parks, \$950,000 in the Planning and Community Development Division, \$600,000 in the Fire Department, and \$600,000 in Information Technology. The savings in the Police Department expenditure were for the following: salaries and benefits of \$1.8 million, \$300,000 in supplies, and \$250,000 in purchased services, and \$500,000 not required for grant matching payments during the year. There was a hiring freeze and work reduction programs implemented for most of 2020. These resulted in salaries savings totaling \$4.1 million for the general fund. These savings were realized throughout most of the governmental fund agencies.

The **library** special revenue fund includes resources that are legally restricted to support the various library branches and programs within the City. The fund balance increased in 2020 due to a tax levy increase of \$1.4 million that was expected to be spent during the year for building projects. Since the fund balance is restricted and the pandemic is more broadly controlled; library staff are beginning to move forward working on capital library branch improvements in 2021.

The **debt service** fund had a total fund balance of over \$47.0 million at year-end. The fund balance change, or increase of just over \$24.1 million is a result of an increase in general obligation debt issued related to current and crossover advance refunding's that took place during the fiscal year. This accounted for an increase of just under \$46.0 million, which was offset by an increase in principal payments of approximately \$17.5 million along with a decrease in premium on debt issued of just under \$3.9 million. The increase in principal is a result of the current refunding of the 2012-A, and 2010-C issuances.

The City issued approximately \$71.0 million in tax-exempt promissory notes with a true interest cost of 0.80%. The City also issued \$22.6 million in bonds, with a true interest cost of 1.53% to finance various city capital projects. The premiums received as a result of the general obligation borrowing totaled approximately \$8.2 million which represents about 8.8% of the par value of the tax-exempt debt.

In addition, the City issued:

- \$7,565,000 in general obligation notes with an average coupon rate of 4.0% to refund \$7,930,000 of outstanding notes with an average coupon rate of 3.0%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt. The current refunding resulted in an economic gain of over \$280,200.
- \$10,315,000 in general obligation notes with an average coupon rate of 0.34% to refund \$10,240,000 of outstanding notes with an average coupon rate of 3.94%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt. The current refunding resulted in an economic gain of nearly \$881,400.

- \$36,410,000 in general obligation bonds with an average coupon rate of 0.51% to advance refund \$36,160,000 of outstanding bonds with an average coupon rate of 2.15%. The net proceeds along with existing funds of the City were used to purchase U.S. government securities. Those securities were deposited in an escrow account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased, and the liability for those bonds as well as the escrow account are recorded in the financial statements as of December 31, 2020. The advance refunding resulted in an economic gain of almost \$2.1 million.

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 46 opened special assessment districts in 2020, down to 642 from 688 in 2019. Additionally, the ending receivable balance increased by \$767,000 from the prior year. Delinquent special assessments increased by about \$122,000 during the year, to approximately \$1.1 million. Of the approximately \$28.0 million change, or increase to the capital projects fund balance noted above, the special assessments fund balance increased by just under \$1.7 million at year-end. This was largely due to a decrease of about \$2.9 million in transfers out to the Capital Projects Fund in 2020, for capital asset acquisitions. This was offset by decreased transfers of \$667,000, and revenues related to charges for services of nearly \$673,000.

The *tax incremental financing districts* are used to account for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing. Negative cash balances were reported at year-end within some of the TIDs. These TIDs received advances from the Other Capital Projects Fund of approximately \$8.7 million at the close of 2020.

The City had 13 active districts during the year. The districts generated, in total, over \$25.5 million in tax increment. The districts borrowed roughly \$1.3 million for the Dairy Drive Street construction project within TID #39 (Stoughton Rd). There were no developer loans disbursed during the year. Approximately \$790,000 was received for state computer reimbursements, and a little more than \$300,000 was earned in investment income. Further, there were several donations made between districts in 2020: TID #35 (Todd Drive) donated a little more than \$1.4 million to TID #38 (Badger Ann Park), TID #39 (Stoughton Road) donated \$1.7 million to TID #42 (Wingra), and TID #41 (University Whitney) donated \$895,000 to TID #38 (Badger Ann Park). No new districts were opened and no existing districts were closed during 2020.

The net change in fund balance for the TIDs in total increased by a little more than \$15.0 million by the end of the year. The districts paid roughly \$10.0 million for principal and interest on long-term debt, and spent just under \$3.0 million for capital improvements. These included \$1.2 million for various street reconstruction and resurfacing projects, \$1.0 million for the purchase of property for land banking, and around \$406,000 for the ongoing public market project.

The following is a listing of noteworthy TID projects active during 2020:

- Wilson Street-TID #25
- Public Market-TID #36
- Dairy Drive-TID #39
- Landbanking-TID #42
- Cedar Street-TID #42
- South Street-TID #42
- Capital Square Café Areas-TID #45

The other capital projects fund accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure. The fund balance increased by about \$11.1 million from the prior year, largely due to an increase in unspent proceeds from \$18.5 million in 2019, to approximately \$27.0 million in 2020. Annual investments in capital assets decreased significantly from about \$84.0 million in 2019, to \$41.0 million in 2020, mainly due to the completion of several large projects last year, including the Olbrich Botanical Complex, and the new Pinney Library.

Significant capital expenditures were as follows: \$2.5 million for various park, playground, and dog park improvements throughout the city, \$1.4 million for the remodel of the Streets East office facilities, and \$1.0 million for the purchase of land. Some of the largest public works project expenditures included street reconstructions such as: \$6.2 million for Gammon Road, and \$2.1 million for work in the Holly/Euclid/Toepfer Avenue areas.

Revenues for the other capital projects fund are mostly general obligation debt proceeds, transfers from other governmental funds, and intergovernmental cost sharing revenues, which collectively totaled \$72.1 million during the year.

The aggregated ***other nonmajor governmental*** funds column includes various special revenue and permanent funds such as: Community Development Block Grant (CDBG), revolving loans, other 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 increased in total to just over \$55.7 million. Of this amount, the accumulated fund balances for the special revenue funds stayed relatively constant at approximately \$50.4 million at year-end. The Affordable Housing special revenue funds expended approximately \$911,000 in loans to provide low-income housing rentals to city residents. Developer paid impact fees totaled \$7.8 million for the year, or an increase of \$3.9 million when compared to the prior year. Further, approximately \$4.7 million more was spent 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 2020	Net Position 2019	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 141,984,079	\$ 132,550,864	\$ 9,433,215
Sewer Utility	122,354,773	118,744,026	3,610,747
Stormwater Utility	252,738,343	240,887,163	11,851,180
Metro Transit Utility	20,272,045	25,008,997	(4,736,952)
Nonmajor Enterprise	<u>105,062,061</u>	<u>122,251,971</u>	<u>(17,189,910)</u>
Total	<u>\$ 642,411,301</u>	<u>\$ 639,443,021</u>	<u>\$ 2,968,280</u>

The net position of the *enterprise-type* proprietary funds at the end of 2020 totaled over \$642.4 million, up approximately \$3.0 million from the previous year.

The Water Utility's total revenues increased by about \$1.0 million or about 2.2% 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 June 22, 2020. The new rates became effective on July 2, 2020. The utility is currently ranked fourth for residential rates out of 79 utilities, and classified as AB with customers over 4,000 in Wisconsin. In 2020, the utility added 627 new customers, up 3.5% from the prior year.

Operation and maintenance expenses were down slightly or by approximately \$300,000 for 2020; utility staff very closely monitored costs during the year, to coincide with quarterly revenue projections. Depreciation was up by \$101,000, or 1.3% from that of the prior year.

Furthermore, the Water Utility added \$10.7 million of plant in service in 2020. Of this amount, approximately \$2.4 million was contributed by developers and contractors, or received by special assessments. Capital projects paid for by the utility included approximately \$7.0 million for new and replacement water mains, \$256,000 for various unit well rehabilitations, flow and magnetic meter additions, variable frequency drives, and \$362,000 for the continued meter program.

Rate increases of approximately 5.6% for the Sewer Utility, and 14.8% for the Stormwater Utility were in effect as of May 1, 2020. These increases helped to keep the net positions positive for both proprietary funds.

The Sewer Utility generated income before capital contributions of nearly \$1.9 million. In addition, the utility added \$8.85 million in public projects including the following: \$2.5 million in CIPP Lining projects, \$1.2 million for East Gorham Street, \$872,000 for Gregory, Cross, Copeland and Western, \$787,000 for Bryan, James and Thorp Streets, and \$665,000 for Buckeye Road. Approximately \$1.1 million was added for equipment during the year. Further, a little more than \$17.4 million in revenue bonds were issued in 2020, which includes roughly \$4.4 million to refund the 2010 revenue bonds at a lower interest rate.

The Stormwater Utility had income before contributions totaling just over \$1.3 million at year-end. The utility also added \$13.5 million in public projects to plant from construction in progress, which included: \$3.98 million for McKenna Park Edge Flood Mitigation, \$1.2 million for Hawks Landing Flood Mitigation, \$1.1 million for Buckeye Rd, \$1 million for the Southwest Bike Path Culvert Replacement project and \$800,000 for Nautilus Pond.

The utility also replaced equipment totaling approximately \$1.1 million largely for two Street Sweepers, and a Tandem Dump Truck. Additionally, land was contributed to the utility totaling \$1.7 million during the year. Lastly, the utility recorded just over \$10.9 million in capital contributions.

The net position for the Metro Transit Utility decreased by about \$4.7 million by the end of the year. Employee compensation and benefits accounted for 78.6% of total operating expenses excluding depreciation, but remained under budget by about \$1.7 million at year-end. The City did not provide an operating subsidy to the utility in 2020, due to CARES Act funding awarded that totaled almost \$24.5 million. Passenger revenues totaled about \$8.4 million for the fiscal year, down about \$5.6 million from 2019 due to the pandemic's impact on ridership. The City implemented a \$40.00 per vehicle registration fee in 2020, to help fund city provided transit services. These revenues totaled a little more than \$6.0 million by the end of the year.

In 2020, Metro's bus ridership was 4.7 million, down 63.5% from the prior year, largely due to remote and teleworking programs initiated during the pandemic for city and surrounding community residents.

Metro Transit staff continue to focus on adding a satellite facility to address future capacity needs. The utility obtained a \$7.0 million grant from the Federal Transit Administration that requires more than a \$3.2 million local match for the purchase of this new facility. Upgrades continue at Metro's current bus garage located at 1101 East Washington Avenue. In 2020, Phase 2 was completed which included HVAC upgrades and installation of a new boiler for a total cost of \$5.3 million. In 2021, staff will begin Phase 3A to remodel the maintenance bays for an estimated cost of approximately \$11.0 million.

Additionally, the utility is embarking on a series of other transformative projects, such as a \$10.0 million technology upgrade, a redesign of the entire transit network, and a Bus Rapid Transit Project planned to open in fiscal year 2024.

The nonmajor enterprise funds include the Parking Utility, Convention Center, and Golf courses. The net position for the Parking Utility decreased by about 15.4%, or over \$14.8 million by the close of the fiscal year; the utility remains debt free, and collected just over \$6.8 million from customers, almost \$5.8 million for the sale of the Judge Doyle Square podium, and used excess reserves to fund operating expenses that totaled almost \$14.9 million.

Much of the decrease in net position is due to the reduced demand for parking. In 2020, stay-at-home orders due to pandemic, resulted in an increase in teleworking, and a decrease in downtown events and activities which eliminated much of the demand for parking garage and metered spaces.

The Convention Center's net position decreased by just over \$2.6 million, or about 9.8% for 2020, largely due to restrictions on large gatherings related to the pandemic. In 2020, the Convention Center had only 174 events, compared to 531 events in 2019. Of those 174 events, 92 were community events which brought in little revenue. Additionally, the Center had budgeted for 30 conventions with expected revenues of \$2.0 million. However, due to numerous cancelations only five took place, resulting in a loss of approximately \$1.6 million for the year.

Golf Courses' net position increased by over \$260,500 (including pilot payments to the general fund) from last year, or about 35.7% largely due to increased demand and good weather. Due to the pandemic, demand for socially distanced outdoor activities such as golfing increased. In 2020, the total rounds golfed were just under 135,000, or about 36.0% higher than the prior year. Additionally, all four courses were open the entire season due to sunny weather and limited rainfall.

The net position of the City's three *internal service-type* proprietary funds outlined below, increased in total by just under \$2.4 million from the prior year, to a positive total net position of over \$9.0 million in 2020.

Approximately \$1.5 million was transferred to fleet services from the general fund, to replace police vehicles and other equipment. This transfer helped to keep a positive net position within the Fleet Services Fund, to just over \$2.2 million at the end of the year.

Furthermore, the insurance fund experienced over \$500,000 in claims during the year; while the Worker's Compensation fund paid about \$3.0 million. The Worker's Compensation fund also incurred a roughly \$600,000 positive adjustment to its required reserve balance in 2020. Overall, all three internal service funds had positive net position balances as of December 31, 2020.

	Net Position 2020	Net Position 2019	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ 2,236,138	\$ 1,133,102	\$ 1,103,036
City Insurance	1,932,232	724,862	1,207,370
Worker's Compensation	4,844,305	4,761,695	82,610
Total	<u>\$ 9,012,675</u>	<u>\$ 6,619,659</u>	<u>\$ 2,393,016</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 175, the original 2020 general fund budget authorized expenditures of approximately \$321.5 million funded by anticipated revenues of slightly over \$321.5 million.

During the year, the Common Council authorized additional expenditures of nearly \$870,000 from budgeted reserves, for an amended budget amount of a little more than \$322.4 million.

The City ended the year with favorable general fund final budget variances for expenditures of over \$14.8 million and a negative variance of revenues totaling nearly \$12.2 million, resulting in a net positive variance of over \$2.6 million. The large variances in both expenditures and revenues was due to lost revenues and cost saving measures put in place during the pandemic.

The Police Department had nearly \$3.2 million in expenditure savings, \$600,000 in reductions from the Fire Department, \$400,000 in Parks, \$950,000 in Planning and Community Development, and cost savings of about \$2.0 million within the general government functional category. General fund expenditures were also favorably impacted by foregoing a transfer out to the Transit Utility of \$8.6 million that was possible due to federal CARES Act funding received by the utility. COVID-19 related expenditures in the general fund were also favorably impacted through the receipt of \$4.8 million from the State of Wisconsin's allocation from the CARES Act Coronavirus Relief Fund.

The revenue variances were unfavorable by nearly \$12.2 million. Intergovernmental revenues were up slightly by about \$80,000 when compared to the budget, additionally, licenses and permit revenues were down by just over \$970,000 collectively. The general fund received nearly \$3.7 million in investment income which was about \$300,000 below budget, due to interest rates decreases from 2.0% at the beginning of the year, to 0.2% by the close of 2020. Parking enforcement violations were below budget

by around \$2.5 million, no room tax revenues were transferred to the general fund during the year. Usually the general fund estimates receiving about \$6.0 million annually from this important revenue source. Parks and use charges were also down by almost \$600,000 as anticipated during budget adoption.

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, 2020 of over \$3.0 billion.

Roughly 70.2% of capital assets were related to infrastructure and plant in service. For financial statement purposes, land costs and construction in progress are reported separately and are not combined with the City's infrastructure networks.

Total accumulated depreciation was calculated to be a little over \$975.3 million, or approximately 32.4% of the historical asset cost. Depreciation expense by function totaled just over \$74.4 million for both governmental and business-type activities. Net of accumulated depreciation, the City's investment in capital assets totaled just over \$2.0 billion as of December 31, 2020.

City of Madison						
Capital Assets, Net of Accumulated Depreciation						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 228,750	\$ 223,044	\$ 71,186	\$ 68,852	\$ 299,936	\$ 291,896
Construction in Progress	55,611	88,569	20,673	70,549	76,284	159,118
Land Improvements	44,859	40,586	-	-	44,859	40,586
Buildings	292,870	234,575	-	-	292,870	234,575
Machinery and Equipment	169,597	157,335	-	-	169,597	157,335
Intangibles	13,241	12,966	-	-	13,241	12,966
Infrastructure	957,571	931,531	-	-	957,571	931,531
Plant in Service	-	-	<u>1,154,384</u>	<u>1,073,874</u>	<u>1,154,384</u>	<u>1,073,874</u>
Subtotal	\$ 1,762,499	\$ 1,688,606	\$ 1,246,242	\$ 1,213,275	\$ 3,008,741	\$ 2,901,881
Less Accumulated Depreciation	<u>(619,343)</u>	<u>(577,313)</u>	<u>(355,967)</u>	<u>(334,265)</u>	<u>(975,310)</u>	<u>(911,578)</u>
Total net capital assets	<u>\$ 1,143,156</u>	<u>\$ 1,111,293</u>	<u>\$ 890,276</u>	<u>\$ 879,010</u>	<u>\$ 2,033,432</u>	<u>\$ 1,990,303</u>

Some notable additions to the City's capital assets during 2020 (in millions, including transfers from Construction in Progress (CIP) where applicable) included:

- Buildings, building improvements..... \$58.3
- Water pumping, treatment, transmissions, distributions, and sanitary sewers..... 27.5
- Infrastructure Street Network in service..... 25.7
- Infrastructure Street Network Construction in Progress (CIP)..... 20.9
- Major motor equipment fleet and vehicle additions 13.5
- Land and land improvements..... 8.1
- Bike paths in service and CIP 4.7
- Traffic signals, and street lights..... 4.5

- Bridge Network in service and CIP 2.5

Additional information related to the City of Madison’s capital assets is reported in Note IV-D following the basic financial statements beginning on page 95.

LONG TERM DEBT

On December 31, 2020, the City of Madison had \$834,007,878 of long-term bonds, notes, and capital leases outstanding, as summarized in the following table:

Long-Term Debt

	City of Madison					
	Bonds, Notes, and Capital Leases Outstanding					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 498,945,765	\$ 457,375,950	\$ 70,902,113	\$ 61,960,218	\$ 569,847,878	\$ 519,336,168
Revenue Bonds	-	-	262,540,000	256,160,000	262,540,000	256,160,000
Capital Leases	1,620,000	2,405,000	-	260,500	1,620,000	2,665,500
Total	\$ 500,565,765	\$ 459,780,950	\$ 333,442,113	\$ 318,380,718	\$ 834,007,878	\$ 778,161,668

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 \$571,852,500 or a little over 34.6% of the maximum legal limit of \$1,651,839,700.

During 2020, the primary government issued new debt for the following dates, types, amounts and ratings:

City of Madison New Long-Term Debt Issued

Date	Type of Debt	Amount	Moody's Rating
10/15/2020	General Obligation Notes	\$ 78,545,000	Aaa
10/15/2020	General Obligation Bonds	22,600,000	Aaa
10/15/2020	Taxable General Obligation Refunding Bonds	46,725,000	Aaa
12/22/2020	Revenue and Refunding Bonds - Sewer Utility	17,440,000	Aa2
		<u>\$ 165,310,000</u>	

Additional information related to the City of Madison’s long-term obligations is reported in Note IV-F following the basic financial statements beginning on page 103.

CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

Financial Outlook

The 2021 budget adopted by the Madison Common Council in November 2020, authorized an increase in total budgeted expenditures of almost \$8.8 million, funded by a 2.4% increase in the property tax levy, a decrease in other revenue sources of just under \$4.5 million, and an application of \$8.0 million of fund

balance. City management is projecting 2021 actual revenues recognized, to be below the adopted budget due to the pandemic with expenditures incurred to be relatively close to the adopted budget.

A simple projection of results from the first three months of 2021, suggests the general and library funds revenues will be at a deficit of about \$5.0 million due to lost revenues still related to the pandemic. It is anticipated that ambulance conveyance fees will be down approximately \$1.1 million, or to about \$8.1 million by the close of the year. Fines and forfeitures will be about \$1.5 million lower than budgeted for a total of \$3.8 million. Licenses and permits are projected to be down collectively by \$700,000. The general fund share of room tax revenues will be down by about \$2.0 million, or 50% of the budgeted amount. Interest earnings will likely be close to the \$1.0 million budget projection depending on mark-to-market adjustments, and the Federal Reserve decisions.

The 2021 Adopted Operating Budget for general and library fund expenses totals \$362,032,969. Due to salary savings and other cost reductions, most city agencies within these funds should likely finish the year at or below budgeted expenses. Fire is the exception, and remains projecting a deficit of approximately \$2.0 million by the close of fiscal year 2021. While it's early in the year, most projected deficits should be covered by the \$1.7 million of contingent reserves, reallocating parts of the city's direct appropriations (i.e., appropriations not assigned to specific city departments), and closely monitoring any budget surplus from other city agencies.

Economic Factors

The local economy remained resilient during fiscal year 2020 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 4.8%, below the state average rate of 6.3% and national rate of 8.1%.

The City's population increased to 257,197 from 255,650 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 2019, to \$622.0 million in 2020. Assessed values are as of January 1st.

The average single family home assessment increased by about 4.7% from \$300,967 to \$315,200. These assessment figures compare favorably to the rest of the state and nation given the City's economy.

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

REQUESTS FOR INFORMATION

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

CITY OF MADISON

STATEMENT OF NET POSITION As of December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 237,156,212	\$ 59,923,756	\$ 297,079,968	\$ 23,145,222
Receivables (net)				
Taxes	294,822,784	-	294,822,784	-
Accounts	7,032,402	8,762,999	15,795,401	536,589
Special assessments	14,156,900	11,096,439	25,253,339	311,678
Accrued interest	1,698,238	-	1,698,238	13,063
Accrued revenue	301,821	1,626	303,447	-
Long-term loans	30,218,763	-	30,218,763	263,000
Other	15,287,281	-	15,287,281	-
Pledge receivable	-	-	-	865,740
Internal balances	6,906,254	(6,906,254)	-	-
Due from other governmental units	8,080,236	7,793,871	15,874,107	179,630
Inventories	3,633,396	1,391,746	5,025,142	84,373
Prepaid items	2,573,239	1,224,271	3,797,510	1,807,799
Advances to component unit	6,144,074	-	6,144,074	-
Lease receivable	1,620,000	-	1,620,000	-
Lease receivable from primary government	-	-	-	1,620,000
Other Assets				
Net non-utility property	-	677,615	677,615	-
Prepaid expenses - land lease	-	13,890	13,890	-
Beneficial interest in assets held by MCF	-	-	-	7,715,052
Other	-	767,217	767,217	925,127
Restricted Assets				
Cash and investments	45,266,349	64,334,752	109,601,101	4,664,358
Net pension asset	46,356,010	11,205,282	57,561,292	547,438
Investment in Wisconsin Municipal Mutual Insurance	3,815,820	-	3,815,820	-
Property held for future use/resale	-	112,087	112,087	-
Capital Assets				
Land	228,749,890	71,185,536	299,935,426	10,693,072
Construction in progress	55,610,502	20,672,955	76,283,457	250,556
Land improvements	44,858,573	-	44,858,573	-
Buildings	292,870,441	-	292,870,441	-
Machinery and equipment	169,597,457	-	169,597,457	-
Intangibles	13,241,210	-	13,241,210	-
Infrastructure	957,570,838	-	957,570,838	-
Plant in service	-	1,154,383,944	1,154,383,944	110,648,206
Accumulated depreciation	(619,342,692)	(355,966,910)	(975,309,602)	(65,175,226)
Total Assets	<u>\$ 1,868,225,998</u>	<u>\$ 1,050,674,822</u>	<u>\$ 2,918,900,820</u>	<u>\$ 99,095,677</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	655,248	655,248	-
Pension related amounts	108,244,722	26,751,876	134,996,598	1,313,967
Other post-employment benefits related amounts	10,102,195	3,081,520	13,183,715	102,425
Total Deferred Outflows of Resources	<u>\$ 118,346,917</u>	<u>\$ 30,488,644</u>	<u>\$ 148,835,561</u>	<u>\$ 1,416,392</u>

See accompanying notes to financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
LIABILITIES				
Accounts payable	\$ 22,829,279	\$ 11,108,787	\$ 33,938,066	\$ 558,403
Accrued payroll and payroll taxes	16,577,358	5,559,327	22,136,685	2,351,884
Other accrued liabilities and deposits	24,433,993	1,247,161	25,681,154	253,800
Due to other governmental units	28,604	-	28,604	-
Payable from Restricted Assets				
Accrued liabilities	-	4,167,831	4,167,831	-
Current maturities of revenue bonds	-	18,680,000	18,680,000	-
Other liabilities	-	1,376,109	1,376,109	-
Other liabilities	34,144	250,427	284,571	1,120,162
Advances from primary government	-	-	-	6,144,074
Unearned revenues	2,457,980	270,077	2,728,057	653,793
Noncurrent Liabilities:				
Due within one year	105,809,396	16,451,964	122,261,360	3,531,332
Due in more than one year	476,513,396	330,900,892	807,414,288	5,302,608
Other post-employment benefits	63,106,193	19,249,568	82,355,761	639,761
Total Liabilities	<u>\$ 711,790,343</u>	<u>\$ 409,262,143</u>	<u>\$ 1,121,052,486</u>	<u>\$ 20,555,817</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes/assessments for subsequent year	288,532,178	76,094	288,608,272	311,678
Pension related amounts	139,466,062	33,512,944	172,979,006	1,644,581
Other post-employment benefits related amounts	7,077,741	2,158,926	9,236,667	71,753
Total Deferred Inflows of Resources	<u>\$ 435,075,981</u>	<u>\$ 35,747,964</u>	<u>\$ 470,823,945</u>	<u>\$ 2,028,012</u>
NET POSITION				
Net investment in capital assets	754,118,252	586,205,054	1,340,323,306	38,529,825
Restricted for				
Debt service	15,241,038	17,836,023	33,077,061	-
Equipment replacement	-	1,803,038	1,803,038	-
Loan programs	35,010,160	-	35,010,160	-
Library	2,923,330	-	2,923,330	3,351,852
Park purposes	688,564	-	688,564	4,116,579
Impact fees	11,162,323	-	11,162,323	-
Other grants	1,517,450	-	1,517,450	-
Other restricted special revenue funds	312,678	-	312,678	-
TID activities	46,218,502	-	46,218,502	-
Trust purposes - expendable	3,815,018	-	3,815,018	-
Trust purposes - nonexpendable	802,898	-	802,898	-
Pensions	46,356,010	11,205,282	57,561,292	547,438
Unrestricted (deficit)	(78,459,632)	19,103,962	(59,355,670)	31,382,546
TOTAL NET POSITION	<u>\$ 839,706,591</u>	<u>\$ 636,153,359</u>	<u>\$ 1,475,859,950</u>	<u>\$ 77,928,240</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020

Functions/Programs	Program Revenue		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government			
Governmental activities			
General government	\$ 38,953,333	\$ 2,883,298	\$ 3,151,512
Public safety	160,688,660	13,036,691	5,309,261
Public works and transportation	88,638,696	15,754,947	13,645,252
Planning and development	34,620,491	9,471,241	5,419,082
Culture and recreation	45,742,613	1,233,071	2,221,672
Interest and fiscal charges	9,759,723	-	51,295
Total Governmental Activities	\$ 378,403,516	\$ 42,379,248	\$ 29,798,074
Business-type activities			
Water	31,740,380	44,929,870	-
Sewer	41,421,083	42,739,775	402,819
Stormwater	18,726,791	19,597,848	-
Parking utility	20,598,205	6,848,767	76,107
Transit	61,180,712	9,429,535	38,872,549
Convention center	9,227,892	1,193,688	420,997
Golf courses	3,195,406	3,613,737	-
Total Business-type Activities	\$ 186,090,469	\$ 128,353,220	\$ 39,772,472
Total Primary Government	\$ 564,493,985	\$ 170,732,468	\$ 69,570,546
Component Units			
CDA (Housing)	\$ 29,797,025	\$ 8,133,137	\$ 20,423,840
Business Improvement District	543,497	106,193	218,626
Olbrich Botanical Society and Foundation	1,776,685	836,406	1,011,878
Library Foundation	1,756,811	228,607	1,064,489
Parks Foundation	156,366	5,327	163,836
Total Component Units	\$ 34,030,384	\$ 9,309,670	\$ 22,882,669
General Revenues			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for the library			
Property taxes, levied for TIF districts			
Other taxes			
Intergovernmental revenues not restricted to specific programs			
Investment income			
Interest on capital leases			
Miscellaneous			
Gain on sale of assets			
Transfers - Internal			
Total General Revenues and Transfers			
Change in Net Position			
NET POSITION - Beginning 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	
\$ -	\$ (32,918,523)	\$ -	\$ (32,918,523)	\$ -
-	(142,342,708)	-	(142,342,708)	-
17,124,024	(42,114,473)	-	(42,114,473)	-
-	(19,730,168)	-	(19,730,168)	-
106,542	(42,181,328)	-	(42,181,328)	-
-	(9,708,428)	-	(9,708,428)	-
<u>\$ 17,230,566</u>	<u>\$ (288,995,628)</u>	<u>\$ -</u>	<u>\$ (288,995,628)</u>	<u>\$ -</u>
2,873,873	-	16,063,363	16,063,363	-
1,728,467	-	3,449,978	3,449,978	-
6,838,059	-	7,709,116	7,709,116	-
-	-	(13,673,331)	(13,673,331)	-
2,167,978	-	(10,710,650)	(10,710,650)	-
-	-	(7,613,207)	(7,613,207)	-
-	-	418,331	418,331	-
<u>\$ 13,608,377</u>	<u>\$ -</u>	<u>\$ (4,356,400)</u>	<u>\$ (4,356,400)</u>	<u>\$ -</u>
<u>\$ 30,838,943</u>	<u>\$ (288,995,628)</u>	<u>\$ (4,356,400)</u>	<u>\$ (293,352,028)</u>	<u>\$ -</u>
-	-	-	-	(1,240,048)
-	-	-	-	(218,678)
-	-	-	-	71,599
-	-	-	-	(463,715)
-	-	-	-	12,797
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,838,045)</u>
\$ 231,086,115	\$ -	\$ -	\$ 231,086,115	\$ -
19,163,603	-	-	19,163,603	-
25,533,533	-	-	25,533,533	-
7,174,015	6,023,521	-	13,197,536	-
28,322,440	-	-	28,322,440	-
5,753,519	1,079,000	-	6,832,519	2,105,935
-	-	-	-	60,834
1,818,362	373,242	-	2,191,604	346,894
595,515	-	-	595,515	-
(137,272)	137,272	-	-	-
<u>\$ 319,309,830</u>	<u>\$ 7,613,035</u>	<u>\$ -</u>	<u>\$ 326,922,865</u>	<u>\$ 2,513,663</u>
\$ 30,314,202	\$ 3,256,635	\$ -	\$ 33,570,837	\$ 675,618
<u>809,392,389</u>	<u>632,896,724</u>	<u>-</u>	<u>1,442,289,113</u>	<u>77,252,622</u>
<u>\$ 839,706,591</u>	<u>\$ 636,153,359</u>	<u>\$ -</u>	<u>\$ 1,475,859,950</u>	<u>\$ 77,928,240</u>

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2020

	General Fund	Library
ASSETS		
Cash and investments	\$ 90,207,940	\$ 2,708,748
Receivables		
Taxes	237,215,746	18,849,564
Accounts	3,770,091	95,366
Accrued revenue	50,477	4,552
Special assessments	-	-
Accrued interest	230,680	-
Long-term loans	763,680	-
Other receivables	14,648,000	34,660
Due from other funds	580,964	-
Due from other governmental units	134,602	1,514
Advances to other funds	802,005	-
Advances to component unit	238,000	-
Leases receivable	-	-
Inventories	534,622	-
Prepaid items	2,144,359	249,625
Restricted cash and investments	-	-
TOTAL ASSETS	\$351,321,166	\$ 21,944,029

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 7,326,863	\$101,272,494	\$ 16,754,602	\$ 218,270,647
-	37,562,574	1,194,900	294,822,784
-	2,373,013	516,181	6,754,651
-	-	246,792	301,821
-	14,156,900	-	14,156,900
-	1,430,909	36,649	1,698,238
1,613,366	1,012,053	26,829,664	30,218,763
-	604,621	-	15,287,281
-	-	219,207	800,171
23,505	3,230,715	4,689,899	8,080,235
2,709,077	625,553	-	4,136,635
5,906,074	-	-	6,144,074
-	1,620,000	-	1,620,000
-	2,145,549	-	2,680,171
-	52,817	81,574	2,528,375
<u>29,440,618</u>	<u>-</u>	<u>11,932,736</u>	<u>41,373,354</u>
<u>\$ 47,019,503</u>	<u>\$166,087,198</u>	<u>\$ 62,502,204</u>	<u>\$ 648,874,100</u>

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2020

	General Fund	Library
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 5,483,377	\$ 123,145
Accrued liabilities	15,077,715	716,137
Deposits	6,615,829	-
Due to other governmental units	22,833	-
Due to other funds	-	-
Advances from other funds	-	-
Other liabilities	34,144	-
Unearned revenues	-	-
Total Liabilities	\$ 27,233,898	\$ 839,282
Deferred Inflows of Resources		
Unavailable revenues	16,187,903	12,939
Property taxes for subsequent year	237,087,198	18,849,564
Total Deferred Inflows of Resources	\$253,275,101	\$ 18,862,503
Fund Balances		
Nonspendable		
Noncurrent advances to other funds	802,005	-
Advances to component units	238,000	-
Noncurrent receivables	21,413	-
Inventories	534,622	-
Prepaid items	2,144,359	249,625
Trust activities	-	-
Restricted	763,680	1,992,619
Committed	-	-
Assigned	22,329,709	-
Unassigned	43,978,379	-
Total Fund Balances	\$ 70,812,167	\$ 2,242,244
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$351,321,166	\$ 21,944,029

See accompanying notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 14,000	\$ 16,278,773	\$ 593,772	\$ 22,493,067
-	247,928	357,879	16,399,659
-	-	1,503	6,617,332
-	5,771	-	28,604
-	3,662,941	-	3,662,941
-	-	625,553	625,553
-	-	-	34,144
-	749,134	1,708,846	2,457,980
<u>\$ 14,000</u>	<u>\$ 20,944,547</u>	<u>\$ 3,287,553</u>	<u>\$ 52,319,280</u>
-	23,840,001	3,500,840	43,541,683
-	32,595,416	-	288,532,178
<u>\$ -</u>	<u>\$ 56,435,417</u>	<u>\$ 3,500,840</u>	<u>\$ 332,073,861</u>
-	-	-	802,005
-	-	-	238,000
-	-	-	21,413
-	2,145,549	-	2,680,171
-	52,817	81,574	2,528,375
-	-	802,898	802,898
47,005,503	71,315,109	54,627,543	175,704,454
-	-	3,144,761	3,144,761
-	15,193,759	-	37,523,468
-	-	(2,942,965)	41,035,414
<u>\$ 47,005,503</u>	<u>\$ 88,707,234</u>	<u>\$ 55,713,811</u>	<u>\$ 264,480,959</u>
<u>\$ 47,019,503</u>	<u>\$ 166,087,198</u>	<u>\$ 62,502,204</u>	<u>\$ 648,874,100</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, 2020

Total Fund Balances - Governmental Funds	\$ 264,480,959
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.	1,074,965,083
Internal service funds are reported in the statement of net position as governmental funds.	15,270,617
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.	43,541,683
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	45,780,909
The other post-employment liability does not relate to current financial resources and is not reported in the governmental funds.	(61,305,559)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	106,868,323
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	9,813,945
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(137,709,396)
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	(6,875,788)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	<u>(515,124,185)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 839,706,591</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, 2020

	General	Library	Debt Service
REVENUES			
Taxes	\$ 232,397,875	\$ 19,163,603	\$ -
Special assessments	-	-	-
Intergovernmental	40,784,212	1,297,868	46,960
Licenses and permits	6,404,298	-	-
Fines and forfeitures	3,902,015	-	-
Intergovernmental charges for services	-	-	-
Public charges for services	12,566,844	791,490	-
Investment income	3,698,642	-	723,868
Miscellaneous	924,845	928,316	-
Total Revenues	\$ 300,678,731	\$ 22,181,277	\$ 770,828
EXPENDITURES			
Current			
General government	29,039,169	-	-
Public safety	148,187,195	-	-
Public works and transportation	38,295,805	-	-
Planning and development	24,590,836	-	-
Culture and recreation	14,966,049	17,793,565	-
Capital Outlay	-	-	-
Debt service			
Principal retirement	-	-	79,596,093
Interest and fiscal charges	-	-	13,848,321
Total Expenditures	\$ 255,079,054	\$ 17,793,565	\$ 93,444,414
Excess (deficiency) of revenues over (under) expenditures	\$ 45,599,677	\$ 4,387,712	\$ (92,673,586)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	125,214
General obligation refunding debt issued	-	-	45,978,388
Premium on debt issued	-	-	2,443,803
Sale of capital assets	46,823	-	-
Transfers in	14,318,203	110,604	68,253,369
Transfers out	(57,290,543)	(3,045,046)	-
Total Other Financing Sources (Uses)	\$ (42,925,517)	\$ (2,934,442)	\$ 116,800,774
Net Change in Fund Balances	\$ 2,674,160	\$ 1,453,270	\$ 24,127,188
FUND BALANCES - Beginning of Year	68,138,007	788,974	22,878,315
FUND BALANCES - END OF YEAR	\$ 70,812,167	\$ 2,242,244	\$ 47,005,503

See accompanying notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 25,533,533	\$ 5,862,255	\$ 282,957,266
3,602,951	-	3,602,951
1,796,046	13,575,916	57,501,002
-	373,149	6,777,447
-	-	3,902,015
7,451,554	-	7,451,554
243,046	14,161,831	27,763,211
785,492	689,381	5,897,383
188,901	80,008	2,122,070
<u>\$ 39,601,523</u>	<u>\$ 34,742,540</u>	<u>\$ 397,974,899</u>
3,124,232	4,225,553	36,388,954
946,224	3,782,242	152,915,661
11,804,757	5,951,906	56,052,468
1,317,514	6,654,841	32,563,191
2,801,464	247,821	35,808,899
44,141,333	-	44,141,333
785,000	-	80,381,093
61,380	-	13,909,701
<u>\$ 64,981,904</u>	<u>\$ 20,862,363</u>	<u>\$ 452,161,300</u>
<u>\$ (25,380,381)</u>	<u>\$ 13,880,177</u>	<u>\$ (54,186,401)</u>
60,327,148	-	60,452,362
-	-	45,978,388
-	-	2,443,803
-	32,585	79,408
3,755,977	1,380,252	87,818,405
<u>(10,815,474)</u>	<u>(14,405,903)</u>	<u>(85,556,966)</u>
<u>\$ 53,267,651</u>	<u>\$ (12,993,066)</u>	<u>\$ 111,215,400</u>
\$ 27,887,270	\$ 887,111	\$ 57,028,999
<u>60,819,964</u>	<u>54,826,700</u>	<u>207,451,960</u>
<u>\$ 88,707,234</u>	<u>\$ 55,713,811</u>	<u>\$ 264,480,959</u>

See accompanying notes to financial statements.

CITY OF MADISON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$ 57,028,999
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	44,141,333
Less: Some items reported as capital outlay but not capitalized	(2,214,399)
Add: Contributed assets	12,968,633
Depreciation is reported in the government-wide statements	(39,771,536)
Net book value of disposals	(2,747,271)
Net capital asset contributions by governmental activities to business-type activities	(3,759,252)
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.	(3,803,097)
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	(106,430,750)
Principal repaid	80,381,093
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	(6,883,388)
Disability benefits	84,750
Accrued interest on debt	145,233
Police and Fire Pension	34,916
Net pension asset	94,826,620
Net other post-employment benefits liability	(9,055,030)
Deferred outflows of resources related to pensions	(24,943,131)
Deferred inflows of resources related to pensions	(70,224,717)
Deferred outflows of resources related to other post-employment benefits	6,947,073
Deferred inflows of resources related to other post-employment benefits	(1,813,402)
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	(2,443,803)
Amortization of discount and premium	5,740,667
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.	2,104,661
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 30,314,202

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
ASSETS			
Current Assets			
Cash and investments	\$ 10,243,738	\$ 16,396,608	\$ 3,375,830
Accounts receivable (net)	2,788,394	3,490,931	1,586,238
Accrued revenue	-	813	813
Due from other funds	1,078,086	1,298,873	485,811
Due from other governmental units	-	602,363	440,050
Inventories	846,136	-	-
Special assessments	370,869	-	-
Other assets	340,402	-	-
Prepaid items	208,123	93,428	161,400
Restricted cash and investments	13,089,287	-	-
Total Current Assets	\$ 28,965,035	\$ 21,883,016	\$ 6,050,142
Noncurrent Assets			
Property held for future use	112,087	-	-
Restricted assets			
Cash and investments	30,174,826	11,304,199	7,283,561
Net pension asset	1,803,263	650,258	1,011,152
Investment in mutual insurance company	-	-	-
Capital Assets:			
Land	3,121,529	2,798,262	55,307,393
Construction work in progress	717,262	2,109,854	17,493,837
Plant in service (at cost)	408,312,298	185,080,550	264,521,566
Total Capital Assets	\$ 412,151,089	\$ 189,988,666	\$ 337,322,796
Less: Accumulated depreciation/amortization	(104,691,446)	(36,677,307)	(55,791,152)
Net Capital Assets	\$ 307,459,643	\$ 153,311,359	\$ 281,531,644
Other Property and Investments			
Special assessments receivable	2,908,766	4,944,006	2,872,798
Preliminary survey and investigation	426,815	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	677,615	-	-
Total Other Property and Investments	\$ 4,013,196	\$ 4,944,006	\$ 2,872,798
Total Noncurrent Assets	\$ 343,563,015	\$ 170,209,822	\$ 292,699,155
Total Assets	\$ 372,528,050	\$ 192,092,838	\$ 298,749,297
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on advance refunding	655,248	-	-
Deferred outflows related to pension	4,262,656	1,544,679	2,280,129
Other post-employment benefits related amounts	480,685	259,171	72,449
Total Deferred Outflows of Resources	\$ 5,398,589	\$ 1,803,850	\$ 2,352,578

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
\$ 6,918,475	\$ 22,989,105	\$ 59,923,756	\$ 18,885,565
577,034	320,402	8,762,999	277,752
-	-	1,626	-
-	-	2,862,770	-
6,254,354	497,104	7,793,871	-
391,897	153,713	1,391,746	953,225
-	-	370,869	-
-	-	340,402	-
587,458	173,862	1,224,271	44,864
1,046,636	60,134	14,196,057	2,939,981
<u>\$ 15,775,854</u>	<u>\$ 24,194,320</u>	<u>\$ 96,868,367</u>	<u>\$ 23,101,387</u>
-	-	112,087	-
1,376,109	-	50,138,695	953,014
5,848,135	1,892,474	11,205,282	575,101
-	-	-	3,815,820
2,604,992	7,353,360	71,185,536	2,570,970
330,522	21,480	20,672,955	-
134,368,537	162,100,993	1,154,383,944	129,833,697
<u>\$ 137,304,051</u>	<u>\$ 169,475,833</u>	<u>\$ 1,246,242,435</u>	<u>\$ 132,404,667</u>
<u>(80,630,185)</u>	<u>(78,176,820)</u>	<u>(355,966,910)</u>	<u>(64,213,531)</u>
<u>\$ 56,673,866</u>	<u>\$ 91,299,013</u>	<u>\$ 890,275,525</u>	<u>\$ 68,191,136</u>
-	-	10,725,570	-
-	-	426,815	-
13,890	-	13,890	-
-	-	677,615	-
<u>\$ 13,890</u>	<u>\$ -</u>	<u>\$ 11,843,890</u>	<u>\$ -</u>
<u>\$ 63,912,000</u>	<u>\$ 93,191,487</u>	<u>\$ 963,575,479</u>	<u>\$ 73,535,071</u>
<u>\$ 79,687,854</u>	<u>\$ 117,385,807</u>	<u>\$ 1,060,443,846</u>	<u>\$ 96,636,458</u>
-	-	655,248	-
14,192,779	4,471,633	26,751,876	1,376,399
1,732,431	536,784	3,081,520	288,250
<u>\$ 15,925,210</u>	<u>\$ 5,008,417</u>	<u>\$ 30,488,644</u>	<u>\$ 1,664,649</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2020

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 966,061	\$ 6,723,833	\$ 342,931
Accrued liabilities	1,460,083	237,121	603,750
Deposits	-	172,260	11,000
Claims payable	-	-	-
Current portion of general obligation long-term debt	-	-	9,902,734
Current portion of advances from other funds	137,216	-	-
Current portion of accrued compensated absences	-	328,085	496,607
Unearned revenue	-	135,183	-
Liabilities payable from restricted assets:			
Accrued liabilities	3,640,583	156,081	-
Current maturities of revenue bonds	9,505,000	9,175,000	-
Total Current Liabilities	\$ 15,708,943	\$ 16,927,563	\$ 11,357,022
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	32,489,522
Revenue bonds, including unamortized premium	208,829,794	50,124,893	-
Total Long-Term Debt Net of Current Maturities	\$ 208,829,794	\$ 50,124,893	\$ 32,489,522
Other Noncurrent Liabilities			
Other post-employment benefits	3,002,730	1,618,986	452,575
Accrued compensated absences	2,227,446	735,694	920,853
Advances from other funds	456,772	-	-
Unearned revenues	-	-	-
Noncurrent liabilities payable from restricted assets	-	-	-
Other	66,260	-	-
Total Other Noncurrent Liabilities	\$ 5,753,208	\$ 2,354,680	\$ 1,373,428
Total Long-Term Debt Net of Current Maturities and Other Noncurrent Liabilities	\$ 214,583,002	\$ 52,479,573	\$ 33,862,950
Total Liabilities	\$ 230,291,945	\$ 69,407,136	\$ 45,219,972
DEFERRED INFLOWS OF RESOURCES			
Unamortized Gain on Refunding	76,094	-	-
Pension related amounts	5,237,746	1,953,230	3,092,801
Other post-employment benefits related amounts	336,775	181,549	50,759
Total Deferred Inflows of Resources	\$ 5,650,615	\$ 2,134,779	\$ 3,143,560
NET POSITION			
Net investment in capital assets	123,527,378	99,780,933	246,416,729
Restricted for debt service	12,477,114	5,358,909	-
Restricted for equipment replacement	1,803,038	-	-
Restricted for pension	1,803,263	650,258	1,011,152
Unrestricted (deficit)	2,373,286	16,564,673	5,310,462
TOTAL NET POSITION	\$ 141,984,079	\$ 122,354,773	\$ 252,738,343

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>
\$ 2,329,649	\$ 746,313	\$ 11,108,787	\$ 336,212
2,508,121	750,252	5,559,327	687,566
-	1,063,901	1,247,161	-
-	-	-	14,167,585
3,522,958	174,303	13,599,995	10,810,247
423,478	65,060	625,754	-
1,118,887	908,390	2,851,969	245,182
3,096	117,908	256,187	-
371,167	-	4,167,831	-
-	-	18,680,000	-
<u>\$ 10,277,356</u>	<u>\$ 3,826,127</u>	<u>\$ 58,097,011</u>	<u>\$ 26,246,792</u>
28,952,666	710,435	62,152,623	58,746,028
-	-	258,954,687	-
<u>\$ 28,952,666</u>	<u>\$ 710,435</u>	<u>\$ 321,107,310</u>	<u>\$ 58,746,028</u>
10,822,111	3,353,166	19,249,568	1,800,634
3,626,167	2,283,422	9,793,582	536,359
1,409,912	1,018,644	2,885,328	-
13,890	-	13,890	-
1,376,109	-	1,376,109	-
184,167	-	250,427	-
<u>\$ 17,432,356</u>	<u>\$ 6,655,232</u>	<u>\$ 33,568,904</u>	<u>\$ 2,336,993</u>
<u>\$ 46,385,022</u>	<u>\$ 7,365,667</u>	<u>\$ 354,676,214</u>	<u>\$ 61,083,021</u>
<u>\$ 56,662,378</u>	<u>\$ 11,191,794</u>	<u>\$ 412,773,225</u>	<u>\$ 87,329,813</u>
-	-	76,094	-
17,464,876	5,764,291	33,512,944	1,756,666
1,213,765	376,078	2,158,926	201,953
<u>\$ 18,678,641</u>	<u>\$ 6,140,369</u>	<u>\$ 35,747,964</u>	<u>\$ 1,958,619</u>
25,764,526	90,715,488	586,205,054	1,568,477
-	-	17,836,023	-
-	-	1,803,038	-
5,848,135	1,892,474	11,205,282	575,101
(11,340,616)	12,454,099	25,361,904	6,869,097
<u>\$ 20,272,045</u>	<u>\$ 105,062,061</u>	642,411,301	<u>\$ 9,012,675</u>
		(6,257,942)	
		<u>\$ 636,153,359</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, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
CHARGES FOR SERVICES	<u>\$ 44,929,870</u>	<u>\$ 42,739,775</u>	<u>\$ 19,597,848</u>
OPERATING EXPENSES:			
Operation and Maintenance	16,979,254	33,307,874	10,844,136
Depreciation	<u>8,203,231</u>	<u>2,910,079</u>	<u>4,285,850</u>
Total Operating Expenses	<u>\$ 25,182,485</u>	<u>\$ 36,217,953</u>	<u>\$ 15,129,986</u>
Operating Income (Loss)	<u>\$ 19,747,385</u>	<u>\$ 6,521,822</u>	<u>\$ 4,467,862</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	510,334	260,387	127,861
Interest and amortization	(6,601,638)	(1,437,467)	(1,291,697)
Issuance costs	-	(180,617)	-
Other Taxes	-	-	-
Gain (Loss) on sale of assets	-	(222,179)	(627,614)
Special assessments	-	402,819	-
Noncapitalized infrastructure improvements	-	(3,398,034)	(1,706,585)
Intergovernmental revenues	-	-	-
Miscellaneous revenues	28,756	95,989	61,800
Miscellaneous expenses	<u>(30,467)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (6,093,015)</u>	<u>\$ (4,479,102)</u>	<u>\$ (3,436,235)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>\$ 13,654,370</u>	<u>\$ 2,042,720</u>	<u>\$ 1,031,627</u>
TRANSFERS			
Transfers in	228,745	31,024	292,879
Transfers out	<u>(7,334,378)</u>	<u>(191,464)</u>	<u>(6,200)</u>
Net Transfers	<u>\$ (7,105,633)</u>	<u>\$ (160,440)</u>	<u>\$ 286,679</u>
Income (Loss) Before Contributions	<u>\$ 6,548,737</u>	<u>\$ 1,882,280</u>	<u>\$ 1,318,306</u>
CAPITAL CONTRIBUTIONS	2,873,873	1,728,467	6,838,059
CAPITAL CONTRIBUTIONS - MUNICIPAL CAPITALIZED TAX EQUIVALENT	-	-	3,694,815
	<u>10,605</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 9,433,215</u>	<u>\$ 3,610,747</u>	<u>\$ 11,851,180</u>
NET POSITION, Beginning of Year	<u>132,550,864</u>	<u>118,744,026</u>	<u>240,887,163</u>
NET POSITION - END OF YEAR	<u>\$ 141,984,079</u>	<u>\$ 122,354,773</u>	<u>\$ 252,738,343</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
\$ 9,429,535	\$ 11,656,192	\$ 128,353,220	\$ 23,958,994
52,795,328	22,939,944	136,866,536	15,359,730
7,801,792	4,339,213	27,540,165	7,137,960
<u>\$ 60,597,120</u>	<u>\$ 27,279,157</u>	<u>\$ 164,406,701</u>	<u>\$ 22,497,690</u>
<u>\$ (51,167,585)</u>	<u>\$ (15,622,965)</u>	<u>\$ (36,053,481)</u>	<u>\$ 1,461,304</u>
-	180,418	1,079,000	11,781
(646,048)	(60,542)	(10,037,392)	(1,735,926)
-	-	(180,617)	-
6,023,521	-	6,023,521	-
-	(5,779,840)	(6,629,633)	595,516
-	-	402,819	-
-	-	(5,104,619)	-
38,872,549	497,104	39,369,653	4,070
12,633	174,064	373,242	566,430
-	-	(30,467)	-
<u>\$ 44,262,655</u>	<u>\$ (4,988,796)</u>	<u>\$ 25,265,507</u>	<u>\$ (558,129)</u>
<u>\$ (6,904,930)</u>	<u>\$ (20,611,761)</u>	<u>\$ (10,787,974)</u>	<u>\$ 903,175</u>
-	5,547,745	6,100,393	1,649,821
-	(2,190,331)	(9,722,373)	(289,280)
<u>\$ -</u>	<u>\$ 3,357,414</u>	<u>\$ (3,621,980)</u>	<u>\$ 1,360,541</u>
<u>\$ (6,904,930)</u>	<u>\$ (17,254,347)</u>	<u>\$ (14,409,954)</u>	<u>\$ 2,263,716</u>
2,167,978	-	13,608,377	129,300
-	64,437	3,759,252	-
-	-	10,605	-
<u>\$ (4,736,952)</u>	<u>\$ (17,189,910)</u>	<u>\$ 2,968,280</u>	<u>\$ 2,393,016</u>
<u>25,008,997</u>	<u>122,251,971</u>	<u>639,443,021</u>	<u>6,619,659</u>
<u>\$ 20,272,045</u>	<u>\$ 105,062,061</u>	<u>\$ 642,411,301</u>	<u>\$ 9,012,675</u>
		\$ 2,968,280	
		288,355	
		<u>\$ 3,256,635</u>	

CITY OF MADISON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 45,429,812	\$ 42,645,988	\$ 19,454,834
Customer deposits received (returned)	-	-	-
Paid to suppliers for goods and services	(7,944,859)	(28,962,686)	(3,908,814)
Paid to employees for services	(8,071,126)	(4,035,782)	(6,576,013)
Net Cash Flows From Operating Activities	<u>\$ 29,413,827</u>	<u>\$ 9,647,520</u>	<u>\$ 8,970,007</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds	(584,220)	-	-
Interest paid on advances from other funds	(30,449)	-	-
Transfers from other funds	228,745	31,024	292,879
Transfers to other funds - tax equivalent	(7,323,773)	-	-
Transfers to other funds	-	(191,464)	(6,200)
Special assessments received related to laterals	-	908,345	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(3,967,483)	(1,706,585)
Interest paid on operating loan	(292,017)	-	-
Principal paid on operating loan	(910,000)	-	-
Operating grants received	-	-	-
Vehicle registration fee	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>\$ (8,911,714)</u>	<u>\$ (3,219,578)</u>	<u>\$ (1,419,906)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(6,545,000)	(3,605,000)	(6,868,248)
Interest paid	(6,518,073)	(1,577,583)	(1,295,382)
Long-term debt issued	-	17,440,000	10,264,069
Acquisition and construction of capital assets	(7,366,934)	(6,626,490)	(8,421,504)
Transfers In	-	-	-
Issuance costs	-	(180,617)	-
Contribution in aid of construction	-	-	100,000
Premium on debt issued	-	1,287,095	-
Capital contributions - federal and state	(15,357)	-	-
BAB interest rebate received	-	92,570	4,891
Advances from other funds	-	-	-
Special assessments received	147,334	133,400	611,998
Net Cash Flows From Capital and Related Financing Activities	<u>\$(20,298,030)</u>	<u>\$ 6,963,375</u>	<u>\$ (5,604,176)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities purchased	(28,349,860)	-	-
Marketable securities sold	22,490,178	-	-
Investment income	521,738	260,387	127,861
Net Cash Flows From Investing Activities	<u>\$ (5,337,944)</u>	<u>\$ 260,387</u>	<u>\$ 127,861</u>
Net Change in Cash and Cash Equivalents	<u>\$ (5,133,861)</u>	<u>\$ 13,651,704</u>	<u>\$ 2,073,786</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>44,285,325</u>	<u>14,049,103</u>	<u>8,585,606</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 39,151,464</u></u>	<u><u>\$ 27,700,807</u></u>	<u><u>\$ 10,659,392</u></u>

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			
			Governmental Activities
<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ 8,541,906	\$ 12,267,742	\$ 128,340,282	\$ 24,414,034
-	(109,652)	(109,652)	-
(23,782,034)	(6,655,310)	(71,253,703)	(12,010,380)
<u>(29,240,234)</u>	<u>(15,491,520)</u>	<u>(63,414,675)</u>	<u>(3,993,899)</u>
<u>\$ (44,480,362)</u>	<u>\$ (9,988,740)</u>	<u>\$ (6,437,748)</u>	<u>\$ 8,409,755</u>
(362,560)	(570,531)	(1,517,311)	-
(83,757)	-	(114,206)	-
-	5,547,745	6,100,393	161,882
-	-	(7,323,773)	-
-	(2,190,331)	(2,387,995)	(289,280)
-	-	908,345	-
(43,871)	-	(43,871)	-
-	-	(5,674,068)	-
-	-	(292,017)	-
-	-	(910,000)	-
40,208,300	-	40,208,300	-
<u>6,023,521</u>	<u>-</u>	<u>6,023,521</u>	<u>-</u>
<u>\$ 45,741,633</u>	<u>\$ 2,786,883</u>	<u>\$ 34,977,318</u>	<u>\$ (127,398)</u>
(2,632,781)	(374,809)	(20,025,838)	(7,884,420)
(680,159)	(68,059)	(10,139,256)	(1,691,662)
8,233,030	60,134	35,997,233	22,619,578
<u>(12,803,876)</u>	<u>(2,901,833)</u>	<u>(38,120,637)</u>	<u>(29,787,818)</u>
-	-	-	1,487,939
-	-	(180,617)	-
-	-	100,000	129,300
4,974,877	-	6,261,972	1,222,742
968,278	-	952,921	-
-	-	97,461	-
-	4,994,926	4,994,926	-
-	-	892,732	-
<u>\$ (1,940,631)</u>	<u>\$ 1,710,359</u>	<u>\$ (19,169,103)</u>	<u>\$ (13,904,341)</u>
-	-	(28,349,860)	(3,211,280)
-	-	22,490,178	-
-	180,418	1,090,404	11,781
<u>\$ -</u>	<u>\$ 180,418</u>	<u>\$ (4,769,278)</u>	<u>\$ (3,199,499)</u>
\$ (679,360)	\$ (5,311,080)	\$ 4,601,189	\$ (8,821,483)
<u>10,020,580</u>	<u>28,360,319</u>	<u>105,300,933</u>	<u>27,707,048</u>
<u>\$ 9,341,220</u>	<u>\$ 23,049,239</u>	<u>\$ 109,902,122</u>	<u>\$ 18,885,565</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020

	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	\$ 19,747,386	\$ 6,521,822	\$ 4,467,862
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Nonoperating income	(1,711)	3,420	56,910
Depreciation	8,203,231	2,910,079	4,285,850
Depreciation charged to other accounts	1,056,348	-	-
Change in assets, deferred inflows, liabilities, and deferred outflows			
Accounts receivable	(127,576)	(165,503)	(188,248)
Other current assets	(32,274)	-	-
Accrued revenue	-	947	(13)
Due from other governmental units	-	(2,661)	(19,663)
Due from other funds	33,603	-	-
Inventories	(84,788)	-	-
Prepaid items	(18,978)	(46,170)	(79,932)
Accounts payable	492,920	196,429	110,456
Accrued liabilities	-	-	-
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	70,010	8,000
Customer Deposits	-	-	-
Accrued compensated absences	115,667	128,847	237,231
Other post employment benefits	46,523	36,035	90,479
Pension related deferrals and liabilities	(16,524)	(5,735)	1,075
Unearned revenue	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 29,413,827	\$ 9,647,520	\$ 8,970,007
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 10,243,738	\$ 16,396,608	\$ 3,375,830
Restricted cash and investments - statement of net position	43,264,113	11,304,199	7,283,561
Less: noncash equivalents	(14,356,387)	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 39,151,464	\$ 27,700,807	\$ 10,659,391
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Municipality, customer and developer financed additions to capital assets	\$ 2,836,248	\$ 1,704,555	\$ 8,560,471
Gain (loss) on sale of property	\$ -	\$ (222,179)	\$ (627,614)
Capital additions assessed to customers	\$ 91,308	\$ -	\$ -
Adjustments to special assessments	\$ (185,539)	\$ -	\$ -
Special assessments levied to customers and revised	\$ -	\$ 607,311	\$ 1,972,846

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			
<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	Governmental
			Activities
			<u>Internal Service Funds</u>
\$(51,167,587)	\$ (15,622,965)	\$ (36,053,482)	\$ 1,461,304
12,634	663,165	734,418	570,501
7,801,792	4,339,213	27,540,165	7,137,960
-	-	1,056,348	-
389,346	(36,878)	(128,859)	(115,459)
-	-	(32,274)	-
-	-	934	-
-	(101,796)	(124,120)	-
-	-	33,603	-
(11,561)	2,627	(93,722)	25,541
9,969	(25,872)	(160,983)	(2,098)
(1,064,717)	(135,016)	(399,928)	(161,346)
898,928	-	898,928	(649,351)
90,034	-	90,034	-
-	(42,842)	35,168	-
-	(109,652)	(109,652)	-
-	553,974	1,035,719	72,841
(489,563)	778,191	461,665	5,336
(36,362)	(254,185)	(311,731)	64,526
(913,275)	3,295	(909,980)	-
<u>\$ (44,480,362)</u>	<u>\$ (9,988,741)</u>	<u>\$ (6,437,749)</u>	<u>\$ 8,409,755</u>
\$ 6,918,475	\$ 22,989,105	\$ 59,923,756	\$ 18,885,565
2,422,745	60,134	64,334,752	3,892,995
-	-	(14,356,387)	(3,892,995)
<u>\$ 9,341,220</u>	<u>\$ 23,049,239</u>	<u>\$ 109,902,121</u>	<u>\$ 18,885,565</u>
\$ -	\$ 64,437		\$ -
<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, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 267,686,332
Taxes receivable	<u>222,093,105</u>
Total Assets	<u>\$ 489,779,437</u>
LIABILITIES	
Accounts payable	10,959
Due to other governmental units	<u>463,817,110</u>
Total Liabilities	<u>\$ 463,828,069</u>
NET POSITION	
Restricted	<u>25,951,368</u>
TOTAL NET POSITION	<u><u>\$ 25,951,368</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, 2020

	<u>Custodial Funds</u>
ADDITIONS	
Gifts and bequests	\$ 38,075
Interest and dividends	678,286
Property taxes collected for other governments	425,892,706
Investments	<u>541,668,583</u>
 Total Additions	 <u>\$ 968,277,650</u>
DEDUCTIONS	
Administrative expense	22,191,066
Property taxes distributed to other governments	425,892,706
Distributions	<u>493,565,798</u>
 Total Deductions	 <u>\$ 941,649,570</u>
 CHANGE IN FIDUCIARY NET POSITION	 <u>\$ 26,628,080</u>
 NET POSITION (DEFICIT), Beginning of Year	 <u>(676,712)</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 25,951,368</u></u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION COMPONENT UNITS As of December 31, 2020

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
ASSETS				
Cash and investments	\$ 9,286,939	\$ 8,899,766	\$ 4,958,517	\$ 23,145,222
Receivables				
Accounts	536,139	-	450	536,589
Special assessments	-	-	311,678	311,678
Accrued interest	13,063	-	-	13,063
Long-term loans	263,000	-	-	263,000
Pledge receivable	-	5,344	860,396	865,740
Due from other governmental units	138,286	41,344	-	179,630
Inventories	-	84,373	-	84,373
Prepaid items	1,777,812	14,225	15,762	1,807,799
Lease receivable from primary government	1,620,000	-	-	1,620,000
Beneficial interest in assets held by MCF	-	148,497	7,566,555	7,715,052
Beneficial interest in lead trust held by others	-	651,896	-	651,896
Other assets	273,231	-	-	273,231
Restricted assets				
Cash and investments	2,447,502	2,167,692	49,164	4,664,358
Net pension asset	547,438	-	-	547,438
Capital assets				
Land	10,693,072	-	-	10,693,072
Construction in progress	250,556	-	-	250,556
Capital assets being depreciated	110,639,208	-	8,998	110,648,206
Less:Accumulated depreciation/amortization	(65,175,226)	-	-	(65,175,226)
Total Assets	<u>\$ 73,311,020</u>	<u>\$ 12,013,137</u>	<u>\$ 13,771,520</u>	<u>\$ 99,095,677</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	1,313,967	-	-	1,313,967
Other post-employment benefits related amounts	102,425	-	-	102,425
Total Deferred Outflows of Resources	<u>\$ 1,416,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,416,392</u>

See accompanying notes to financial statements.

	CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals
LIABILITIES				
Accounts payable	\$ 410,266	\$ 96,837	\$ 51,300	\$ 558,403
Accrued liabilities	2,320,353	-	31,531	2,351,884
Current maturities of long-term debt	3,322,868	-	-	3,322,868
Current maturities of compensated absences	208,464	-	-	208,464
Advances from primary government	6,144,074	-	-	6,144,074
Revenue bonds payable	820,000	-	-	820,000
Mortgage notes	262,361	-	-	262,361
Other loans	3,699,525	-	-	3,699,525
Compensated absences	520,722	-	-	520,722
Other post-employment benefits	639,761	-	-	639,761
Unearned revenues	644,194	9,599	-	653,793
Refundable Advance	-	253,800	-	253,800
Other liabilities	1,120,162	-	-	1,120,162
Total Liabilities	\$ 20,112,750	\$ 360,236	\$ 82,831	\$ 20,555,817
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	-	-	311,678	311,678
Pension related amounts	1,644,581	-	-	1,644,581
Other post-employment benefits related amounts	71,753	-	-	71,753
Total Deferred Inflows of Resources	\$ 1,716,334	\$ -	\$ 311,678	\$ 2,028,012
NET POSITION				
Net investment in capital assets	38,529,825	-	-	38,529,825
Restricted for:				
Library	-	-	3,351,852	3,351,852
Parks	-	2,992,102	1,124,477	4,116,579
Pensions	547,438	-	-	547,438
Unrestricted	13,821,065	8,660,799	8,900,682	31,382,546
TOTAL NET POSITION	\$ 52,898,328	\$ 11,652,901	\$ 13,377,011	\$ 77,928,240

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF ACTIVITIES COMPONENT UNITS For the Year Ended December 31, 2020

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position				
					CDA	Olbrich Society and Foundation	Nonmajor Component Units	Totals	
CDA	\$ 29,797,025	\$ 8,133,137	\$ 20,423,840	\$ -	\$ (1,240,048)	\$ -	\$ -	\$ (1,240,048)	
Olbrich Society and Foundation	1,776,685	836,406	1,011,878	-	-	71,599	-	71,599	
Nonmajor Component Units	2,456,674	340,127	1,446,951	-	-	-	(669,596)	(669,596)	
Total Component Units	\$ 34,030,384	\$ 9,309,670	\$ 22,882,669	\$ -	\$ (1,240,048)	\$ 71,599	\$ (669,596)	\$ (1,838,045)	
General Revenues									
Investment income					\$ 189,746	\$ 997,583	\$ 918,606	\$ 2,105,935	
Interest on capital leases					60,834	-	-	60,834	
Special assessments					-	-	288,513	288,513	
Miscellaneous					31,359	23,074	3,948	58,381	
Total General Revenues					\$ 281,939	\$ 1,020,657	\$ 1,211,067	\$ 2,513,663	
Change in Net Position									
					\$ (958,109)	\$ 1,092,256	\$ 541,471	\$ 675,618	
NET POSITION - Beginning of Year						53,856,437	10,560,645	12,835,540	77,252,622
NET POSITION - END OF YEAR						\$ 52,898,328	\$ 11,652,901	\$ 13,377,011	\$ 77,928,240

See accompanying notes to financial statements.

CITY OF MADISON

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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, 2020

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, 2020. 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, 2020. 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, 2020. The BID does not issue separate financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, 2020. 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, 2020. Separately issued financial statements of the Madison Parks Foundation may be obtained from MPF's office.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

Major Governmental Funds

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

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

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

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

The City reports the following major enterprise funds:

Major Enterprise Funds

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

Stormwater Utility – accounts for operations of the stormwater system

Transit Utility – accounts for operations of the transit system

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental and enterprise funds:

Nonmajor Governmental Funds

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

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

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

- Endowments and Donations

Nonmajor Enterprise Funds

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

- Parking Utility
- Convention Center
- Golf Courses

In addition, the City reports the following fund types:

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

- Fleet Services
- City Insurance
- Worker's Compensation

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2020, there were \$3,049,649 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

Fund Financial Statements (cont.)

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

1. Deposits and Investments (cont.)

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Credit Risk

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

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

Interest Rate Risk

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

1. Deposits and Investments (cont.)

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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

The City has an agreement with the Madison Metropolitan School District (MMSD) to combine a portion of available funds of both entities for investment purposes. Interest earnings are distributed monthly based on each entity's relative share of invested funds. This agreement also provides that the City may fund short-term cash deficits of the MMSD. At December 31, 2020, the MMSD had a cash balance of \$23,541,861 from operating activities.

See Note IV. A. for further information.

2. Receivables

Property Tax

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

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Fourth installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

2. Receivables (cont.)

Allowances

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

Due To/From Advances

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

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

Loans Receivable

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

3. Inventories and Prepaid Items

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

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

Fund Financial Statements

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

6. Deferred Outflows of Resources

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

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

7. Compensated Absences

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

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates, and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

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

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

The City and the CDA have approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year approved by the City is approximately \$47,955,000 made up of three issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$37,046,038 made up of five issues.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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.)

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

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

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

11. Pension

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

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

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

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

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

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

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

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

Land	\$ 226,178,920
Construction in progress	55,610,502
Land improvements	44,786,583
Buildings	257,941,007
Machinery and equipment	74,884,709
Intangible assets	13,121,685
Infrastructure	957,570,838
Less: Accumulated depreciation	<u>(555,129,161)</u>
Combined Adjustment for Capital Assets	<u><u>\$ 1,074,965,083</u></u>

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

Bonds and notes payable	\$ 430,581,663
Compensated absences	53,434,607
Accrued interest	3,139,209
Unamortized debt premium and discount	26,128,812
Disability benefits	114,386
Police and fire pension	105,508
Capital leases	<u>1,620,000</u>
Combined Adjustment for Long-Term Liabilities	<u><u>\$ 515,124,185</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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.

D. DEFICIT FUND BALANCE

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2020, the Other Grants fund held a deficit balance in the amount of of \$(426,652) due to increased transfers out to the general fund to support project costs. The fund deficit is expected to be funded with an increase in federal assistance under the local government aid provision of the American Rescue Plan Act.

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, 2020

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	\$ 5,207,721	\$ 20,894,937	Custodial credit
Non-negotiable CD's	3,750,000	3,750,000	Custodial credit
U.S. agencies implicitly guaranteed	152,556,557	152,556,557	Credit, custodial credit, concentration of credit, interest rate
U.S. agencies explicitly guaranteed	49	49	Custodial credit, interest rate
U.S. treasuries	9,808,313	9,808,313	Custodial credit, interest rate
State and local bonds	48,315,668	48,315,668	Credit, custodial credit, concentration of credit, interest rate
Corporate notes and bonds	4,472,425	4,472,425	Credit, custodial credit, concentration of credit, interest rate
Mutual funds - other than bonds	411,005	411,005	N/A
Mutual funds - money market	61,441,364	145,901,808	Credit
Equity securities/stocks	1,438,866	1,438,866	Custodial credit, concentration of credit
Local Government Investment Pool	387,313,490	387,313,490	Credit
Deposit with WMMIC	953,014	953,014	Credit
Hartford Life - pooled funds	4,854,228	4,854,228	Credit
Petty cash	172,453	-	N/A
2a7-like pools	3,112,535	3,112,535	Credit
Total Cash and Investments	<u>\$ 683,807,688</u>	<u>\$ 783,782,895</u>	
Reconciliation to financial statements			
Per statement of net position	\$ 297,079,968		
Per statement of net position - restricted	109,601,101		
Per statement of net position - custodial funds	267,686,332		
Per statement of net position - applicable component units:			
CDA	11,734,441		
Less: Component units of CDA	(2,344,265)		
BID	50,111		
Total Cash and Investments	<u>\$ 683,807,688</u>		

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, 2020, the City was a beneficiary of an irrevocable letter of credit in the amount of \$10,000,000 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. \$2,250,000 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, 2020			Total
	Level 1	Level 2	Level 3	
Corporate notes and bonds	\$ -	\$ 4,472,425	\$ -	\$ 4,472,425
State and local bonds	-	48,315,668	-	48,315,668
Equity securities/stock	1,438,866	-	-	1,438,866
Mutual funds - other than bonds	-	411,005	-	411,005
Mutual funds - money market	125,460,117	20,441,691	-	145,901,808
U.S. agencies - explicitly guaranteed	-	49	-	49
U.S. agencies - implicitly guaranteed	-	152,556,557	-	152,556,557
U.S. treasuries	9,808,313	-	-	9,808,313
2a7 - like pools	-	3,112,535	-	3,112,535
Totals	\$ 136,707,296	\$ 229,309,930	\$ -	\$ 366,017,226

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

A. DEPOSITS AND INVESTMENTS (CONT.)

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

Investment Type	Valuation Method
Corporate notes and state and local bonds	Institutional bond quotes – evaluations based on various market and industry inputs
Mutual funds – other than bonds	Net asset value
Mutual funds – money market	\$1 per share
Equity securities/stocks	Market closing price
U.S. agencies – 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, 2020, the City’s deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ 734,964
Demand deposits (City)	<u>10,485,742</u>
Uninsured and Uncollateralized	<u>\$ 11,220,706</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, 2020, the City’s investments were exposed to custodial credit risk as follows:

U.S. agencies - implicitly guaranteed	\$ 152,556,557
U.S. agencies - explicitly guaranteed	49
U.S. treasuries	9,808,313
State and local bonds	48,315,668
Corporate notes and bonds	4,472,425
Equity securities/Stocks	<u>1,438,866</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 216,591,878</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, 2020, 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+	\$ 565,912
	A2	A-	10,256
	A3	A	309,209
	Aa1	AA+	1,007,140
	Aaa	AAA	1,500,755
	Baa1	BBB+	15,638
	Baa2	BBB	5,219
	Baa2	BBB-	51,876
	n/a	AAA	1,001,220
	Ba1	BBB-	5,200
U.S. agencies (implicitly guaranteed)	Aaa	A-1+	6,502,505
	Aaa	AA+	146,054,052
Mutual funds - money market	Aaa	AAA	145,901,808
State and local bonds	Aa1	n/a	2,003,592
	Aaa	n/a	1,069,989
	n/a	AA+	908,966
	n/a	AAA	812,744
2a7 - like pools	n/a	AAA	\$ 3,112,535

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

Wisconsin Municipal Mutual Insurance Company	\$ 953,014
Local Government Investment Pool	387,313,490
Hartford Life - pooled funds	4,854,228
State and local bonds	<u>43,520,377</u>
Total	<u>\$ 747,479,725</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, 2020, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	U.S. agencies - implicitly guaranteed	5.469%
Federal Farm Credit Bank	U.S. agencies - implicitly guaranteed	9.447%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020, the City's investments were as follows:

Investment Type	Fair Value	Less than 3 months thru 3/31/21	3 months-6 months thru 06/30/21	6 months-1 year thru 12/31/21	1-5 years thru 12/31/25	5-20 years thru 12/31/40
U.S. agencies - implicitly guaranteed	\$ 152,556,557	\$ 34,504,535	\$ -	\$ 11,340,859	\$ 92,384,778	\$ 14,326,385
U.S. agencies - explicitly guaranteed	49	-	49	-	-	-
U.S. treasuries	9,808,313	1,200,633	5,055	5,011,775	3,590,850	-
State and local bonds	48,315,668	1,555,371	311,677	29,947,030	16,501,590	-
Corporate notes and bonds	4,472,425	-	-	1,525,281	2,947,144	-
Totals	<u>\$ 215,153,012</u>	<u>\$ 37,260,539</u>	<u>\$ 316,781</u>	<u>\$ 47,824,945</u>	<u>\$ 115,424,362</u>	<u>\$ 14,326,385</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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	\$ 15,411,680
Capital projects fund	16,599,862
Debt service fund	1,539,696
All other nonmajor governmental and internal service funds	24,560,153

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	\$ 2,412,138
Allowance for uncollectible court receivable	16,348,075
Allowance for other uncollectible	35,000
Nonmajor Funds	
Allowance for uncollectible loans	57,743,621

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

C. RESTRICTED ASSETS (CONT.)

Long Term Debt Accounts (cont.)

Depreciation	–	Used for the payment of principal and interest on the bonds and parity bonds whenever the balance in the redemption account is insufficient for that purpose, to remedy any deficiency in the redemption account, or to make extraordinary repairs or improvements to the utility.
Construction	–	Used to report bond proceeds restricted for use in construction.
Retiree Health Insurance Escrow	–	The transit utility established an escrow account to be used for contributions toward health insurance premiums in accordance with the Teamsters Local 695 union contract.
Assessment Fund	–	Used for the purpose of paying construction costs for projects special assessed to customers.

Impact Fee Account

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

Net Pension Asset

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

Following is a list of cash and investments restricted assets at December 31, 2020:

	Restricted Assets
Principal and interest	\$ 17,963,772
Bond reserve account	22,017,071
Bond escrow deposit	36,287,601
Bond depreciation account	750,000
Construction	16,896,593
Assessment fund	1,053,038
Retiree health insurance escrow	1,747,276
Impact fees	11,034,842
Grants deposit	897,894
Insurance deposit	953,014
	\$ 109,601,101

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

C. RESTRICTED ASSETS (CONT.)

Investment in Wisconsin Municipal Mutual Insurance Company	\$ 3,815,820
Net pension asset	<u>57,561,292</u>
Total Other Restricted Assets	<u><u>\$ 61,377,112</u></u>

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

	Restricted Assets
Net Pension Asset	\$ 547,438
Housing Vouchers	35,277
Monona Shores fund	69,591
Nonmajor funds	248,917
Component units of CDA	<u>1,909,998</u>
Total Cash and Investments	<u><u>\$ 2,811,221</u></u>

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

CDA 95-1 replacement reserve	<u>\$ 183,719</u>
Total Other Restricted Assets	<u><u>\$ 183,719</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 220,472,720	\$ 7,124,586	\$ (1,418,386)	\$ 226,178,920
Land - internal service	2,570,970	-	-	2,570,970
Construction in progress	73,844,494	28,213,487	(46,447,479)	55,610,502
Construction in progress - internal service	14,724,899	-	(14,724,899)	-
Total Capital Assets Not Being Depreciated	\$ 311,613,083	\$ 35,338,073	\$ (62,590,764)	\$ 284,360,392
Capital assets being depreciated				
Land improvements	40,514,439	4,272,144	-	44,786,583
Land improvements - internal service	71,990	-	-	71,990
Buildings and improvements	231,696,834	26,244,173	-	257,941,007
Buildings and improvements - internal service	2,878,027	32,051,407	-	34,929,434
Machinery and equipment	72,955,533	2,568,280	(639,104)	74,884,709
Machinery and equipment - internal service	84,379,545	13,474,794	(3,141,591)	94,712,748
Intangible assets	12,846,299	275,386	-	13,121,685
Intangible assets - internal service	119,525	-	-	119,525
Roads	793,059,602	22,461,059	(1,004,461)	814,516,200
Bridges	49,834,847	638,145	-	50,472,992
Street lighting	34,020,082	2,344,739	(434,287)	35,930,534
Traffic signals	18,179,976	2,115,925	(649,559)	19,646,342
Fiber	8,925,186	117,424	-	9,042,610
Bike path	27,511,578	1,208,446	(757,864)	27,962,160
Total Capital Assets Being Depreciated	\$ 1,376,993,463	\$ 107,771,922	\$ (6,626,866)	\$ 1,478,138,519
Total Capital Assets at Historical Cost	\$ 1,688,606,546	\$ 143,109,995	\$ (69,217,630)	\$ 1,762,498,911
Less accumulated depreciation for				
Land improvements	(16,870,412)	(2,938,643)	-	(19,809,055)
Land improvements - internal service	(71,990)	-	-	(71,990)
Buildings and improvements	(87,062,803)	(8,653,353)	-	(95,716,156)
Buildings and improvements - internal service	(2,377,993)	(639,797)	-	(3,017,790)
Machinery and equipment	(55,741,619)	(5,798,481)	492,893	(61,047,207)
Machinery and equipment - internal service	(57,229,687)	(6,498,163)	2,723,624	(61,004,226)
Intangible assets	(8,112,566)	(585,379)	-	(8,697,945)
Intangible assets - internal service	(119,525)	-	-	(119,525)
Roads	(313,228,605)	(18,676,606)	821,745	(331,083,466)
Bridges	(7,828,188)	(661,666)	-	(8,489,854)
Street Lighting	(15,100,568)	(909,123)	202,625	(15,807,066)
Traffic signals	(5,204,195)	(563,390)	264,423	(5,503,162)
Fiber	(2,812,962)	(395,744)	-	(3,208,706)
Bike path	(5,552,097)	(589,151)	374,704	(5,766,544)
Total accumulated depreciation	\$ (577,313,210)	\$ (46,909,496)	\$ 4,880,014	\$ (619,342,692)
Net Capital Assets Being Depreciated	\$ 799,680,253			\$ 858,795,827
Net Capital Assets	\$ 1,111,293,336			\$ 1,143,156,219

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

D. CAPITAL ASSETS (CONT.)

Depreciation expenses were charged to functions as follows:

Governmental Activities:

General government	\$	905,561
Public safety		3,293,749
Public works and transportation		28,102,439
Planning and development		318,278
Culture and Recreation		7,151,509
Fleet services - internal service		7,137,960
Total	\$	46,909,496

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 68,852,207	\$ 2,374,059	\$ (40,730)	\$ 71,185,536
Construction in progress	70,548,785	32,720,934	(82,596,764)	20,672,955
Total Capital Assets Not Being Depreciated	\$ 139,400,992	\$ 35,094,993	\$ (82,637,494)	\$ 91,858,491
Capital assets being depreciated/amortized				
Land improvements	12,344,095	-	-	12,344,095
Buildings and improvements	131,132,322	54,485,426	(10,957,389)	174,660,359
Machinery and equipment	115,409,384	7,670,841	(4,756,279)	118,323,946
Intangible assets	727,287	67	-	727,354
Infrastructure	241,037,455	15,269,224	(1,084,003)	255,222,676
Source of supply	13,193,872	7,346	(25,791)	13,175,427
Pumping	24,785,986	215,106	(52,340)	24,948,752
Water treatment	5,814,958	-	-	5,814,958
Transmission and distribution	315,400,436	15,417,595	(6,514,200)	324,303,831
Administrative and general	44,366,683	583,872	(424,649)	44,525,906
Collection system	165,635,556	11,759,469	(1,050,108)	176,344,917
Collection system pumping	4,026,100	69,030	(103,407)	3,991,723
Total Capital Assets Being Depreciated/Amortized	\$ 1,073,874,134	\$ 105,477,976	\$ (24,968,166)	\$ 1,154,383,944
Total Capital Assets at Historical Cost	\$ 1,213,275,126	\$ 140,572,969	\$(107,605,660)	\$ 1,246,242,435

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

D. CAPITAL ASSETS (CONT.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less: accumulated depreciation/ amortization for:				
Land improvements	(11,614,755)	(179,912)	-	(11,794,667)
Buildings and improvements	(73,819,095)	(4,502,338)	182,623	(78,138,810)
Machinery and equipment	(68,904,037)	(8,320,896)	4,638,951	(72,585,982)
Intangible assets	(343,802)	(85,234)	-	(429,036)
Infrastructure	(48,759,604)	(3,357,028)	347,990	(51,768,642)
Source of supply	(6,345,690)	(308,626)	25,791	(6,628,525)
Pumping	(9,713,863)	(930,142)	55,820	(10,588,185)
Water treatment	(1,209,579)	(211,440)	-	(1,421,019)
Transmission and distribution	(65,660,301)	(6,157,280)	604,384	(71,213,197)
Administrative and general	(14,790,523)	(1,906,350)	431,924	(16,264,949)
Collection system	(31,130,082)	(2,634,942)	606,072	(33,158,952)
Collection system pumping	(1,973,517)	(101,103)	99,674	(1,974,946)
Total Accumulated Depreciation/ Amortization	<u>\$ (334,264,848)</u>	<u>\$ (28,695,291)</u>	<u>\$ 6,993,229</u>	<u>\$ (355,966,910)</u>
Total Capital Assets Being Depreciated/Amortized	<u>\$ 739,609,286</u>			<u>\$ 798,417,034</u>
Net Capital Assets		<u>\$ 879,010,278</u>		<u>\$ 890,275,525</u>

Depreciation/Amortization expense was charged to functions as follows:

Business-type Activities:

Water utility	\$ 8,203,231
Sewer utility	2,910,079
Stormwater utility	4,285,850
Transit utility	7,801,792
Parking utility	2,298,008
Convention center	1,895,288
Golf courses	<u>145,917</u>
Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 27,540,165</u>
Total Accumulated Depreciation/Amortization Additions	<u>\$ (28,695,291)</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, 2020

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	\$ 10,904,704	\$ 502,035	\$ (713,667)	\$ 10,693,072
Construction in progress	457,889	250,556	(457,889)	250,556
Total Capital Assets Not Being Depreciated	<u>\$ 11,362,593</u>	<u>\$ 752,591</u>	<u>\$ (1,171,556)</u>	<u>\$ 10,943,628</u>
Capital assets being depreciated				
Land improvements	1,726,225	420,508	-	2,146,733
Buildings and improvements	104,781,098	408,319	-	105,189,417
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,175,108	84,013	-	3,259,121
Total Capital Assets Being Depreciated	<u>\$ 109,726,368</u>	<u>\$ 912,840</u>	<u>\$ -</u>	<u>\$ 110,639,208</u>
Total Capital Assets at Historical Cost	<u>\$ 121,088,961</u>	<u>\$ 1,665,431</u>	<u>\$ (1,171,556)</u>	<u>\$ 121,582,836</u>
Less: Accumulated depreciation for				
Land improvements	(1,223,298)	(80,062)	-	(1,303,360)
Buildings and improvements	(58,052,005)	(2,872,536)	-	(60,924,541)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,766,608)	(136,780)	-	(2,903,388)
Total Accumulated Depreciation	<u>\$ (62,085,848)</u>	<u>\$ (3,089,378)</u>	<u>\$ -</u>	<u>\$ (65,175,226)</u>
Net Capital Assets	<u>\$ 59,003,113</u>			<u>\$ 56,407,610</u>

Depreciation expense was charged as follows:

CDA (Housing)	<u>\$ 3,089,378</u>
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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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	\$ 580,964	\$ -
Water utility	Capital projects	1,078,086	-
Sewer utility	Capital projects	1,298,873	-
Stormwater utility	Capital projects	<u>485,811</u>	<u>-</u>
Total Major Funds		<u>\$ 3,443,734</u>	<u>\$ -</u>
Other restricted funds	Capital projects	<u>219,207</u>	<u>-</u>
Totals		<u><u>\$ 3,662,941</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, 2020

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	\$ 802,005	\$ 802,005
Debt service	Water utility	593,988	456,772
Debt service	Transit utility	1,833,390	1,409,912
Debt service	Convention center	218,997	168,368
Debt service	Golf courses	62,702	48,271
Capital projects	Revolving loans	<u>625,553</u>	<u>625,553</u>
Totals		<u>\$ 4,136,635</u>	<u>\$ 3,510,881</u>
General - primary government	CDA - component unit	\$ 238,000	\$ 238,000
Debt service - primary government	CDA - component unit	<u>5,906,074</u>	<u>5,203,441</u>
Totals		<u>\$ 6,144,074</u>	<u>\$ 5,441,441</u>

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

Receivable Fund	Payable Fund	Amount
Interfund Receivables and Payables		
Governmental activities	Business-type activities	\$ (2,862,770)
Advances		
Governmental activities	Business-type activities	3,511,082
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	<u>6,257,942</u>
Total Government-wide Financial Statements		<u>\$ 6,906,254</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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	\$ 121,860	Transfer Revenue
General	Convention Center	338,200	PILOT
General	Golf Courses	191,617	PILOT
General	Parking Utility	1,660,514	PILOT
General	Permanent	188,038	Operating Cost
General	Water Utility	7,328,178	PILOT
General	Other Grants	3,924,641	Project Costs
General	Capital Projects	565,155	Project Costs
Library	Permanent	6,000	Operating Costs
Library	Other Grants	104,604	Operating Costs
Debt Service	CDBG	12,188	Debt
Debt Service	Other Restricted	123,867	Debt
Debt Service	General	54,422,907	Debt
Debt Service	Other Restricted	299,042	Debt
Debt Service	Library	3,045,046	Debt
Debt Service	Revolving Loans	100,000	Debt
Debt Service	Capital Projects	10,250,319	Debt
Capital Projects	Other Restricted	2,729,461	Transfer Revenue
Capital Projects	City Insurance	34,911	Transfer Revenue
Capital Projects	Water Utility	6,200	Project Costs
Capital Projects	Permanent	9,231	Transfer Revenue
Capital Projects	Sewer Utility	6,200	Project Costs
Capital Projects	Stormwater Utility	6,200	Project Costs
Capital Projects	Revolving Loans	40,299	Project Costs
Capital Projects	Other Grants	923,475	Project Costs
Sewer Utility	City Insurance	16,095	Transfer Revenue
Sewer Utility	Other Grants	3,250	Project Costs
Sewer Utility	Other Restricted	11,679	Project Costs
Stormwater Utility	Other Grants	101,104	Project Costs
Stormwater Utility	City Insurance	15,308	Transfer Revenue
Stormwater Utility	Other Restricted	176,467	Project Costs
Water Utility	Sewer Utility	185,264	Joint Cost Allocation
Water Utility	Other Grants	43,481	Project Costs
		<u>\$ 86,990,801</u>	
Total Major Funds		<u>\$ 86,990,801</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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	\$ 219	Operating Cost
Other Restricted	City Insurance	262	Transfer Revenue
CDBG	Other Grants	74	Operating Cost
Other Grants	General	1,379,697	Operating Cost
Convention Center	Other Restricted	5,040,968	Operating Cost
Convention Center	Other Grants	196,995	Project Cost
Convention Center	Other Restricted	4,967	Project Cost
Parking Utility	City Insurance	9,400	Transfer Revenue
Parking Utility	Other Grants	271,591	Operating Cost
Golf Courses	Other Grants	23,824	Project Cost
City Insurance	Other Grants	997	Transfer Revenue
Workers Comp	Other Grants	3,600	Transfer Revenue
Fleet Service	City Insurance	91,444	Transfer Revenue
Fleet Service	Other Grants	65,841	Project Cost
Fleet Service	General	<u>1,487,939</u>	Project Cost
Total Nonmajor Funds		<u>\$ 8,577,818</u>	
Total - Fund Financial Statements		\$ 95,568,619	
Less: Fund eliminations		(91,946,639)	
Less: Transfer capital assets from governmental activities to utilities		<u>(3,759,252)</u>	
Total		<u>\$ (137,272)</u>	

Transferred To	Transferred From	Amount
Governmental activities	Business-type activities	\$ 9,537,109
Business-type activities	Governmental activities	<u>(9,674,381)</u>
Total Government-Wide Statement of Activities		<u>\$ (137,272)</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, 2020

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 403,747,006	\$ 106,430,750	\$ 79,596,093	\$ 430,581,663	\$ 85,834,781
General obligation debt - internal service	53,628,944	22,619,578	7,884,420	68,364,102	10,810,247
Add/Subtract Amounts For:					
Premium/Discount on debt	29,425,676	2,443,803	5,740,667	26,128,812	-
Premium on debt - Internal Service	-	1,222,742	30,569	1,192,173	-
Sub-totals	<u>\$ 486,801,626</u>	<u>\$ 132,716,873</u>	<u>\$ 93,251,749</u>	<u>\$ 526,266,750</u>	<u>\$ 96,645,028</u>
Other Liabilities					
Vested compensated absences	46,551,219	10,554,303	3,670,915	53,434,607	8,057,623
Vested compensated absences - internal service	708,702	266,998	194,159	781,541	245,182
Worker's comp disability and death benefits	199,136	-	84,750	114,386	28,203
Police and firemen's pension	140,424	-	34,916	105,508	33,360
Other post-employment benefits	52,250,529	11,682,310	2,627,280	61,305,559	-
Other post-employment benefits - internal service	1,603,552	274,249	77,167	1,800,634	-
Capital leases	2,405,000	-	785,000	1,620,000	800,000
Total Other Liabilities	<u>\$ 103,858,562</u>	<u>\$ 22,777,860</u>	<u>\$ 7,474,187</u>	<u>\$ 119,162,235</u>	<u>\$ 9,164,368</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 590,660,188</u>	<u>\$ 155,494,733</u>	<u>\$ 100,725,936</u>	<u>\$ 645,428,985</u>	<u>\$ 105,809,396</u>
Business-Type Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 61,960,218	\$ 18,557,233	\$ 9,615,338	\$ 70,902,113	\$ 13,599,995
Revenue Bonds	256,160,000	17,440,000	11,060,000	262,540,000	18,680,000
Add Amounts for:					
Premium on debt	15,005,797	6,261,972	1,322,577	19,945,192	-
Sub-totals	<u>\$ 333,126,015</u>	<u>\$ 42,259,205</u>	<u>\$ 21,997,915</u>	<u>\$ 353,387,305</u>	<u>\$ 32,279,995</u>
Other Liabilities					
Vested compensated absences	11,603,329	3,233,580	2,191,358	12,645,551	2,851,969
Other post-employment benefits	17,402,955	2,671,563	824,950	19,249,568	-
Capital leases	260,500	-	260,500	-	-
Total Other Liabilities	<u>\$ 29,266,784</u>	<u>\$ 5,905,143</u>	<u>\$ 3,276,808</u>	<u>\$ 31,895,119</u>	<u>\$ 2,851,969</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 362,392,799</u>	<u>\$ 48,164,348</u>	<u>\$ 25,274,723</u>	<u>\$ 385,282,424</u>	<u>\$ 35,131,964</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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	\$ 3,190,000	\$ -	\$ 1,570,000	\$ 1,620,000	\$ 800,000
Mortgage notes - direct	2,932,322	-	267,999	2,664,323	2,401,962
Other loans/notes - direct	3,936,265	-	115,834	3,820,431	120,906
Premiums	45,095	-	45,095	-	-
Sub-totals	<u>\$ 10,103,682</u>	<u>\$ -</u>	<u>\$ 1,998,928</u>	<u>\$ 8,104,754</u>	<u>\$ 3,322,868</u>
Other Liabilities					
Accrued compensated absences	506,306	315,986	93,106	729,186	208,464
Other post-employment benefits	<u>618,835</u>	<u>48,343</u>	<u>27,417</u>	<u>639,761</u>	<u>-</u>
Total Component Unit - CDA Long-Term Liabilities	<u>\$ 11,228,823</u>	<u>\$ 364,329</u>	<u>\$ 2,119,451</u>	<u>\$ 9,473,701</u>	<u>\$ 3,531,332</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$1,651,839,700. Total general obligation debt at year end was:

Outstanding	\$ 569,847,878
Joint venture G.O. debt	<u>2,004,622</u>
Total	<u>\$ 571,852,500</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

F. LONG-TERM OBLIGATIONS (CONT.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rate	Original Indebted- ness	Balance 12-31-20
General obligation notes	10-1-11	10-1-21	3.00 - 5.00	\$67,005,000	\$ 6,700,000
General obligation notes	10-1-11	10-1-21	0.45 - 2.70	13,130,000	1,310,000
General obligation notes	3-6-12	7-1-26	0.00	1,500,000	1,000,000
General obligation notes	10-1-12	10-1-22	0.40 - 2.125	12,240,000	2,440,000
General obligation bonds	10-1-12	10-1-32	1.50 - 4.00	15,210,000	9,120,000
General obligation notes	10-1-13	10-1-23	1.50 - 4.00	57,265,000	17,175,000
General obligation notes	10-1-13	10-1-23	2.00 - 3.40	4,245,000	1,260,000
General obligation notes	10-1-14	10-1-24	2.00 - 5.00	51,655,000	20,660,000
General obligation notes	10-1-14	10-1-24	2.00 - 3.05	5,395,000	2,155,000
General obligation notes	10-22-15	10-1-25	3.00	65,565,000	28,400,000
General obligation notes	10-22-15	10-1-25	1.75 - 2.75	13,345,000	6,670,000
General obligation bonds	10-22-15	10-1-35	2.375 - 4.00	12,395,000	9,295,000
General obligation bonds	10-19-16	10-1-26	0.05 - 4.00	85,750,000	44,365,000
General obligation bonds	10-19-16	10-1-26	2.00	7,135,000	4,275,000
General obligation bonds	10-19-16	10-1-36	2.375 - 4.00	6,735,000	5,375,000
General obligation notes	10-19-17	10-1-27	2.00 - 4.00	76,900,000	53,830,000
General obligation notes	10-19-17	10-1-27	2.15 - 2.65	12,950,000	9,065,000
General obligation bonds	10-19-17	10-1-37	2.875 - 5.00	13,865,000	11,780,000
General obligation notes	11-1-18	10-1-28	3.00 - 4.00	85,870,000	68,690,000
General obligation notes	11-1-18	10-1-28	2.80 - 3.50	12,655,000	10,120,000
General obligation bonds	11-1-18	10-1-38	2.50 - 5.00	10,000,000	9,000,000
General obligation notes	11-1-18	10-1-28	2.00 - 3.05	876,000	612,500
General obligation notes	10-17-19	10-1-29	2.25 - 3.00	80,415,000	72,370,000
General obligation bonds	10-17-19	10-1-39	2.00 - 4.00	29,810,000	28,315,000
General obligation notes	10-15-20	10-1-30	1.375 - 4.00	78,545,000	78,545,000
General obligation bonds	10-15-20	10-1-40	2.00 - 3.00	22,600,000	22,600,000
General obligation bonds	10-15-20	10-1-32	0.18 - 1.40	46,725,000	<u>46,725,000</u>
Sub-Totals - General Obligation					\$ 571,852,500
Less: Business-type Activities General Obligation Debt					(70,902,113)
Less: Joint Venture General Obligation Debt					<u>(2,004,622)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 498,945,765</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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
2021	\$ 96,645,028	\$ 14,524,590	\$ 13,599,995	\$ 2,097,598
2022	73,289,428	11,345,806	8,636,523	1,629,021
2023	61,014,763	9,170,440	8,278,165	1,366,937
2024	55,618,834	7,454,872	7,383,134	1,131,520
2025	47,945,882	5,814,511	6,697,714	912,717
2026-2030	130,703,876	12,692,157	19,964,542	2,092,412
2031-2035	21,874,419	3,442,876	3,370,580	639,072
2036-2040	11,853,535	780,671	2,971,460	202,235
Totals	<u>\$ 498,945,765</u>	<u>\$ 65,225,923</u>	<u>\$ 70,902,113</u>	<u>\$ 10,071,512</u>

Revenue Debt

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

	Sewer	Water
Original indebtedness		
Sewer	\$ 76,820,000	
Water		\$ 232,350,000
Year issued	2010-2020	2012-2019
Proceeds used for	Sewer plant Landfill remediation and sewer charges	Water plant Water charges
Source of revenue		
Payable through	2035	2039
Percent of net revenues required to pay remaining debt service	45.7%	48.3%
Total principal and interest remaining	66,419,996	260,917,699
Principal and interest paid for the current year	5,182,583	14,265,091
Total customer net revenues for current year	9,692,288	28,460,950

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2020 consists of the following:

	Date of issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-20
Water Utility					
Revenue bonds	12-19-12	1-1-33	2.00 - 4.00	\$21,095,000	\$ 14,840,000
Revenue bonds	12-18-13	1-1-34	3.00 - 5.00	24,335,000	18,665,000
Revenue bonds	12-17-15	1-1-36	2.85 - 5.00	41,610,000	35,320,000
Revenue bonds	12-28-16	1-1-37	1.24 - 3.82	38,420,000	32,455,000
Revenue bonds	12-20-18	1-1-39	4.00	30,765,000	29,765,000
Revenue bonds	12-20-18	1-1-28	3.00 - 3.55	9,390,000	8,480,000
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>\$ 206,260,000</u>
Sewer Utility					
Revenue Bonds - Build America					
Bonds	12-29-10	12-1-25	0.80 - 4.90	13,135,000	4,835,000
Revenue Bonds	11-15-12	12-1-27	2.00 - 3.00	9,500,000	4,860,000
Revenue bonds	12-1-14	12-1-29	2.50 - 5.00	9,645,000	6,520,000
Revenue bonds	12-28-16	12-1-31	2.50 - 5.00	14,600,000	11,425,000
Revenue bonds	12-20-18	12-1-33	3.25 - 4.00	12,500,000	11,200,000
Revenue bonds	12-22-20	12-1-35	1.00 - 5.00	17,440,000	<u>17,440,000</u>
Total Sewer Utility					<u>\$ 56,280,000</u>
Total Business-type Revenue Debt					<u>\$ 262,540,000</u>

Revenue Bond Anticipation Notes (BANS)

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Current Refunding

On December 22, 2020 the Sewer Utility issued \$17,440,000 in revenue bonds. Of this amount, \$13,000,000 went to fund capital projects, and \$4,440,000 was issued with an average coupon rate of 3.93% to refund \$4,835,000 of outstanding Series 2010-F bonds with an average coupon rate of 4.9%. Due to the structure of the current refunding, the call date on the refunded bonds is February 1, 2021. The net proceeds along with the existing funds of the sewer utility were used to prepay the outstanding debt.

The cash flow requirements on the old bonds prior to the current refunding (gross of interest rate subsidies) was \$5,558,975 from 2021 to 2025. The cash flow requirements on the refunding bonds are \$4,967,998 from 2021 to 2025. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$344,427.

Community Development Authority - Component Unit

The CDA has pledged future lease revenues to repay lease revenue bonds issued in 2018. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. In 2020, the 2013 bond was repaid in full. Annual principal and interest payments on the remaining bond is expected to require 73% of net revenues. Total principal and interest remaining to be paid on the bond is \$1,684,680. Principal and interest excluding refunded portion paid for the current year and total revenues were \$1,643,155 and \$1,153,989, respectively.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-20
Lease revenue refunding bonds	2-26-18	10-1-22	2.00 - 2.75	\$ 3,960,000	\$ 1,620,000
Total Revenue Debt - Component Unit - Enterprise					<u>\$ 1,620,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Component Unit Revenue Debt	
	Principal	Interest	Principal	Interest
2021	\$ 18,680,000	\$ 8,983,139	\$ 800,000	\$ 42,540
2022	15,995,000	8,354,049	820,000	22,140
2023	17,360,000	7,645,763	-	-
2024	37,845,000	6,957,319	-	-
2025	18,325,000	5,932,669	-	-
2026-2030	88,485,000	19,321,379	-	-
2031-2035	51,430,000	6,746,714	-	-
2036-2039	14,420,000	856,663	-	-
Totals	<u>\$ 262,540,000</u>	<u>\$ 64,797,695</u>	<u>\$ 1,620,000</u>	<u>\$ 64,680</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12-31-20
Community Development Authority					
Housing Mortgage note	6-1-92	6-1-22	4.00%	\$ 2,283,492	\$ 148,083
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>2,303,173</u>
Total Mortgage Notes					<u>\$ 2,664,323</u>

Years	Component Unit Mortgage Notes - Direct Borrowing	
	Principal	Interest
2021	\$ 2,401,962	\$ 62,151
2022	49,428	498
2023	15,536	-
2024	26,633	-
2025	26,633	-
2026-2030	133,167	-
2031	10,964	-
Totals	<u>\$ 2,664,323</u>	<u>\$ 62,649</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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	385,000
Affordable housing trust loan* ¹	410,003
Promissory note ²	60,000
HOME loan	280,000
CDBG loan ²	400,000
WHEDA WRAP note	111,429
Impact C.I.L, LLC	1,030,102
Johnson Bank ³	713,884
	<u> </u>
Total	<u>\$ 3,820,418</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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

F. LONG-TERM OBLIGATIONS (CONT.)

Other Loans/Notes (cont.)

Years	Other Loans/Notes - Direct Borrowing	
	Principal	Interest
2021	\$ 98,085	\$ 32,461
2022	555,923	31,053
2023	100,968	29,578
2024	102,432	28,115
2025	104,127	26,420
2026-2030	274,317	105,091
2031-2035	259,585	51,483
2036-2038	84,879	2,997
Total	<u>\$ 1,580,316</u>	<u>\$ 307,198</u>

Capital Leases

Refer to Note IV. G.

Other Debt Information

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

General Obligation Debt

Current Refunding

On October 15, 2020, the City issued \$78,545,000 in general obligation notes. Of this amount, \$70,980,000 went to fund capital projects, and \$7,565,000 was issued with an average coupon rate of 4.00% to refund \$7,930,000 of outstanding notes with an average coupon rate of 3.00%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$8,286,850 from 2021 through 2022. The cash flow requirements on the refunding notes are \$8,007,632 from 2021 through 2022. The current refunding resulted in an economic gain of \$280,221.

On October 15, 2020, the City issued \$46,725,000 in general obligation refunding bonds. Of this amount, \$36,410,000 was related to a crossover advance refunding, and \$10,315,000 was issued with an average coupon rate of 0.34% to refund \$10,240,000 of outstanding notes with an average coupon rate of 3.94%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$11,292,053 from 2021 through 2024. The cash flow requirements on the refunding notes are \$10,404,294 from 2021 through 2024. The current refunding resulted in an economic gain of \$881,390.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

F. LONG-TERM OBLIGATIONS (CONT.)

Other Debt Information (cont.)

Crossover Advance Refunding

On October 15, 2020, the City issued \$46,725,000 in general obligation refunding bonds. Of this amount, \$10,315,000 was related to a current refunding, and \$36,410,000 was issued with an average coupon rate of 0.51%, to advance refund \$36,160,000 of outstanding bonds with an average coupon rate of 2.15%. The net proceeds along with existing funds of the City were used to purchase U.S government securities. Those securities were deposited in an escrow account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account are recorded in the financial statements. This type of advance refunding is commonly called a crossover refunding.

The cash flow requirements on the refunded debt prior to the advance refunding was \$54,199,640 from 2021 through 2032. The cash flow requirements on the refunding bonds are \$52,062,903 from 2021 through 2032. The advance refunding resulted in an economic gain of \$2,085,872.

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, 2020:

<u>Year ending December 31,</u>	
2021	\$ 1,060,998
2022	1,038,346
2023	1,038,641
2024	888,935
2025	885,419
2026-2050	<u>4,190,502</u>
Total Minimum Payments Required	<u>\$ 9,102,841</u>

Total rental expenses/expenditures under the above leases were \$1,100,589 in 2020.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

The City as Lessor

The City leases all or portions of certain properties under several lease agreements with expiration dates extending to December 2116. The cost and net book value of the properties leased is \$6,515,007 and \$5,802,048, respectively.

The following is a schedule by years of future minimum rentals under these leases as of December 31, 2020:

<u>Year Ending December 31,</u>	
2021	\$ 1,810,901
2022	1,691,840
2023	1,586,246
2024	1,303,328
2025	1,245,876
2026-2030	5,234,584
2031-2035	3,474,990
2036-2040	2,610,404
2041-2045	2,589,961
2046-2050	1,821,929
2051-2055	699,923
2056-2060	647,212
2061-2065	584,886
2066-2070	406,925
2071-2075	398,872
2076-2080	392,628
2081-2085	303,960
2086-2090	175,879
2091-2095	172,482
2096-2100	104,571
2101-2105	103,506
2106-2110	98,567
2111-2115	44,220
2116	<u>1,058</u>
Total Future Minimum Rentals	<u>\$ 27,504,748</u>

Total rental revenues under the aforementioned leases were \$1,822,632 in 2020.

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, 2020

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

The City as Lessor (cont.)

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

Governmental Activities 2018 issue	<u>\$ 1,620,000</u>
---------------------------------------	---------------------

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

	Governmental Activities	
	2018 Issue	
	Principal	Interest
2021	\$ 800,000	\$ 42,540
2022	820,000	22,140
Totals	<u>\$ 1,620,000</u>	<u>\$ 64,680</u>

H. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2020 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 228,749,890
Construction in progress	55,610,502
Other capital assets, net of accumulated depreciation	858,795,827
Less: Capital related long-term debt outstanding (excluding unspent capital related debt proceeds)	(361,716,982)
Less: Unamortized premium and discount	<u>(27,320,985)</u>
Total Net Investment in Capital Assets	<u>\$ 754,118,252</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020 include the following:

Fund Balances	General Fund	Library	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:						
Advances to other funds	\$ 802,005	\$ -	\$ -	\$ -	\$ -	\$ 802,005
Advances to component units	238,000	-	-	-	-	238,000
Noncurrent receivables	21,413	-	-	-	-	21,413
Inventories	534,622	-	-	2,145,549	-	2,680,171
Prepaid items	2,144,359	249,625	-	52,817	81,574	2,528,375
Trust activities	-	-	-	-	802,898	802,898
Restricted for:						
Library	763,680	1,992,619	-	-	672,476	3,428,775
Grants activities	-	-	-	-	348,338	348,338
Loans	-	-	-	-	32,283,170	32,283,170
Debt service	-	-	47,005,503	-	5,640,957	52,646,460
Parks	-	-	-	-	644,438	644,438
Impact fees	-	-	-	-	11,035,154	11,035,154
TID activities	-	-	-	44,200,733	-	44,200,733
Landfill	-	-	-	-	197,829	197,829
Trust activities	-	-	-	-	3,805,181	3,805,181
Capital projects	-	-	-	27,114,376	-	27,114,376
Room tax	-	-	-	-	-	-
Other	-	-	-	-	-	-
Committed for:						
Room tax	-	-	-	-	1,072,421	1,072,421
Loans	-	-	-	-	2,072,340	2,072,340
Assigned to:						
Capital projects	-	-	-	15,193,759	-	15,193,759
Encumbrances for open contracts	277,908	-	-	-	-	277,908
Operating Projects	100,000	-	-	-	-	100,000
Fund balance applied in 2021	8,000,000	-	-	-	-	8,000,000
Compensated absences	9,097,573	-	-	-	-	9,097,573
Premium stabilization	4,854,228	-	-	-	-	4,854,228
Unassigned	43,978,379	-	-	-	(2,942,965)	41,035,414
Totals	<u>\$ 70,812,167</u>	<u>\$ 2,242,244</u>	<u>\$ 47,005,503</u>	<u>\$ 88,707,234</u>	<u>\$ 55,713,811</u>	<u>\$ 264,480,959</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

H. NET POSITION/FUND BALANCES (CONT.)

Business-type Activities

Net investment in capital assets	
Land	\$ 71,185,536
Construction in progress	20,672,955
Other capital assets, net of accumulated depreciation	798,417,034
Less: Related long-term capital debt outstanding	(316,901,801)
Plus: Unspent capital related debt proceeds	18,703,954
Plus: Unamortized premium and loss/gain on refunding	(19,366,038)
Plus: Borrowed reserve fund	13,493,414
Total Net Investment in Capital Assets	<u>\$ 586,205,054</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, Inc. and Olbrich Botanical Society Foundation, Inc (collectively, the Society). Olbrich Botanical Society, Inc. has a beneficial interest in the net assets of Olbrich Botanical Society Foundation, Inc. and has control over the Olbrich Botanical Society Foundation through its direct ability to approve its Board of Directors. All significant transactions and balances between the organizations have been eliminated.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Society considers all highly liquid investments purchased with original maturities of three months or less, except for funds held at brokerage firms, to be cash equivalents.

Restricted Cash and Cash Equivalents

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

	2020
Donor restricted funds	\$ 116,853
Funds to be invested at the Foundation	890,105
Capital campaign funds	<u>1,160,734</u>
	<u>\$ 2,167,692</u>

Pledges Receivable

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

Inventories

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Beneficial Interest in Assets Held by Madison Community Foundation

The Society established an agency endowment fund at the Madison Community Foundation (MCF). Accounting guidance allows that a specified beneficiary recognize its rights to the assets held by a recipient organization as an asset. The Society has recorded its estimated interest in a fund as a beneficial interest on the consolidated statements of financial position. When the Society transfers the funds to MCF, it recognizes the transfer as a decrease in cash and an increase in the asset called beneficial interest in assets held by MCF. The change in the beneficial interest is recorded in the consolidated statements of activities as revenue. The Society acknowledges that, by virtue of the governing instrument of MCF, the board of governors of MCF has the authority to modify any restrictions or condition on the distribution of assets from the fund, if, in the reasonable judgment of the board of governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by MCF. The Society has the option to take an annual distribution that represents 4.5% of the average value of the assets in the fund over the previous 20 quarters.

Beneficial Interest in Lead Trust Held by Others

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

Investments

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

Unearned Revenue

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Refundable Advance

On April 4, 2020, the Society received proceeds in the amount of \$253,800 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Society initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after, June 5, 2020 at an interest rate of 1% with payments deferred until the SBA remits the organization's loan forgiveness amount to the lender, or, if the organization does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

As of December 31, 2020, the Society does not believe it has met all the conditions attached to the PPP funds, therefore, no grant revenue is recorded within its consolidated statement of activities for the year-ended December 31, 2020. The full amount of \$253,800 of PPP funds received are recorded as a refundable advance in the Society's December 31, 2020 consolidated statement of financial position. The Society believes it will overcome the remaining barriers and the remaining refundable advance will be reported as grant revenue within its consolidated statement of activities for the year-end December 31, 2021.

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

Estimates

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Income Taxes

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

The Society must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not the position will be sustained. The Society does not believe there are any material uncertain tax positions and, accordingly, it did not recognize any liability for unrecognized tax benefits. For the year ended December 31, 2020, there were no interest or penalties recorded or included in the consolidated financial statements.

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

Gift Shop Sales

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

Education Revenue

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

Contributions

Unconditional contributions are recognized as revenue when received or pledged. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the barriers on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of the donated assets are reported as contributions with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions. Membership, programs and exhibitions support and revenue are considered contributions due to the member or attendee receiving no substantial reciprocal benefits for the amount contributed to the Society.

Investment Income

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Functional Allocation of Expenses

The costs of the Society's programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The expenses that are allocated primarily include salaries and employee benefits, which are allocated based on time and effort spent on program and supporting activities.

Sales Tax

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

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense, including gifts-in-kind was \$8,965 for the year ended December 31, 2020.

Related Parties

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

Adopted Accounting Pronouncements

In 2020, the Society adopted Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820). The new guidance removes and/or modifies the disclosure requirements on fair value measurements, specifically the three levels of hierarchy (Levels one, two and three) that prioritizes the inputs to valuation techniques used to measure fair value and the timing of transfers between levels. There was no change to the presentation of the consolidated financial statements by adopting ASU No. 2018-13.

Recent Accounting Pronouncements

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

b. Relationship Between the Society and the City of Madison

The Society and the City of Madison Parks Division work together for the benefit of Olbrich Gardens (Gardens), which is owned by the City of Madison (City). The City provides free use of space in the Olbrich Botanical Gardens building for the offices and gift shop of the Society in exchange for certain administrative functions. The fair value for the use of space or administrative functions cannot be determined and, therefore, is not reflected in the consolidated financials statements. The Society had a net receivable from the City in the amount of \$41,344 at December 31, 2020 for funds the City collected on its behalf.

The Society donates funds to the City to make capital asset purchases for the Gardens or, if purchased directly by Society, donates all capital assets it purchases to the City. In 2014, the Society began the Rooted and Growing capital campaign to add a dedicated learning center to the Gardens and to build new greenhouses. The Society began the capital campaign with an initial goal of raising \$5 million which was subsequently increased to \$6 million. The capital campaign formally ended in December 2019. The Society has transferred all of the donor restricted contributions to the City at December 31, 2020 except for \$207,184 which remained in net position with donor restrictions. The Society and its Board of Directors have designated a portion of net position without donor restrictions towards the fundraising goal. The Society has conditionally committed to provide the remaining amount of \$2,250,000 to meet its conditional \$6 million capital campaign commitment.

c. Investments

Investments at December 31, 2020 consisted of the following:

Mutual funds	\$ 4,882,512
Common stock	3,354,585
Money markets	<u>293,406</u>
Investments	<u><u>\$ 8,530,503</u></u>

Net Investment income consisted of the following:

Interest and dividends	\$ 199,462
Unrealized and realized gain	791,832
Madison Community Foundation (MCF) Activity	21,509
Change in value of CLAT	20,347
Investment advisory fees	<u>(35,567)</u>
Investment Income	<u><u>\$ 997,583</u></u>

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Fair Value Measurements

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

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

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

	2020			
	Total	Level One	Level Two	Level Three
Equity mutual funds	\$ 1,978,866	\$ 1,978,866	\$ -	\$ -
Fixed income mutual funds	2,903,646	2,903,646	-	-
Common stocks	3,354,585	3,354,585	-	-
Beneficial interest in assets held by MCF	148,497	-	-	148,497
Beneficial interest in lead trust held by others	651,896	-	-	651,896
Investments measured at fair value	\$ 9,037,490	<u>\$ 8,237,097</u>	<u>\$ -</u>	<u>\$ 800,393</u>
Money market funds	<u>293,406</u>			
Total Investments	<u>\$ 9,330,896</u>			

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

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, 2020:

	Beneficial interest in lead trust held by others	Beneficial interest in assets held by MCF
Beginning Balance	\$ 727,161	\$ 126,988
Contributions	-	13,500
Distributions	(95,612)	(3,551)
Change in Value	20,347	11,560
Ending Balance	<u>\$ 651,896</u>	<u>\$ 148,497</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

d. Pledges Receivable

Pledges receivable are expected to be collected as follows for the year ended December 31, 2020:

Olbrich Botanical Society Foundation

Receivable in less than one year	\$ 6,250
Receivable in one to five years	<u>-</u>
Total Pledges Receivable	6,250
Less 2.5% discount to net present value	<u>(906)</u>
Total Pledges Receivable, Net	<u>\$ 5,344</u>

e. Donated Services

The Society recognizes contribution revenue for certain services received at the fair value of those services. The total amount of those services was \$36,525 in 2020. The Society also recognizes contribution revenue for donated materials received at the fair value of those materials. The total amount of those materials was \$27,597 in 2020.

Additionally, the Society received 12,045 hours of volunteer time, provided by 569 individuals and groups during 2020, 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.

f. Retirement Plan

All employees are eligible to participate in the Society's 401(k) retirement plan after six months of employment and upon attaining the age of 21. The Society may make matching contributions at its discretion. Participants are fully vested in their contributions to the plan. Participants become vested in the Society's matching contributions over a five-year graduated scale. The Society's contributions to the plan were \$33,707 in 2020

g. Concentrations

Concentration of Credit Risk

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Society places its cash and temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the FDIC insurance limit. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Contributions

In 2020, there was one estate gift that made up approximately 32% of contributions revenue.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

h. Net Position

The Society's Board of Directors has chosen to place the following designations on net position with donor restrictions for the year ended December 31, 2020:

Olbrich Botanical Society Foundation

Designated for education	\$ 47,564
Designated for orchid fund (conservatory)	49,264
Designated for general stewardship fund	1,176,027
Board designated endowment	<u>4,196,515</u>
Total Foundation	<u>\$ 5,469,370</u>

Olbrich Botanical Society

Designated for agency endowment at MCF	148,497
Designated for capital campaign	1,223,900
Undesignated	<u>1,819,032</u>
Total Society	<u>\$ 3,191,429</u>
Total Net Position Without Donor Restrictions	<u>\$ 8,660,799</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020 are restricted for the following purposes:

Olbrich Botanical Society Foundation

Purpose-Restricted:

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

Perpetual in Nature:

Ursula Schmitt Speakers Fund	29,852
Dusso Conservatory Fund	221,453
Shirley Homburg Gift Shop Fund	<u>11,500</u>
Total perpetual in nature	<u>262,805</u>
Total Foundation	<u>\$ 2,034,487</u>

Olbrich Botanical Society

Purpose Restricted:

Horticulture	59,404
Education	20,138
Conservatory	1,216
Capital Campaign	207,184
Other	<u>17,277</u>
Total Purpose Restricted	<u>305,219</u>

Time Restricted:

Beneficial interest in trust held by others	651,896
Pledges receivable	<u>500</u>
Total time restricted	<u>\$ 652,396</u>
Total Society	<u>\$ 957,615</u>
Total Net Position with Donor Restrictions	<u><u>\$ 2,992,102</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

i. Endowment Fund for Olbrich Gardens

In 2006, the Society received notification of a \$300,000 contribution from the Bolz Family Foundation that established the Bolz Family Endowment Fund for Olbrich Botanical Gardens (the Fund) at MCF. The fund is donor advised and is an asset of MCF. The fair value of the fund at MCF was \$280,838 at December 31, 2020. The Society has the option to receive an annual distribution that represents 4.5% of the average value of the assets over a rolling 20-quarter period. The Society received distributions from the fund of \$10,863 during 2020 and are included in contributions on the statement of activities.

j. Endowment and Other Restrictions on Net Position

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, 2020 for those endowments under the control of the Society:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 262,805	\$ 262,805
Board designated	4,196,515	-	4,196,515
Totals	<u>\$ 4,196,515</u>	<u>\$ 262,805</u>	<u>\$ 4,459,320</u>

The endowment related activities for the year ending December 31, 2020 were as follows

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ 3,761,433	\$ 262,805	\$ 4,024,238
Investment income	674,603	33,899	708,502
Amounts appropriated for expenditure	(239,521)	(33,899)	(273,420)
Ending Balance	<u>\$ 4,196,515</u>	<u>\$ 262,805</u>	<u>\$ 4,459,320</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported as a component of net position with donor restrictions. There were no such deficiencies as of December 31, 2020.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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. The board approved an appropriation of \$273,420 for 2020, which consists of 4.5% of the average of the investment balance for the preceding 12 quarters with the last quarter being September 2020.

k. Liquidity and Availability of Financial Assets

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

Year Ended December 31, 2020

Cash and cash equivalents	\$ 2,536,955
Pledges receivable	5,344
Due from City of Madison	41,344
Beneficial interest in Madison Community Foundation	148,497
Beneficial interest in lead trust held by others	651,896
Investments	<u>8,530,503</u>
Total financial assets available within one year	<u>11,914,539</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Donor restricted for purpose or time	(2,522,113)
Board designated for other purposes	(1,421,352)
Board designated and donor restricted for capital campaign	(1,431,084)
Donor restricted endowment fund	(262,805)
Board designated endowment fund	<u>(4,196,515)</u>
Total financial assets available for general expenditure within one year	<u>\$ 2,080,670</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

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

I. Subsequent Events

Management has evaluated subsequent events through April 20, 2021, the date which the consolidated financial statements were available for issue.

In January 2021, the Society applied for and received a second draw under the Paycheck Protection Program of \$253,800. The ability to apply for forgiveness and terms of the second draw are consistent with the first draw described in Note a.

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 \$50,111.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, 2020

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 financials 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 three to five years. Furniture and equipment was \$14,005. Depreciation expense was \$298. Accumulated depreciation was \$11,624.

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

Cash and Cash Equivalents

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

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

Restricted Cash, Libraries

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

	<u>2020</u>
Monroe Street Library League	\$ 15,592
South Madison Friends	6,080
Friends of Lakeview Library	<u>27,492</u>
Totals	<u>\$ 49,164</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Certificates of Deposit

Certificates of deposit with original maturities greater than 3 months and remaining maturities of 12 months or less are classified as current assets on the statement of financial position. Certificates of deposit bear interest of 0.34%, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Website Development Costs

Website development costs are stated at cost. Amortization of website development costs is computed on the straight-line method based upon the estimated useful lives of the assets, generally three years. Website development costs were \$26,702 and amortization expense was \$3,969 as of December 31, 2020. Accumulated amortization was \$20,085 as of December 31, 2020.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Exempt Status

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

Use of Estimates

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

New Accounting Pronouncement

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, 2020. The adoption of this new standard did not impact the entity's financial statements.

In August 2018, FASB issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Changes to the Disclosures Requirements for Fair Value Measurement*, which removes or modifies certain disclosure requirements about recurring or nonrecurring fair value measurements.

The entity was required to adopt this new accounting standard during its fiscal year ended December 31, 2020. The adoption of this new standard requires the narrative description of measurement uncertainty surrounding the use of significant unobservable inputs for Level three fair value measurements to be applied prospectively. The entity is required to apply all other disclosure changes retrospectively to all periods presented. The disclosure of the activity within the beneficial interest in assets held by Madison Community Foundation was removed.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 30, 2021, which is the date the MPLF financial statements were available to be issued. The Foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

b. Promises to Give

Unconditional Promises to Give

Unconditional promises to give at December 31, 2020 consisted of the following:

Pinney Branch Capital Campaign	\$	7,500
Bookmobile		130,500
Annual		2,500
Other		2,597
John H. Lussier Charitable Lead Annuity Trust		812,746
Total Unconditional Promises to Give	\$	955,843
Less: Discounts to net present value		(95,447)
Unconditional Promises to Give - Net	\$	860,396

At December 31, 2020, \$172,710 of unconditional promises to give are receivable in less than one year and \$544,065 of unconditional promises to give are receivable in one to five years, and \$239,068 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. 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. The unconditional promise to give, net of the discount present value, was \$719,376 as of December 31, 2020. The change in the value of the CLAT totaled \$88,856 for the year ended December 31, 2020 and is included in the statements of activities.

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

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

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

The balances of the individual agency endowments at December 31, 2020 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$	70,356
Madison Library Foundation Endowment Fund		5,851,065
Print Books Purchase Fund		111,990
Judy P. Olson Book Discussion Kit Fund		22,072
Lakeview Library Endowment Fund		130,878
Monroe Street Branch Endowment Fund		28,835
Pinney Library Endowment Fund		158,380
Hawthorne Library Endowment Fund		26,147
South Madison Branch Endowment Fund		215,515
Sequoia Branch Endowment Fund		377,135
Central Library Endowment Fund		191,716
Alicia Ashman Library Endowment Fund		57,909
Meadowridge Branch Endowment Fund		136,324
Professional Development Endowment		20,936
Rosemary Lee Endowment Fund		85,107
Total Agency Endowments	\$	<u>7,484,365</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

d. Fair Value Disclosure

Fair value of assets measured on a recurring basis at December 31, 2020, are as follows:

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Inputs (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
Beneficial interest in assets held at MCF ¹	\$ 7,484,365	\$ -	\$ -	\$ 7,484,365
Unconditional promises to give, net - CLAT ²	719,376	-	719,376	-
Totals	\$ 8,203,741	\$ -	\$ 719,376	\$ 7,484,365

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.

² The CLAT is valued by the underlying investments which are derived from quoted prices in active markets for identical assets. The foundation records its share (1/20th) of the value provided by the trustee. In addition, the amount reported is based on the net present value of the CLAT using the discount rate as described in Note b.

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, 2020:

Madison Public Library Foundation Endowment Fund	\$ 5,851,065
Program Venture Fund	5,000
Undesignated	<u>935,108</u>
Total Net Position Without Donor Restrictions	<u>\$ 6,791,173</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020:

Ashman Branch	\$	6,253
Ashman Endowment		9,114
Book Festival		550,615
Central Branch		315
Central Endowment		39,523
General Library		48,450
Hawthorne Branch		363
Hawthorne Endowment		26,147
Judy P. Olson Book Discussion Kit Endowment		15,902
Lakeview Branch		312,945
Lakeview Endowment		130,878
Friends of Lakeview Library		27,492
Meadowridge Branch		7,632
Meadowridge Endowment		23,614
Monroe Branch		9,382
Monroe Endowment		7,175
Monroe Library League		15,592
Pinney Branch		5,727
Pinney Endowment		158,380
Print Books Purchase		1,224
Professional Development Endowment		2,196
Proctor Endowment		18,442
Rosemary Lee Endowment		9,607
Sequoia Branch		1,305
Sequoia Endowment		82,044
South Madison Branch		7,025
South Madison Friends		6,080
South Madison Endowment		44,848
John H. Lussier Charitable Lead Annuity Trust		719,376
Net Position With Donor Restrictions	\$	2,287,646

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.

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, 2020 consisted of the following:

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Ashman Branch Endowment Fund	\$	48,795
Central Branch Endowment Fund		152,193
Elizabeth Moon Proctor Scholarship and Professional Development Fund		51,914
Meadowridge Branch Endowment Fund		112,710
Monroe Branch Endowment Fund		21,660
Print Books Endowment Fund		110,766
Sequoia Branch Endowment Fund		295,091
South Madison Branch Endowment Fund		170,667
Judy P. Olson Endowment Fund		6,170
Professional Development Endowment		18,740
Rosemary Lee Endowment Fund		75,500
Net Position With Donor Restrictions – Perpetual Endowments	\$	1,064,206

f. Endowment

The Foundation’s endowment consists of 14 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.

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 \$110,766 and a deficiency of \$0 as of December 31, 2020. A deficiency results from unfavorable market fluctuations and continued appropriation of the fund for certain programs that was deemed prudent by the Board of Directors.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board appropriated for expenditure \$4,238 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, 2020.

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Donor-restricted endowment funds	\$ -	\$ 569,094	\$ 1,064,206
Board-designated endowment funds	5,851,065	-	-
Total Funds	\$ 5,851,065	\$ 569,094	\$ 1,064,206

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020:

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Endowment net position - beginning of year	\$ 5,415,021	\$ 425,115	\$ 1,058,815
Contributions	248,367	83,660	3,729
Amounts released for expenditure	(184,897)	(48,882)	(4,238)
Net investment income	372,574	109,201	5,900
Endowment Net Position - End of Year	\$ 5,851,065	\$ 569,094	\$ 1,064,206

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 \$3,646 during 2020. The Mohaupt Fund had a fair value of \$95,977 as of December 31, 2020.

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 2020 was \$14,037.

i. Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2021. 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, 2020

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

I. COMPONENT UNITS (CONT.)

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

j. Uncertainty

In March 2020, the World Health Organization (WHO) characterized the coronavirus disease (COVID-19) as a global pandemic. Since that time, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic 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 30, 2021, management believes that a material impact on the foundation's financial position and results of future operations is reasonably possible.

k. Paycheck Protection Program

On April 16, 2020, the foundation received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of \$79,375 (the PPP Loan). The foundation obtained forgiveness of the PPP Loan on December 21, 2020 and recognized it as contribution revenue in the statements of activities. The SBA retains the right to review the eligibility of any borrower, regardless of the size of the loan. If the SBA subsequently determines the borrower was ineligible for the PPP loan after forgiveness, the borrower must immediately repay the loan to the lender.

l. 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, 2020 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Financial Assets as of December 31, 2020	\$ 10,164,276
Less: Those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	(1,718,552)
Board designated endowment funds	(5,851,065)
Board designated other	(5,000)
Donor restricted endowment funds	<u>(1,633,300)</u>
Financial Assets Available to Meet Cash needs for General Expenditures Within One Year	<u>\$ 956,359</u>

m. Subsequent event

On February 5, 2021, the foundation received \$81,240 in loan proceeds under the PPP and is subject to the terms, conditions, and requirements of the SBA Paycheck Protection Program under section 7(a) of the Small Business Act Loan program. It is management's intention to use the proceeds from this note in accordance with the PPP and anticipate that the loan proceeds and interest will be forgiven in 2021. Any portion that does not qualify for forgiveness would convert to a note payable that carries a 1% interest rate and a 5-year term.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Madison Parks Foundation, Inc (MPF)

Madison Parks Foundation, Inc. (the Foundation) is a nonprofit corporation and works to identify and support park improvement opportunities in the City of Madison, Wisconsin by encouraging and mobilizing the financial support of neighborhood groups, foundations, and citizens.

a. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values as of year-end. Unrealized gains and losses are included in the change in net position.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Revenue Recognition

The Foundation recognizes special event revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services related to special events are transferred at a point in time. The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been sustainably met. As of December 31, 2020, the Foundation has a promise to give in the amount of \$100,000 conditioned upon the start of a fully accessible playground project.

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

Contributions

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

Functional Allocation of Expenses

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

Donated Services

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for tax years before 2017.

The Foundation has adopted the accounting guidance for recognizing and measuring uncertain tax positions. The Foundation follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the accompanying financial statements.

Use of Estimates

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

Subsequent Events

In preparing the MPF financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 2, 2021, to be issued after the date the financial statements were available.

b. Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash equivalents and investments. The Foundation maintains its cash equivalents with one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the Foundation's cash balances at financial institutions may exceed federal depository insurance coverage and management considers this to be a normal business risk. At December 31, 2020, 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, 2020, the Foundation held investments of \$3,119,705 which were not covered by SIPC insurance.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

c. Investments

The Foundation's investments consist of cash and marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The Foundation's investments are comprised of the following as of December 31, 2020:

	Market	Cost
Cash	\$ 202,433	\$ 202,433
Equities	1,968,920	1,342,030
Fixed income	948,352	914,318
Totals	<u>\$ 3,119,705</u>	<u>\$ 2,458,781</u>

Investment income from these investments for the year ended December 31, 2020 is summarized as follows:

	2020
Interest and dividends	\$ 45,089
Net realized and unrealized gains	296,601
Investment expense	<u>(21,620)</u>
Totals	<u>\$ 320,070</u>

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

d. Fair Value Measurement

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level One)	Fair Value Measurements Using: Significant Unobservable Inputs (Level Three)
December 31, 2020			
Cash	\$ 202,433	\$ 202,433	\$ -
Equities	1,968,920	1,968,920	-
Fixed income	948,352	948,352	-
Beneficial Interest in assets held by MCF	82,190	-	82,190
Totals	\$ 3,201,895	\$ 3,119,705	\$ 82,190

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: No Level Two inputs were available to the Foundation. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Level One Fair Value Measurements

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

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

Level Three Fair Value Measurements

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

e. Beneficial Interest in Agency Endowment

According to professional standards, the Foundation recognizes the fair value of donations as contributions when received and when the Foundation transfers the funds to Madison Community Foundation ("MCF") it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in agency endowment. The Foundation acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Fund and normally makes an annual distribution to the Foundation that represents five percent of the average value of the assets in the Fund over the previous twelve quarters. The purpose of the distributions is to enable the Foundation to carry out its charitable and exempt purposes. The activity in the Fund at MCF was as follows for the year ended December 31, 2020:

	2020
Balance - January 1, 2020	\$ 79,918
Agency endowment return:	
Investment income	6,045
Distributions from agency endowment	(3,018)
Expense and fees	(755)
Balance - December 31, 2020	\$ 82,190

f. Restricted Net Position

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

Time and purpose restrictions	\$ 727,614
City Endowment	128,701
MCF Endowment	82,190
Donated funds from City of Madison	185,972
Total	\$ 1,124,477

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

g. Cooperative Agreement

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

The Madison Parks Foundation Coordinator (the "Coordinator") was in interim position created by the City under the agreement to assist the Foundation with expanding its fundraising efforts to promote additional philanthropic opportunities benefiting Madison parks. The Coordinator reported directly to the City and was subject to all City rules of employment. Under the agreement, the Foundation was responsible for the reimbursement back to the City for the Coordinator's wages and benefits. In July 2018, the Foundation and the City transitioned the Coordinator position to a full-time Executive Director position at the Foundation

In recognition of the Foundation's increasing role and commitment to the City's parks, the City and the Foundation agreed that the City will provide the Foundation with in-kind contributions and services, which include office space, the use of equipment, and office technology services. No estimate for the value of these contributions were recorded in 2020.

h. Endowment

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

	Net Position with Donor Restrictions
Endowment net position, Beginning of year	\$ 117,876
Investment return:	
Unrealized gain	9,381
Investment Income	2,298
Amount appropriated for expenditure	(854)
Endowment Net Position, End of Year	\$ 128,701

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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, and fixed income securities.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

i. Liquidity and Availability of Financial Assets

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

The following table reflects the Foundation's financial assets as of December 31, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year.

	December 31, 2020
Cash and cash equivalents	\$ 18,350
Investments	3,119,705
Total Financial Assets	3,138,055
Less: Those unavailable for general expenditure within one year due to:	
City endowment fund	(128,701)
Other donor-imposed restrictions	(913,586)
Board-designated commitments	(150,000)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 1,945,768

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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

I. COMPONENT UNITS (CONT.)

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

j. Contingency

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.

The Foundation applied for and received a Paycheck Protection Program (PPP) loan through the U.S. Small Business Administration (SBA) as part of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) signed into law by the U.S. Government on March 27, 2020.

The Foundation received \$15,058 in July 2020 through the initial phase of the PPP application process. The proceeds were used for the allowed purposes and the Foundation has met PPP's eligibility criteria to have this amount forgiven in its entirety in 2021. Accordingly, the Foundation concludes that the loan represents, in substance, a grant and has recognized the funds as revenue in 2020, as prescribed under the guidance of the Financial Accounting Standard Board (FASB) Accounting Standard Codification (ASC) 958-605.

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

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

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

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

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, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before December 31, 2016) are entitled to retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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
2019	0.0	(10)

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

During the reporting period, the WRS recognized \$18,797,344 in contributions from the City and \$180,744, in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2020 are:

Employee Category	Employee		Employer	
General (Executives & Elected Officials)	6.55	%	6.55	%
Protective with Social Security	6.55	%	10.55	%
Protective without Social Security	6.55	%	14.95	%

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

City Information

At December 31, 2020, the City reported an asset of \$57,561,292, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 1.785147087%, which was an increase of 0.037867447% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$19,329,724.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 109,254,478	\$ 54,654,758
Changes in assumptions	4,475,525	-
Net differences between projected and actual earnings on pension plan investments	-	117,701,472
Changes in proportion and differences between employer contributions and proportionate share of contributions	81,363	622,776
Employer contributions subsequent to the measurement date	21,185,232	-
Totals	\$ 134,996,598	\$ 172,979,006

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020, the CDA reported an asset of \$547,438, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net pension asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the CDA's proportion was 0.016977683%, which was an increase of .000361788% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the CDA recognized pension expense of \$180,219.

At December 31, 2020, the CDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,049,177	\$ 544,838
Changes in assumptions	52,688	-
Net differences between projected and actual earnings on pension plan investments	-	1,093,431
Changes in proportion and differences between employer contributions and proportionate share of contributions	775	6,312
Employer contributions subsequent to the measurement date	211,327	-
Total	\$ 1,313,967	\$ 1,644,581

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

City Information

\$21,185,232 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, 2021. 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)
2021	(17,700,637)
2022	(13,145,643)
2023	1,943,079
2024	(30,264,439)

CDA Information

\$211,327 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, 2021. 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)
2021	(162,128)
2022	(120,407)
2023	17,797
2024	(277,203)

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	49.0	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0	7.5	4.6
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0	7.8	4.9

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City and CDA's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City and CDA's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what its proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension (asset) liability	\$ 148,230,612	\$ (57,561,292)	\$ (211,414,406)
CDA's proportionate share of the net pension (asset) liability	\$ 1,409,751	\$ (547,438)	\$ (2,010,662)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reportsand-statements>.

At December 31, 2020, 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 2020 was \$34,916. The present value of estimated future payments based on past service is \$105,508 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, 2020

NOTE V - OTHER INFORMATION (CONT.)

B. RISK MANAGEMENT

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

Self Insurance

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

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

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

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 14,814,895	\$ 14,873,767
Current year claims and changes in estimates	3,701,334	3,087,417
Claim payments	<u>(3,642,462)</u>	<u>(3,793,599)</u>
Unpaid Claims - End of Year	<u>\$ 14,873,767</u>	<u>\$ 14,167,585</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

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 36.54% 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, 2020

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 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, 2020, 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, 2020. This is a quota share reinsurance agreement with General Reinsurance Corporation (60%) and Governmental Entities Mutual (GEM) Insurance Company (40%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,500,000 per occurrence up to the maximum loss of \$12,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$12,000,000 per occurrence. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

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

C. COMMITMENTS AND CONTINGENCIES

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

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

In September of 2018 the Common Council approved a contract with New Flyer Corp. for the purchase of up to 72 buses over a five-year period. As of December 31, 2020, 27 buses had been purchased under this contract.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

C. COMMITMENTS AND CONTINGENCIES (CONT.)

Under terms of stipulation orders issued by the State of Wisconsin Department of Industry, Labor and Human Relations, the City is making monthly payments to former employees of the City. These future amounts of \$114,386 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	\$ 29,737,934
Nonmajor Governmental Funds	1,348,875
General Fund	277,908

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan description. The City sponsors a single-employer defined benefit healthcare plan, (the Retiree Health Plan). The Plan provides healthcare coverage to eligible retired City employees and their spouses, which covers both active and retired members. The Plan is affiliated with the Wisconsin Public Employer's Group Health Insurance – Dane County service area plan, a purchasing plan administered by the State of Wisconsin. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The Plan provides eligible retirees with the opportunity to stay on the City's health insurance plan. Eligible retirees and spouses contribute the full amount of the premiums after age 55, except for teamsters who contribute the difference between the rate paid by the City and current year rate.

The City contributes to the premiums for eligible police and fire employees who retire before age 55, but not before age 50. The contributions for these employees continues until age 55, as defined by the union contract. Retirees are responsible for the premiums after that time. The City will contribute, on behalf of eligible police and police supervisors, 90% of the appropriate premium rates of the lowest bidder among the health care providers offered. The City will contribute, on behalf of eligible fire employees and fire supervisors, 90% of the average for Dane County Tier 1 service providers for those who retired after January 1, 2017 but before January 1, 2021. For those that retire January 1, 2021 or later, the City will contribute 88% of the average for Dane County Tier 1 service providers. The City will contribute, on behalf of eligible teamsters, up to 100% of the appropriate premium rates of the lowest bidder among the health care providers offered for a maximum of five years, the employee reaches age 65 or until the retiree is eligible for Medicare, whichever is earlier. The contributions for eligible teamsters will not be adjusted annually, the City's contribution will remain at the rate determined in the year of retirement, and the retiree is responsible for any difference in rates.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONT.)

Starting with the 2002 contract, the City will contribute \$200,000 annually to the fire union's retiree health insurance, adjusted by the percentage of wage increase negotiated. The City shall make a contribution to the Local 236 retiree health insurance fund and into an escrow account for contribution towards health premiums for eligible teamsters' employees in an amount determined annually with the wage increase negotiated.

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

City Information

Active plan members	2,800
Inactive plan members or beneficiaries currently receiving benefit payments	687
	3,487

CDA Information

Active plan members	51
Inactive plan members or beneficiaries currently receiving benefit payments	10
	61

The City's total OPEB liability of \$82,355,761 and the CDA's total liability of \$639,761 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%	
Salary increases	3.00%	
Healthcare cost trend rates	8%	Initially reduced by decrements to an ultimate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%	
Discount Rate	2.12%	

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

Mortality rates are from SOA RPH-2020 Total Dataset Mortality Table fully generational using Scale MP-2020.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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, 2020	\$ 71,257,036	\$ 618,835
Changes for the year:		
Service cost	4,899,074	38,057
Interest	2,427,734	18,859
Changes of benefit terms	(77,170)	-
Changes in assumptions	11,299,076	21,883
Differences between expected and actual experience	(3,920,592)	(30,456)
Benefit payments	(3,529,397)	(27,417)
Net changes	\$ 11,098,725	\$ 20,926
Balances at December 31, 2020	\$ 82,355,761	\$ 639,761

Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent in 2019 to 2.12 percent in 2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City and CDA, as well as what the City and CDA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
City's Total OPEB liability	\$ 89,499,460	\$ 82,355,761	\$ 75,906,508
CDA's Total OPEB liability	\$ 695,255	\$ 639,761	\$ 589,662

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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 (8% decreasing to 7%) or 1-percentage-point higher (8% increasing to 9%) than the current healthcare cost trend rates:

	1% Decrease (8.0% Decreasing to 7.0%)	Healthcare Cost Trend Rates	1% Increase (8.0% Increasing to 9.0%)
City's Total OPEB liability	\$ 74,016,612	\$ 82,355,761	\$ 92,320,058
CDA's Total OPEB liability	\$ 574,980	\$ 639,761	\$ 717,166

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

City Information

For the year ended December 31, 2020, the City recognized OPEB expense of \$7,619,677. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-	\$ 8,397,577
Changes of assumptions	13,183,715		839,090
Total	\$ 13,183,715		\$ 9,236,667

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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)
2021	\$ 369,500
2022	369,500
2023	369,500
2024	369,500
2025	369,501
Thereafter	2,099,547

CDA Information

For the year ended December 31, 2020, the CDA recognized OPEB expense of \$59,247. At December 31, 2020, 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	\$ -	\$ 65,235
Changes of assumptions	102,425	6,518
Total	\$ 102,425	\$ 71,753

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)
2021	\$ 2,870
2022	2,870
2023	2,870
2024	2,870
2025	2,870
Thereafter	16,322

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

E. RELATED PARTIES

Related Parties - Primary Government

The City had the following related party transactions during 2020.

Name	Committee	Affiliated Organization	Amount
Shane Bernau	Urban Design Commission	SmithGroup	\$ 74,283
Christopher Brockel	Madison Food Policy Council	Madison Northside Planning Council	156,814
Keetra Burnette	Police Civilian Oversight Board	United Way of Dane County	17,500
Nikki Conklin	Common Council	Lussier Community Education Center	421,018
Jael Currie	Common Council	YWCA Madison	425,766
Araceli Esparza	Equal Opportunities Commission	Dane County TimeBank	33,333
Tag Evers	Common Council/Bayview Foundation Board/Board of Public Works/Community Development Authority/Education Committee/Sustainable Madison Committee/Joint Campus Area Committee	Frank Productions	50,000
Veronica Figueroa Velez	Body-Worn Camera Feasibility Review Committee	UNIDOS	83,191
Brandi Grayson	Common Council	Urban Triage	155,000
Jason Ilstrup	City-County Homeless Issues Committee	Downtown Madison, Inc.	280,583
Sharyl Kato	Humanitarian Award Commission, Reverend Doctor Martin Luther King, Jr.	The Rainbow Project, Child & Family Counseling & Resource Clinic	180,339
Nicholas Leete	Madison Food Policy Council	Rooted, Inc.	184,371
Hedi Rudd	Madison Food Policy Council	Rooted, Inc.	
Mykenzie Lemberger	Early Childhood Care and Education Committee	Playing Field	98,513
Regina Mcconnell	Digital Technology Committee	East Madison Community Center	191,260
David Mclean	Landmarks Commission	University of Madison - Wisconsin	433,450
Greg Reed	Community Development Authority	University of Madison - Wisconsin	
Ben Van Pelt	Community Development Block Grant Committee	University of Madison - Wisconsin	
Oscar Mireles	Parks Long Range Planning Committee/Overture Center Foundation Board of Directors	Omega School	61,500

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

E. RELATED PARTIES (CONT.)

Related Parties - Primary Government (cont.)

Name	Committee	Affiliated Organization	Amount
Maia Pearson	Humanitarian Award Commission, Reverend Doctor Martin Luther King, Jr./Police Civilian Oversight Board	Rise, Inc.	242,170
Dave Porterfield	Housing Strategy Committee	Movin' Out Inc.	351,214
Rachel Sattler	Community Development Block Grant Committee	Legal Action of Wisconsin, Inc.	170,000
Luke Schieve	Equal Opportunities Commission/Body-Worn Camera Feasibility Review Committee	Exact Sciences	43,740
Craig Weisensel	Urban Design Commission	Exact Sciences	
Jesse Shields	Sustainable Madison Committee	Madison Gas & Electric Company	6,537,849
Taeli Turner Reistad	Madison Arts Commission	Overture Center for the Arts	1,202,000
Molly Wells	Landlord and Tenant Issues Committee	Tenant Resource Center	<u>688,926</u>
		Total	<u>\$ 12,082,820</u>

The City Attorney has reviewed the related party transaction schedule and the parties have stipulated that either no matters related to the affiliated entity appeared before them, or, if they did, they properly recused themselves.

Related Parties - CDA

The administration and operation of the CDA is performed by employees of the City. The CDA pays the City for these services, as well as other allocated costs.

F. JOINT OPERATIONS

Administrative offices and court facilities of the City are housed in a building that includes similar facilities for Dane County. The building is owned jointly by the City and the County. The County acts as the fiscal agent for operating costs of the building. Such occupancy expenses are paid to Dane County and have been recorded as operating costs in the applicable City department.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

G. COOPERATIVE BOUNDARY PLANS (CONT.)

The plan shall terminate on October 30, 2022, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the City of Madison, City of Fitchburg, and Town of Madison Cooperative Plan can be obtained at the Town of Madison.

On February 18, 2005, the Town of Blooming Grove and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the City and the town and the existing town and City property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 22 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 31, 2027, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Madison.

On January 17, 2007, the Town of Burke, the Village of DeForest, the City of Sun Prairie, and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the cities, the village, and the town and the existing town, village, and City property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 29 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 26, 2036, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Madison.

H. JOINT VENTURE

The City of Madison and Dane County jointly operate the Public Health for Madison and Dane County (PHMDC), which provides public health services to its citizens.

The governing body is made up of eight members. One alder member is appointed by the Mayor of the City of Madison, as confirmed by the common council, and a supervisor is appointed by the Dane County Executive, as confirmed by the county board. The mayor and county executive jointly appoint the remaining six board members from citizens involved in the health profession. The governing body has authority to adopt its own budget, subject to approval by the common council and county board. The City of Madison made a payment totaling \$6,233,474 to the PHMDC for 2020. 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, 2020 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

H. JOINT VENTURE (CONT.)

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, 2020 is available directly from the City of Madison, the fiscal agent Metropolitan Unified Fiber Network Consortium.

The City of Madison accounts for its share of the operations in the general fund. The City does not have an equity interest in the organization.

I. TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which: (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled, and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City, through its Tax Incremental Financing Districts (TIDs), has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plans. The City disburses loans to developers. The developer guarantees a certain amount of increment each year. The developers pay property taxes as they become due, and if they generate the guaranteed increment, an equal amount of loan balance is forgiven. Total amount of loans forgiven during 2020 were \$6,661,647. No loans were disbursed during 2020.

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

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

- > Statement No. 87, *Leases*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus 2020*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V - OTHER INFORMATION (CONT.)

J. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS NEW ENTRY (CONT.)

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

K. SUBSEQUENT EVENTS

The City continues to operate under hybrid work arrangements in response to public health orders associated with containing the COVID-19 global pandemic. Public Health of Madison Dane County (PHMDC) data through April 2021 show 42% of Dane County residents are fully vaccinated and 93% of residents over age 65 are fully vaccinated. Public health orders are updated monthly in response to data trends.

The Federal American Rescue Plan Act (ARPA) was signed into law in early March 2021. Under ARPA, Madison is anticipated to receive approximately \$49.0 million under the local government aid provisions of the legislation. That funding will be received in two equal tranches – the first was on May 19, 2021 for nearly \$23.6 million and the second will be received one year later – and is available through December 31, 2024. Funding can be used to address the economic and public health impacts of COVID-19, pay bonuses to essential public and private employees, address local government revenue shortfalls, and for water, sewer and broadband infrastructure. Madison has an estimated revenue loss of \$67.0 million through 2021 (general, room tax, and key enterprise funds). The City is also anticipated to receive \$30.0 million of transit funding under ARPA. Total additional funding for transit from federal economic recovery legislation (CARES, CAA and ARPA) is anticipated to reach approximately \$70.0 million. The City has formed an internal Funding and Recovery Team to review the various programs under ARPA and other federal legislation, estimate the amount of funding to be received by the city directly or through organizations and businesses in the city, engage the community on these programs, and seek partnerships for use of the funds to build back the community better.

The City Council approved an increase in sewer and stormwater utility rates with a decrease in special revenue fund landfill rates effective May 1, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 248,292,390	\$ 248,292,390	\$241,916,384	\$ (6,376,006)
Intergovernmental	40,701,171	40,701,171	40,784,304	83,133
Licenses and permits	7,376,920	7,376,920	6,404,298	(972,622)
Fines and forfeitures	6,500,000	6,500,000	3,902,015	(2,597,985)
Charges for services	13,389,049	13,308,299	12,566,752	(741,547)
Investment income	4,000,000	4,000,000	3,698,642	(301,358)
Miscellaneous	1,285,000	2,235,000	971,668	(1,263,332)
Total Revenues	<u>\$ 321,544,530</u>	<u>\$ 322,413,780</u>	<u>\$310,244,063</u>	<u>\$ (12,169,717)</u>
EXPENDITURES				
Current				
General Government				
Common council	867,090	867,265	835,361	31,904
Mayor	1,513,669	1,430,697	1,167,646	263,051
Municipal court	223,501	223,501	230,497	(6,996)
Attorney	3,247,167	3,366,124	3,118,641	247,483
Assessor	2,712,661	2,838,661	2,853,616	(14,955)
Clerk	2,982,498	3,331,871	2,977,993	353,878
Finance	4,175,833	4,196,316	4,091,040	105,276
Information technology	7,192,726	7,192,726	6,602,661	590,065
Human resources	2,008,882	2,009,449	1,821,309	188,140
EAP	416,687	416,687	356,809	59,878
Department of Civil Rights	2,065,980	2,123,480	1,903,588	219,892
Total General Government	<u>\$ 27,406,694</u>	<u>\$ 27,996,777</u>	<u>\$ 25,959,161</u>	<u>\$ 2,037,616</u>
Public Safety				
Fire	57,020,341	58,405,283	57,787,839	617,444
Police	81,830,699	86,665,223	83,639,069	3,026,154
Public health	6,233,474	6,233,474	6,233,474	-
Total Public Safety	<u>\$ 145,084,514</u>	<u>\$ 151,303,980</u>	<u>\$147,660,382</u>	<u>\$ 3,643,598</u>
Public Works and Transportation				
Engineering	4,505,518	4,453,598	4,143,427	310,171
Streets	26,394,124	26,526,958	26,510,810	16,148
Transit utility	8,552,649	-	-	-
Transportation	518,601	518,601	408,919	109,682
Traffic engineering	6,907,718	7,126,725	6,752,291	374,434
Total Public Works and Transportation	<u>\$ 46,878,610</u>	<u>\$ 38,625,882</u>	<u>\$ 37,815,447</u>	<u>\$ 810,435</u>

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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2020

	<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	\$ 872,102	\$ 650,816	\$ 560,919	\$ 89,897
Planning	3,315,474	3,617,671	3,531,836	85,835
Building inspection	4,948,414	4,929,407	4,847,217	82,190
Community development	14,174,892	14,226,483	13,895,433	331,050
Economic development	2,006,377	2,035,269	1,667,822	367,447
Total Planning and Development	<u>\$ 25,317,259</u>	<u>\$ 25,459,646</u>	<u>\$ 24,503,227</u>	<u>\$ 956,419</u>
Culture and Recreation				
Parks	14,736,921	14,808,589	14,404,064	404,525
Total Culture and Recreation	<u>\$ 14,736,921</u>	<u>\$ 14,808,589</u>	<u>\$ 14,404,064</u>	<u>\$ 404,525</u>
Miscellaneous	7,697,623	9,795,498	2,804,715	6,990,783
Total Miscellaneous	<u>\$ 7,697,623</u>	<u>\$ 9,795,498</u>	<u>\$ 2,804,715</u>	<u>\$ 6,990,783</u>
Debt Service	54,422,907	54,422,907	54,422,907	-
Total Expenditures	<u>\$ 321,544,528</u>	<u>\$ 322,413,279</u>	<u>\$ 307,569,903</u>	<u>\$ 14,843,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2</u>	<u>\$ 501</u>	<u>\$ 2,674,160</u>	<u>\$ 2,673,659</u>
Net Change in Fund Balance	<u>\$ 2</u>	<u>\$ 501</u>	<u>\$ 2,674,160</u>	<u>\$ 2,673,659</u>
FUND BALANCES, Beginning of Year	<u>68,138,007</u>	<u>68,138,007</u>	<u>68,138,007</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 68,138,009</u></u>	<u><u>\$ 68,138,508</u></u>	<u><u>\$ 70,812,167</u></u>	<u><u>\$ 2,673,659</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 19,163,603	\$ 19,163,603	\$ 19,163,603	\$ -
Intergovernmental	79,470	1,262,060	1,297,868	35,808
Public charges for services	1,115,489	1,083,763	791,490	(292,273)
Miscellaneous	466,989	748,057	928,316	180,259
Total Revenues	<u>\$ 20,825,551</u>	<u>\$ 22,257,483</u>	<u>\$ 22,181,277</u>	<u>\$ (76,206)</u>
EXPENDITURES				
Current				
Culture and recreation	17,786,505	19,327,374	17,793,565	1,533,809
Total Expenditures	<u>\$ 17,786,505</u>	<u>\$ 19,327,374</u>	<u>\$ 17,793,565</u>	<u>\$ 1,533,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,039,046</u>	<u>\$ 2,930,109</u>	<u>\$ 4,387,712</u>	<u>\$ 1,457,603</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,000	114,937	110,604	(4,333)
Transfers out	<u>(3,045,046)</u>	<u>(3,045,046)</u>	<u>(3,045,046)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ (3,039,046)</u>	<u>\$ (2,930,109)</u>	<u>\$ (2,934,442)</u>	<u>\$ (4,333)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 1,453,270	\$ 1,453,270
FUND BALANCES - Beginning of Year	<u>788,974</u>	<u>788,974</u>	<u>788,974</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 788,974</u>	<u>\$ 788,974</u>	<u>\$ 2,242,244</u>	<u>\$ 1,453,270</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, 2020

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
12/31/20	1.78514709%	\$ (57,561,292)	\$ 215,094,354	26.76%	102.96%
12/31/19	1.74727964	62,162,732	205,699,683	30.22	96.45
12/31/18	1.68891241	(50,145,814)	205,730,250	24.37	102.93
12/31/17	1.62005356	13,353,109	191,009,837	6.99	99.12
12/31/16	1.58205299	25,708,053	183,244,827	14.03	98.20
12/31/15	1.57042163	(38,573,852)	178,424,442	21.62	102.74

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CITY) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2020

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
12/31/20	\$ 21,185,232	\$ 21,185,232	\$ -	\$ 224,020,519	9.46%
12/31/19	19,003,865	19,003,865	-	215,094,354	8.84
12/31/18	18,257,506	18,257,506	-	205,699,683	8.88
12/31/17	17,686,491	17,686,491	-	198,994,273	8.89
12/31/16	15,854,458	15,854,458	-	191,009,837	8.30
12/31/15	15,418,160	15,418,160	-	183,244,827	8.41

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF MADISON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2020

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
12/31/20	0.01697768%	\$ (547,438)	\$ 2,560,588	21.38%	102.96%
12/31/19	0.01644257	584,975	2,301,605	25.42	96.45
12/31/18	0.01621912	(481,564)	2,271,038	21.20	102.93
12/31/17	0.01611899	132,859	2,220,313	5.98	99.12
12/31/16	0.01613057	262,120	2,237,306	11.72	98.20
12/31/15	0.01596426	(392,124)	2,131,088	18.40	102.74

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2020

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
12/31/20	\$ 211,327	\$ 211,327	\$ -	\$ 2,950,806	7.16%
12/31/19	180,744	180,744	-	2,560,588	7.06
12/31/18	173,813	173,813	-	2,301,605	7.55
12/31/17	169,849	169,849	-	2,271,038	7.48
12/31/16	157,746	157,746	-	2,220,313	7.10
12/31/15	157,204	157,204	-	2,237,396	7.03

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

CITY OF MADISON

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
December 31, 2020

	2020		2019		2018	
	City	CDA	City	CDA	City	CDA
Total OPEB Liability						
Service Cost	\$ 4,899,074	\$ 38,057	\$ 4,291,031	\$ 33,038	\$ 4,672,941	\$ 40,885
Interest	2,427,734	18,859	2,792,310	24,250	2,516,975	22,021
Changes of benefit terms	(77,170)	-	-	-	-	-
Differences between expected and actual experience	(3,920,592)	(30,456)	(2,300,267)	(19,977)	(5,179,468)	(45,317)
Changes of assumptions	11,299,076	21,883	4,468,248	38,805	(1,341,239)	(11,735)
Benefit payments	(3,529,397)	(27,417)	(3,252,602)	(28,247)	(2,854,098)	(24,971)
Net change in Total OPEB Liability	\$ 11,098,725	\$ 20,926	\$ 5,998,720	\$ 47,869	\$ (2,184,889)	\$ (19,117)
Total OPEB Liability - Beginning	71,257,036	618,835	65,258,316	570,966	67,443,205	590,083
Total OPEB Liability - Ending	<u>\$ 82,355,761</u>	<u>\$ 639,761</u>	<u>\$ 71,257,036</u>	<u>\$ 618,835</u>	<u>\$ 65,258,316</u>	<u>\$ 570,966</u>
Covered payroll	\$ 224,020,519	\$ 2,950,806	\$ 205,413,778	\$ 2,489,055	\$ 194,757,906	\$ 2,750,141
Total OPEB Liability as a percentage of covered payroll	36.76 %	21.68 %	34.69 %	24.86 %	33.51 %	20.76 %

Notes to Schedule:

Benefit changes. No significant changes to benefit terms.

Changes of assumptions:

Discount Rate - The discount rate has been updated from 3.26% to 2.12% in the December 31, 2020 valuation.

Health Care and Subsidy Trend Rates - The health care and subsidy trend rates remain at an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50% for the December 31, 2019 valuation.

Mortality. Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to:

- a. General and Teamsters Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
- b. Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020
- c. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

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

CITY OF MADISON

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS December 31, 2020

Valuation Date:

December 31, 2020 with no adjustments to the December 31, 2020 measurement date. Liabilities as of January 1, 2020 are based on actuarial valuation date of January 1, 2019 projected to January 1, 2020 on a "no gain / no loss" basis.

Methods and assumptions used to determine total other post-employment benefits liability:

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	8 years
Asset valuation method	Not applicable
Inflation	2.50 percent
Healthcare cost trend rates	8.0 percent initial, decreasing 0.5 percent every year
Salary increases	3.0 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2020 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on SOA Pub-2010 General, Public Safety and Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

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

Other Information:

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

CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2020

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	\$ 300,725,554
Add: Transfers In	14,318,203
Less: Transfers Out	<u>(4,799,693)</u>
Total Revenues - Budgetary Basis	<u>\$ 310,244,064</u>
Total Expenditures - GAAP Basis	\$ 255,079,054
Add: Transfers Out	57,290,543
Less: Transfers In	<u>(4,799,693)</u>
Total Expenditures - Budgetary Basis	<u>\$ 307,569,904</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 \$277,908. Budgets are adopted at the agency level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. No significant change in assumptions were noted from the prior year.

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, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 68,381	\$ 68,381	\$ 46,960	\$ (21,421)
Investment income	1,300,000	1,300,000	723,868	(576,132)
Total Revenues	<u>\$ 1,368,381</u>	<u>\$ 1,368,381</u>	<u>\$ 770,828</u>	<u>\$ (597,553)</u>
EXPENDITURES				
Debt service				
Principal retirement	79,238,500	79,238,500	79,596,093	(357,593)
Interest and fiscal charges	16,946,737	16,946,737	13,848,321	3,098,416
Total Expenditures	<u>\$ 96,185,237</u>	<u>\$ 96,185,237</u>	<u>\$ 93,444,414</u>	<u>\$ 2,740,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (94,816,856)</u>	<u>\$ (94,816,856)</u>	<u>\$ (92,673,586)</u>	<u>\$ 2,143,270</u>
OTHER FINANCING SOURCES				
General obligation debt issued	-	-	125,214	125,214
General obligation refunding debt issued	-	-	45,978,388	45,978,388
Premium on debt issued	-	-	2,443,803	2,443,803
Transfers in	94,816,856	94,816,856	68,253,369	(26,563,487)
Total Other Financing Sources	<u>\$ 94,816,856</u>	<u>\$ 94,816,856</u>	<u>\$ 116,800,774</u>	<u>\$ 21,983,918</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 24,127,188	\$ 24,127,188
FUND BALANCES - Beginning of Year	<u>22,878,315</u>	<u>22,878,315</u>	<u>22,878,315</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 22,878,315</u></u>	<u><u>\$ 22,878,315</u></u>	<u><u>\$ 47,005,503</u></u>	<u><u>\$ 24,127,188</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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 25,533,533	\$ 26,134,681	\$ 25,533,533	\$ (601,148)
Special assessments	6,100,000	6,100,000	3,602,951	(2,497,049)
Intergovernmental	2,448,926	3,410,926	1,796,046	(1,614,880)
Intergovernmental charges for services	690,000	895,000	7,451,554	6,556,554
Public charges for services	-	-	243,046	243,046
Investment income	872,046	872,046	785,492	(86,554)
Miscellaneous	1,379,772	1,379,772	188,901	(1,190,871)
Total Revenues	<u>\$ 37,024,277</u>	<u>\$ 38,792,425</u>	<u>\$ 39,601,523</u>	<u>\$ 809,098</u>
EXPENDITURES				
Current				
General government	2,175,000	2,175,000	3,124,232	(949,232)
Public safety	450,000	450,000	946,224	(496,224)
Public works and transportation	9,140,000	9,140,000	11,804,757	(2,664,757)
Planning and development	788,372	788,372	1,317,514	(529,142)
Culture and recreation	2,937,500	2,937,500	2,801,464	136,036
Capital Outlay	63,655,140	66,943,288	44,141,333	22,801,955
Debt service				
Principal retirement	785,000	785,000	785,000	-
Interest and fiscal charges	61,380	61,380	61,380	-
Total Expenditures	<u>\$ 79,992,392</u>	<u>\$ 83,280,540</u>	<u>\$ 64,981,904</u>	<u>\$ 18,298,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (42,968,115)</u>	<u>\$ (44,488,115)</u>	<u>\$ (25,380,381)</u>	<u>\$ 19,107,734</u>
OTHER FINANCING SOURCES				
General obligation debt issued	55,315,640	55,315,640	60,327,148	5,011,508
Transfers in	13,154,000	13,154,000	3,755,977	(9,398,023)
Transfers out	(18,238,245)	(18,530,092)	(10,815,474)	7,714,618
Total Other Financing Sources	<u>\$ 50,231,395</u>	<u>\$ 49,939,548</u>	<u>\$ 53,267,651</u>	<u>\$ 3,328,103</u>
Net Change in Fund Balance	\$ 7,263,280	\$ 5,451,433	\$ 27,887,270	\$ 22,435,837
FUND BALANCES - Beginning of Year	<u>60,819,964</u>	<u>60,819,964</u>	<u>60,819,964</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 68,083,244</u></u>	<u><u>\$ 66,271,397</u></u>	<u><u>\$ 88,707,234</u></u>	<u><u>\$ 22,435,837</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, 2020

	Special Revenue		
	Community Development Block Grant	Revolving Loans	Other Grants
ASSETS			
Cash and investments	\$ 2,928,264	\$ 2,342,246	\$ 665,243
Receivables			
Taxes	-	-	-
Accounts	-	-	-
Accrued revenue	-	-	-
Accrued interest	-	25,860	-
Long-term loans	20,984,060	5,410,601	-
Due from other funds	-	-	-
Due from other governmental units	3,442,425	-	1,247,019
Prepaid items	6,671	528	26,207
Restricted cash and investments	897,894	-	-
TOTAL ASSETS	\$ 28,259,314	\$ 7,779,235	\$ 1,938,469
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 239,905	\$ 345	\$ 225,151
Accrued liabilities	26,751	1,612	159,906
Deposits	-	-	-
Advances from other funds	-	625,553	-
Unearned revenues	897,894	-	810,952
Total Liabilities	\$ 1,164,550	\$ 627,510	\$ 1,196,009
Deferred Inflows of Resources			
Unavailable revenues	1,930,260	25,860	1,169,112
Total Deferred Inflows of Resources	\$ 1,930,260	\$ 25,860	\$ 1,169,112
Fund Balances			
Nonspendable	6,671	528	26,207
Restricted	25,157,833	7,125,337	-
Committed	-	-	-
Unassigned (deficit)	-	-	(452,859)
Total Fund Balances (Deficit)	\$ 25,164,504	\$ 7,125,865	\$ (426,652)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 28,259,314	\$ 7,779,235	\$ 1,938,469

Special Revenue	Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
Other Restricted Funds			
\$ 5,543,276	\$ 11,479,029	\$ 5,275,573	\$ 16,754,602
1,194,900	1,194,900	-	1,194,900
516,181	516,181	-	516,181
246,792	246,792	-	246,792
299	26,159	10,490	36,649
435,003	26,829,664	-	26,829,664
219,207	219,207	-	219,207
455	4,689,899	-	4,689,899
48,168	81,574	-	81,574
11,034,842	11,932,736	-	11,932,736
<u>\$ 19,239,123</u>	<u>\$ 57,216,141</u>	<u>\$ 5,286,063</u>	<u>\$ 62,502,204</u>
\$ 128,371	\$ 593,772	\$ -	\$ 593,772
169,610	357,879	-	357,879
1,503	1,503	-	1,503
-	625,553	-	625,553
-	1,708,846	-	1,708,846
<u>\$ 299,484</u>	<u>\$ 3,287,553</u>	<u>\$ -</u>	<u>\$ 3,287,553</u>
370,100	3,495,332	5,508	3,500,840
<u>\$ 370,100</u>	<u>\$ 3,495,332</u>	<u>\$ 5,508</u>	<u>\$ 3,500,840</u>
48,168	81,574	802,898	884,472
17,866,716	50,149,886	4,477,657	54,627,543
3,144,761	3,144,761	-	3,144,761
(2,490,106)	(2,942,965)	-	(2,942,965)
<u>\$ 18,569,539</u>	<u>\$ 50,433,256</u>	<u>\$ 5,280,555</u>	<u>\$ 55,713,811</u>
<u>\$ 19,239,123</u>	<u>\$ 57,216,141</u>	<u>\$ 5,286,063</u>	<u>\$ 62,502,204</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2020

	Special Revenue		
	Community Development Block Grant	Revolving Loans	Other Grants
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	4,262,770	-	9,035,807
Public charges for services	386,918	4,957	-
Licenses and permits	-	-	-
Investment income	181,781	66,683	5,982
Miscellaneous	21,299	278	53,581
Total Revenues	\$ 4,852,768	\$ 71,918	\$ 9,095,370
EXPENDITURES			
Current			
General government	-	-	244,101
Public safety	-	-	3,545,965
Public works and transportation	-	-	45,236
Planning and development	3,684,402	613,192	1,446,441
Culture and recreation	-	-	-
Total Expenditures	\$ 3,684,402	\$ 613,192	\$ 5,281,743
Excess (deficiency) of revenues over (under) expenditures	\$ 1,168,366	\$ (541,274)	\$ 3,813,627
OTHER FINANCING USES			
Sale of capital assets	-	-	-
Transfers in	74	-	1,379,697
Transfers out	(12,188)	(140,299)	(5,663,696)
Total Other Financing Uses	\$ (12,114)	\$ (140,299)	\$ (4,283,999)
Net Change in Fund Balances	\$ 1,156,252	\$ (681,573)	\$ (470,372)
FUND BALANCES - Beginning of Year	24,008,252	7,807,438	43,720
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 25,164,504	\$ 7,125,865	\$ (426,652)

Special Revenue	Total		
Other Restricted Funds	Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 5,862,255	\$ 5,862,255	\$ -	\$ 5,862,255
277,339	13,575,916	-	13,575,916
13,678,683	14,070,558	91,273	14,161,831
373,149	373,149	-	373,149
193,454	447,900	241,481	689,381
4,850	80,008	-	80,008
<u>\$ 20,389,730</u>	<u>\$ 34,409,786</u>	<u>\$ 332,754</u>	<u>\$ 34,742,540</u>
3,981,452	4,225,553	-	4,225,553
227,147	3,773,112	9,130	3,782,242
5,906,670	5,951,906	-	5,951,906
910,806	6,654,841	-	6,654,841
212,792	212,792	35,029	247,821
<u>\$ 11,238,867</u>	<u>\$ 20,818,204</u>	<u>\$ 44,159</u>	<u>\$ 20,862,363</u>
<u>\$ 9,150,863</u>	<u>\$ 13,591,582</u>	<u>\$ 288,595</u>	<u>\$ 13,880,177</u>
32,585	32,585	-	32,585
481	1,380,252	-	1,380,252
<u>(8,386,451)</u>	<u>(14,202,634)</u>	<u>(203,269)</u>	<u>(14,405,903)</u>
<u>\$ (8,353,385)</u>	<u>\$ (12,789,797)</u>	<u>\$ (203,269)</u>	<u>\$ (12,993,066)</u>
\$ 797,478	\$ 801,785	\$ 85,326	\$ 887,111
<u>17,772,061</u>	<u>49,631,471</u>	<u>5,195,229</u>	<u>54,826,700</u>
<u>\$ 18,569,539</u>	<u>\$ 50,433,256</u>	<u>\$ 5,280,555</u>	<u>\$ 55,713,811</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, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,491,956	\$ 10,431,047	\$ 4,262,770	\$ (6,168,277)
Public charges for services	2,703,775	2,703,775	386,918	(2,316,857)
Investment income	36,150	36,150	181,781	145,631
Miscellaneous	15,000	15,000	21,299	6,299
Total Revenues	<u>\$ 7,246,881</u>	<u>\$ 13,185,972</u>	<u>\$ 4,852,768</u>	<u>\$ (8,333,204)</u>
EXPENDITURES				
Current				
Planning and development	7,246,881	13,186,046	3,684,402	9,501,644
Total Expenditures	<u>\$ 7,246,881</u>	<u>\$ 13,186,046</u>	<u>\$ 3,684,402</u>	<u>\$ 9,501,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (74)</u>	<u>\$ 1,168,366</u>	<u>\$ 1,168,440</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	74	74	-
Transfers out	-	-	(12,188)	(12,188)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ (12,114)</u>	<u>\$ (12,188)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 1,156,252	\$ 1,156,252
FUND BALANCES - Beginning of Year	<u>24,008,252</u>	<u>24,008,252</u>	<u>24,008,252</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 24,008,252</u></u>	<u><u>\$ 24,008,252</u></u>	<u><u>\$ 25,164,504</u></u>	<u><u>\$ 1,156,252</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, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ -	\$ -	\$ 4,957	\$ 4,957
Investment income	-	-	66,683	66,683
Miscellaneous	-	-	278	278
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,918</u>	<u>\$ 71,918</u>
EXPENDITURES				
Current				
Planning and development	1,100,000	975,000	613,192	361,808
Total Expenditures	<u>\$ 1,100,000</u>	<u>\$ 885,000</u>	<u>\$ 613,192</u>	<u>\$ 361,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,100,000)</u>	<u>(975,000)</u>	<u>(541,274)</u>	<u>433,726</u>
OTHER FINANCING USES				
General obligation debt issued	(90,000)	(90,000)	-	90,000
Transfers out	-	-	(140,299)	(140,299)
Total Other Financing Uses	<u>(90,000)</u>	<u>(90,000)</u>	<u>(140,299)</u>	<u>(50,299)</u>
Net Change in Fund Balance	<u>\$ 1,010,000</u>	<u>\$ 885,000</u>	<u>\$ (681,573)</u>	<u>\$ (1,566,573)</u>
FUND BALANCES - Beginning of Year	<u>7,807,438</u>	<u>7,807,438</u>	<u>7,807,438</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 8,817,438</u></u>	<u><u>\$ 8,692,438</u></u>	<u><u>\$ 7,125,865</u></u>	<u><u>\$ (1,566,573)</u></u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - OTHER GRANTS For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,508,675	\$ 6,093,862	\$ 9,035,807	\$ 2,941,945
Investment income	4,600	4,600	5,982	1,382
Miscellaneous	-	-	53,581	53,581
Total Revenues	<u>\$ 2,513,275</u>	<u>\$ 6,098,462</u>	<u>\$ 9,095,370</u>	<u>\$ 2,996,908</u>
EXPENDITURES				
Current				
General government	44,420	240,685	244,101	(3,416)
Public safety	2,995,526	3,897,974	3,545,965	352,009
Public works and transportation	-	-	45,236	(45,236)
Planning and development	1,221,112	-	1,446,441	(1,446,441)
Total Expenditures	<u>\$ 4,261,058</u>	<u>\$ 4,138,659</u>	<u>\$ 5,281,743</u>	<u>\$ (1,143,084)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,747,783)</u>	<u>\$ 1,959,803</u>	<u>\$ 3,813,627</u>	<u>\$ 1,853,824</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,512,763	1,507,848	1,379,697	(128,151)
Transfers out	-	(4,156,240)	(5,663,696)	(1,507,456)
Total Other Financing Sources (Uses)	<u>\$ 1,512,763</u>	<u>\$ (2,648,392)</u>	<u>\$ (4,283,999)</u>	<u>\$ (1,635,607)</u>
Net Change in Fund Balance	<u>\$ (235,020)</u>	<u>\$ (688,589)</u>	<u>\$ (470,372)</u>	<u>\$ 218,217</u>
FUND BALANCES - Beginning of Year	<u>43,720</u>	<u>43,720</u>	<u>43,720</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u><u>\$ (191,300)</u></u>	<u><u>\$ (644,869)</u></u>	<u><u>\$ (426,652)</u></u>	<u><u>\$ 218,217</u></u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OTHER RESTRICTED FUNDS For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 19,552,138	\$ 19,552,138	\$ 5,862,255	\$ (13,689,883)
Intergovernmental	153,000	228,668	277,339	48,671
Licenses and permits	322,000	322,000	373,149	51,149
Public charges for services	8,992,441	9,073,241	13,678,683	4,605,442
Investment income	263,674	263,674	193,454	(70,220)
Miscellaneous	17,550	17,550	4,850	(12,700)
Total Revenues	<u>\$ 29,300,803</u>	<u>\$ 29,457,271</u>	<u>\$ 20,389,730</u>	<u>\$ (9,067,541)</u>
EXPENDITURES				
Current				
General government	8,552,441	8,552,441	3,981,452	4,570,989
Public safety	190,100	265,768	227,147	38,621
Public works and transportation	6,246,554	6,246,554	5,906,670	339,884
Planning and development	-	5,500,000	910,806	4,589,194
Culture and recreation	6,821,050	6,821,050	212,792	6,608,258
Total Expenditures	<u>\$ 21,810,145</u>	<u>\$ 27,385,813</u>	<u>\$ 11,238,867</u>	<u>\$ 16,146,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,490,658</u>	<u>\$ 2,071,458</u>	<u>\$ 9,150,863</u>	<u>\$ 7,079,405</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	500,000	-	(500,000)
Sale of capital assets	-	-	32,585	32,585
Transfers in	-	-	481	481
Transfers out	(13,459,305)	(13,459,305)	(8,386,451)	5,072,854
Total Other Financing Sources (Uses)	<u>\$ (13,459,305)</u>	<u>\$ (12,959,305)</u>	<u>\$ (8,353,385)</u>	<u>\$ 4,605,920</u>
Net Change in Fund Balance	<u>\$ (5,968,647)</u>	<u>\$ (10,887,847)</u>	<u>\$ 797,478</u>	<u>\$ 11,685,325</u>
FUND BALANCES - Beginning of Year	<u>17,772,061</u>	<u>17,772,061</u>	<u>17,772,061</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 11,803,414</u></u>	<u><u>\$ 6,884,214</u></u>	<u><u>\$ 18,569,539</u></u>	<u><u>\$ 11,685,325</u></u>

ENTERPRISE FUNDS

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

Parking Utility – Accounts for operations of the parking system.

Convention Center – Accounts for operations of the Monona Terrace Convention Center.

Golf Courses – Accounts for operations of the golf courses.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION (DEFICIT) NONMAJOR ENTERPRISE FUNDS As of December 31, 2020

	Parking Utility	Convention Center	Golf Courses	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 21,412,758	\$ 1,568,507	\$ 7,840	\$ 22,989,105
Accounts receivable	134,067	186,335	-	320,402
Due from other governmental units	76,107	420,997	-	497,104
Inventories	-	153,713	-	153,713
Prepaid items	94,744	70,953	8,165	173,862
Restricted cash and investments	-	60,134	-	60,134
Total Current Assets	<u>\$ 21,717,676</u>	<u>\$ 2,460,639</u>	<u>\$ 16,005</u>	<u>\$ 24,194,320</u>
Noncurrent Assets				
Capital Assets				
Land	6,524,273	25,254	803,833	7,353,360
Construction work in progress	21,480	-	-	21,480
Land improvements	691,055	69,033	4,644,155	5,404,243
Buildings	84,221,901	59,964,210	709,689	144,895,800
Machinery and equipment	6,534,119	3,037,820	1,501,656	11,073,595
Intangibles	704,205	23,150	-	727,355
Accumulated depreciation/amortization	<u>(34,862,799)</u>	<u>(36,815,742)</u>	<u>(6,498,279)</u>	<u>(78,176,820)</u>
Net Capital Assets	<u>\$ 63,834,234</u>	<u>\$ 26,303,725</u>	<u>\$ 1,161,054</u>	<u>\$ 91,299,013</u>
Restricted net pension asset	<u>951,569</u>	<u>783,604</u>	<u>157,301</u>	<u>1,892,474</u>
Total Assets	<u>\$ 86,503,479</u>	<u>\$ 29,547,968</u>	<u>\$ 1,334,360</u>	<u>\$ 117,385,807</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	2,311,008	1,798,495	362,130	4,471,633
Other post-employment benefits related amounts	<u>332,034</u>	<u>163,076</u>	<u>41,674</u>	<u>536,784</u>
Total Deferred Outflows of Resources	<u>\$ 2,643,042</u>	<u>\$ 1,961,571</u>	<u>\$ 403,804</u>	<u>\$ 5,008,417</u>
LIABILITIES				
Liabilities				
Current Liabilities				
Accounts payable	583,554	132,726	30,033	746,313
Accrued liabilities	481,990	214,243	54,019	750,252
Deposits	-	1,034,188	29,713	1,063,901
Current portion of general obligation long-term debt	-	149,682	24,621	174,303
Current portion of advances from other funds	-	50,629	14,431	65,060
Current portion of accrued compensated absences	488,038	309,325	111,027	908,390
Unearned revenue	-	117,908	-	117,908
Total Current Liabilities	<u>\$ 1,553,582</u>	<u>\$ 2,008,701</u>	<u>\$ 263,844</u>	<u>\$ 3,826,127</u>
Noncurrent Liabilities				
General obligation long-term debt	-	562,708	147,727	710,435
Advances from other funds	-	168,368	850,276	1,018,644
Accrued compensated absences	1,293,337	787,111	202,974	2,283,422
Other post-employment benefits	<u>2,074,142</u>	<u>1,018,697</u>	<u>260,327</u>	<u>3,353,166</u>
Total Noncurrent Liabilities	<u>\$ 3,367,479</u>	<u>\$ 2,536,884</u>	<u>\$ 1,461,304</u>	<u>\$ 7,365,667</u>
Total Liabilities	<u>\$ 4,921,061</u>	<u>\$ 4,545,585</u>	<u>\$ 1,725,148</u>	<u>\$ 11,191,794</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	2,927,332	2,384,081	452,878	5,764,291
Other post-employment benefits related amounts	<u>232,628</u>	<u>114,253</u>	<u>29,197</u>	<u>376,078</u>
Total Deferred Inflows of Resources	<u>\$ 3,159,960</u>	<u>\$ 2,498,334</u>	<u>\$ 482,075</u>	<u>\$ 6,140,369</u>
NET POSITION				
Net investment in capital assets	63,834,234	25,892,548	988,706	90,715,488
Restricted for pension	951,569	783,604	157,301	1,892,474
Unrestricted (deficit)	<u>16,279,697</u>	<u>(2,210,532)</u>	<u>(1,615,066)</u>	<u>12,454,099</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 81,065,500</u>	<u>\$ 24,465,620</u>	<u>\$ (469,059)</u>	<u>\$ 105,062,061</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2020

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 6,848,767	\$ 1,193,688	\$ 3,613,737	\$ 11,656,192
Total Operating Revenues	<u>\$ 6,848,767</u>	<u>\$ 1,193,688</u>	<u>\$ 3,613,737</u>	<u>\$ 11,656,192</u>
OPERATING EXPENSES				
Operation and Maintenance	12,568,416	7,335,243	3,036,285	22,939,944
Depreciation	2,298,008	1,895,288	145,917	4,339,213
Total Operating Expenses	<u>\$ 14,866,424</u>	<u>\$ 9,230,531</u>	<u>\$ 3,182,202</u>	<u>\$ 27,279,157</u>
Operating Income (Loss)	<u>\$ (8,017,657)</u>	<u>\$ (8,036,843)</u>	<u>\$ 431,535</u>	<u>\$ (15,622,965)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	180,417	1	-	180,418
Interest and amortization	-	(40,691)	(19,851)	(60,542)
Gain (Loss) on sale of assets	(5,779,990)	150	-	(5,779,840)
Intergovernmental revenues	76,107	420,997	-	497,104
Miscellaneous	54,934	102,506	16,624	174,064
Total Nonoperating Revenues (Expenses)	<u>\$ (5,468,532)</u>	<u>\$ 482,963</u>	<u>\$ (3,227)</u>	<u>\$ (4,988,796)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>\$ (13,486,189)</u>	<u>\$ (7,553,880)</u>	<u>\$ 428,308</u>	<u>\$ (20,611,761)</u>
TRANSFERS				
Transfers in	280,991	5,242,930	23,824	5,547,745
Transfers out	(1,660,514)	(338,200)	(191,617)	(2,190,331)
Net Transfers	<u>\$ (1,379,523)</u>	<u>\$ 4,904,730</u>	<u>\$ (167,793)</u>	<u>\$ 3,357,414</u>
Income (Loss) Before Contributions	<u>\$ (14,865,712)</u>	<u>\$ (2,649,150)</u>	<u>\$ 260,515</u>	<u>\$ (17,254,347)</u>
Capital Contributions - Municipal	64,437	-	-	64,437
Change in Net Position	<u>\$ (14,801,275)</u>	<u>\$ (2,649,150)</u>	<u>\$ 260,515</u>	<u>\$ (17,189,910)</u>
NET POSITION (DEFICIT) - Beginning of Year	<u>95,866,775</u>	<u>27,114,770</u>	<u>(729,574)</u>	<u>122,251,971</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ 81,065,500</u></u>	<u><u>\$ 24,465,620</u></u>	<u><u>\$ (469,059)</u></u>	<u><u>\$ 105,062,061</u></u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2020

	<u>Parking Utility</u>	<u>Convention Center</u>	<u>Golf Courses</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 7,074,422	\$ 1,553,569	\$ 3,639,751	\$ 12,267,742
Customer deposits received (returned)	-	(98,638)	(11,014)	(109,652)
Paid to suppliers for goods and services	(3,020,629)	(2,447,132)	(1,187,549)	(6,655,310)
Paid to employees for services	(8,675,109)	(5,114,712)	(1,701,699)	(15,491,520)
Net Cash Flows From Operating Activities	<u>\$ (4,621,316)</u>	<u>\$ (6,106,913)</u>	<u>\$ 739,489</u>	<u>\$ (9,988,740)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(43,307)	(527,224)	(570,531)
Transfers in	280,991	5,242,930	23,824	5,547,745
Transfers out	(1,660,514)	(338,200)	(191,617)	(2,190,331)
Net Cash Flows From Noncapital Financing Activities	<u>\$ (1,379,523)</u>	<u>\$ 4,861,423</u>	<u>\$ (695,017)</u>	<u>\$ 2,786,883</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(350,188)	(24,621)	(374,809)
Interest paid	-	(48,208)	(19,851)	(68,059)
Long-term debt issued	-	60,134	-	60,134
Acquisition and construction of capital assets	(2,557,930)	(343,903)	-	(2,901,833)
Proceeds from sale of property	4,994,776	150	-	4,994,926
Net Cash Flows From Capital and Related Financing Activities	<u>\$ 2,436,846</u>	<u>\$ (682,015)</u>	<u>\$ (44,472)</u>	<u>\$ 1,710,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	180,417	1	-	180,418
Net Cash Flows From Investing Activities	<u>\$ 180,417</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 180,418</u>
Net Change in Cash and Cash Equivalents	<u>\$ (3,383,576)</u>	<u>\$ (1,927,504)</u>	<u>\$ -</u>	<u>\$ (5,311,080)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	24,796,334	3,556,145	7,840	28,360,319
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 21,412,758</u></u>	<u><u>\$ 1,628,641</u></u>	<u><u>\$ 7,840</u></u>	<u><u>\$ 23,049,239</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	\$ (8,017,657)	\$ (8,036,843)	\$ 431,535	\$ (15,622,965)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Nonoperating income	123,038	523,503	16,624	663,165
Depreciation	2,298,008	1,895,288	145,917	4,339,213
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	135,896	(175,634)	2,860	(36,878)
Due from other governmental units	(76,107)	(25,689)	-	(101,796)
Inventories	-	2,627	-	2,627
Prepaid items	(10,752)	(14,130)	(990)	(25,872)
Accounts payable	293,942	(429,999)	1,041	(135,016)
Other current liabilities	(42,842)	-	-	(42,842)
Customer deposits	-	(98,638)	(11,014)	(109,652)
Accrued compensated absences	341,160	64,097	148,717	553,974
Other post-employment benefits, deferrals and liabilities	557,312	194,534	26,345	778,191
Pension related deferrals and liabilities	(223,314)	(9,325)	(21,546)	(254,185)
Unearned revenue	-	3,295	-	3,295
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (4,621,316)</u>	<u>\$ (6,106,914)</u>	<u>\$ 739,489</u>	<u>\$ (9,988,741)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 21,412,758	\$ 1,568,507	\$ 7,840	\$ 22,989,105
Restricted cash and investments - statement of net position	-	60,134	-	60,134
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 21,412,758</u>	<u>\$ 1,628,641</u>	<u>\$ 7,840</u>	<u>\$ 23,049,239</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributed capital assets	<u>\$ 64,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,437</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, 2020

	Fleet Services	City Insurance	Worker's Compensation	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 2,622,607	\$ 534,307	\$ 15,728,651	\$ 18,885,565
Accounts receivable	22,864	254,888	-	277,752
Inventories	953,225	-	-	953,225
Prepaid items	40,274	3,050	1,540	44,864
Restricted cash and investments	2,939,981	-	-	2,939,981
Total Current Assets	<u>\$ 6,578,951</u>	<u>\$ 792,245</u>	<u>\$ 15,730,191</u>	<u>\$ 23,101,387</u>
Restricted assets				
Cash and investments	-	663,972	289,042	953,014
Net pension asset	526,752	33,150	15,199	575,101
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted assets	<u>\$ 526,752</u>	<u>\$ 4,512,942</u>	<u>\$ 304,241</u>	<u>\$ 5,343,935</u>
Capital Assets:				
Land	2,570,970	-	-	2,570,970
Land improvements	71,990	-	-	71,990
Buildings	34,929,434	-	-	34,929,434
Machinery and equipment	94,712,748	-	-	94,712,748
Intangibles	119,525	-	-	119,525
Accumulated depreciation/amortization	(64,213,531)	-	-	(64,213,531)
Net Capital Assets	<u>\$ 68,191,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,191,136</u>
Total Assets	<u>\$ 75,296,839</u>	<u>\$ 5,305,187</u>	<u>\$ 16,034,432</u>	<u>\$ 96,636,458</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	1,258,600	76,790	41,009	1,376,399
Other post-employment benefits related amounts	279,727	8,384	139	288,250
Total Deferred Outflows of Resources	<u>\$ 1,538,327</u>	<u>\$ 85,174</u>	<u>\$ 41,148</u>	<u>\$ 1,664,649</u>
LIABILITIES				
Accounts payable	160,252	5,430	170,530	336,212
Accrued liabilities	667,688	13,387	6,491	687,566
Claims payable	-	3,202,690	10,964,895	14,167,585
Current portion of general obligation long-term debt	10,810,247	-	-	10,810,247
Current portion of accrued compensated absences	211,348	24,029	9,805	245,182
Total Current Liabilities	<u>\$ 11,849,535</u>	<u>\$ 3,245,536</u>	<u>\$ 11,151,721</u>	<u>\$ 26,246,792</u>
Noncurrent Liabilities				
General obligation long-term debt	58,746,028	-	-	58,746,028
Accrued compensated absences	476,848	44,235	15,276	536,359
Other post-employment benefits	1,747,391	52,374	869	1,800,634
Total Noncurrent Liabilities	<u>\$ 60,970,267</u>	<u>\$ 96,609</u>	<u>\$ 16,145</u>	<u>\$ 61,083,021</u>
Total Liabilities	<u>\$ 72,819,802</u>	<u>\$ 3,342,145</u>	<u>\$ 11,167,866</u>	<u>\$ 87,329,813</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	1,583,245	110,110	63,311	1,756,666
Other post-employment benefits related amounts	195,981	5,874	98	201,953
Total Deferred Inflows of Resources	<u>\$ 1,779,226</u>	<u>\$ 115,984</u>	<u>\$ 63,409</u>	<u>\$ 1,958,619</u>
NET POSITION				
Net investment in capital assets	1,568,477	-	-	1,568,477
Restricted for pension	526,752	33,150	15,199	575,101
Unrestricted	140,909	1,899,082	4,829,106	6,869,097
TOTAL NET POSITION	<u>\$ 2,236,138</u>	<u>\$ 1,932,232</u>	<u>\$ 4,844,305</u>	<u>\$ 9,012,675</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2020

	Fleet Services	City Insurance	Worker's Compensation	Totals
OPERATING REVENUES:				
Charges for services	\$ 17,455,740	\$ 3,350,000	\$ 3,153,254	\$ 23,958,994
Total Operating Revenues	\$ 17,455,740	\$ 3,350,000	\$ 3,153,254	\$ 23,958,994
OPERATING EXPENSES:				
Operation and Maintenance	9,957,304	2,290,496	3,111,930	15,359,730
Depreciation	7,137,960	-	-	7,137,960
Total Operating Expenses	\$ 17,095,264	\$ 2,290,496	\$ 3,111,930	\$ 22,497,690
 Operating Income	 \$ 360,476	 \$ 1,059,504	 \$ 41,324	 \$ 1,461,304
NONOPERATING REVENUES (EXPENSES)				
Investment income	193	11,561	27	11,781
Interest and amortization	(1,735,926)	-	-	(1,735,926)
Gain on sale of assets	595,516	-	-	595,516
Intergovernmental revenues	4,070	-	-	4,070
Miscellaneous	104,183	424,588	37,659	566,430
Total Nonoperating Revenues (Expenses)	\$ (1,031,964)	\$ 436,149	\$ 37,686	\$ (558,129)
 Income (Loss) Before Transfers	 \$ (671,488)	 \$ 1,495,653	 \$ 79,010	 \$ 903,175
TRANSFERS				
Transfers in	1,645,224	997	3,600	1,649,821
Transfers out	-	(289,280)	-	(289,280)
Net Transfers	\$ 1,645,224	\$ (288,283)	\$ 3,600	\$ 1,360,541
 Income (Loss) Before Contributions	 973,736	 1,207,370	 82,610	 2,263,716
CAPITAL CONTRIBUTIONS	129,300	-	-	129,300
 Change in Net Position	 \$ 1,103,036	 \$ 1,207,370	 \$ 82,610	 \$ 2,393,016
 NET POSITION - Beginning of Year	 1,133,102	 724,862	 4,761,695	 6,619,659
 NET POSITION - END OF YEAR	 \$ 2,236,138	 \$ 1,932,232	 \$ 4,844,305	 \$ 9,012,675

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2020

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 17,582,419	\$ 3,640,605	\$ 3,191,010	\$ 24,414,034
Paid to suppliers for goods and services	(6,351,366)	(2,002,781)	(3,656,233)	(12,010,380)
Paid to employees for services	(3,561,140)	(306,850)	(125,909)	(3,993,899)
Net Cash Flows From Operating Activities	<u>\$ 7,669,913</u>	<u>1,330,974</u>	<u>(591,132)</u>	<u>\$ 8,409,755</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	157,285	997	3,600	161,882
Transfers out	-	(289,280)	-	(289,280)
Advances to other funds	-	(495,992)	495,992	-
Net Cash Flows From Noncapital Financing Activities	<u>\$ 157,285</u>	<u>(784,275)</u>	<u>499,592</u>	<u>\$ (127,398)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(7,884,420)	-	-	(7,884,420)
Interest paid	(1,691,662)	-	-	(1,691,662)
Long-term debt issued	22,619,578	-	-	22,619,578
Acquisition and construction of capital assets	(29,787,818)	-	-	(29,787,818)
Transfers In	1,487,939	-	-	1,487,939
Capital contributions-federal and state	129,300	-	-	129,300
Premium on debt issued	1,222,742	-	-	1,222,742
Net Cash Flows From Capital and Related Financing Activities	<u>\$ (13,904,341)</u>	<u>-</u>	<u>-</u>	<u>\$ (13,904,341)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Marketable securities purchased	(2,939,981)	(23,953)	(247,346)	(3,211,280)
Investment income	193	11,561	27	11,781
Net Cash Flows From Investing Activities	<u>\$ (2,939,788)</u>	<u>(12,392)</u>	<u>(247,319)</u>	<u>\$ (3,199,499)</u>
Net Change in Cash and Cash Equivalents	\$ (9,016,931)	534,307	(338,859)	\$ (8,821,483)
CASH AND CASH EQUIVALENTS -				
Beginning of Year	<u>11,639,538</u>	<u>-</u>	<u>16,067,510</u>	<u>27,707,048</u>
CASH AND CASH EQUIVALENTS -				
END OF YEAR	<u>\$ 2,622,607</u>	<u>\$ 534,307</u>	<u>\$ 15,728,651</u>	<u>\$ 18,885,565</u>

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operations	\$ 360,476	\$ 1,059,504	\$ 41,324	\$ 1,461,304
Adjustments to reconcile operating income to net cash from operating activities				
Nonoperating income	108,254	424,588	37,659	570,501
Depreciation	7,137,960	-	-	7,137,960
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	18,426	(133,982)	97	(115,459)
Inventories	25,541	-	-	25,541
Prepaid items	(1,767)	(220)	(111)	(2,098)
Accounts payable	(94,610)	(1,160)	(65,576)	(161,346)
Accrued liabilities	51,096	(84,985)	(615,462)	(649,351)
Accrued compensated absences	42,165	20,930	9,746	72,841
Other post-employment benefits, deferrals and liabilities	(47,907)	52,374	869	5,336
Pension related deferrals and liabilities	70,279	(6,075)	322	64,526
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 7,669,913</u>	 <u>\$ 1,330,974</u>	 <u>\$ (591,132)</u>	 <u>\$ 8,409,755</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 2,622,607	\$ 534,307	\$ 15,728,651	\$ 18,885,565
Restricted cash and investments - statement of net position	2,939,981	663,972	289,042	3,892,995
Less: Noncash equivalents	<u>(2,939,981)</u>	<u>(663,972)</u>	<u>(289,042)</u>	<u>(3,892,995)</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 2,622,607</u>	 <u>\$ 534,307</u>	 <u>\$ 15,728,651</u>	 <u>\$ 18,885,565</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, 2020

	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	\$ 378,803	\$ 1,261,983	\$ 768,721	\$ 241,734,964	\$ 23,541,861	\$ 267,686,332
Taxes receivable	-	-	-	222,093,105	-	222,093,105
Total Assets	<u>\$ 378,803</u>	<u>\$ 1,261,983</u>	<u>\$ 768,721</u>	<u>\$ 463,828,069</u>	<u>\$ 23,541,861</u>	<u>\$ 489,779,437</u>
LIABILITIES						
Accounts payable	-	-	-	10,959	-	10,959
Due to other governmental units	-	-	-	463,817,110	-	463,817,110
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,828,069</u>	<u>\$ -</u>	<u>\$ 463,828,069</u>
NET POSITION						
Restricted	<u>378,803</u>	<u>1,261,983</u>	<u>768,721</u>	<u>-</u>	<u>23,541,861</u>	<u>25,951,368</u>
TOTAL NET POSITION	<u><u>\$ 378,803</u></u>	<u><u>\$ 1,261,983</u></u>	<u><u>\$ 768,721</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,541,861</u></u>	<u><u>\$ 25,951,368</u></u>

CITY OF MADISON

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (DEFICIT)
CUSTODIAL FUNDS
For the Year Ended December 31, 2020

	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	\$ -	\$ 38,075	\$ -	\$ -	\$ -	\$ 38,075
Interest and dividends	-	-	5,371	-	672,915	678,286
Property taxes collected for other governments	-	-	-	425,892,706	-	425,892,706
Investments	2,641	21,249,295	794,400	-	519,622,247	541,668,583
Total Additions	\$ 2,641	\$ 21,287,370	\$ 799,771	\$ 425,892,706	\$ 520,295,162	\$ 968,277,650
DEDUCTIONS						
Administrative expense	-	21,579,354	611,712	-	-	22,191,066
Property taxes distributed to other governments	-	-	-	425,892,706	-	425,892,706
Distributions	-	-	-	-	493,565,798	493,565,798
Total Deductions	\$ -	\$ 21,579,354	\$ 611,712	\$ 425,892,706	\$ 493,565,798	\$ 941,649,570
Change in Fiduciary Net Position	\$ 2,641	\$ (291,984)	\$ 188,059	\$ -	\$ 26,729,364	\$ 26,628,080
NET POSITION (DEFICIT) - Beginning of Year	376,162	1,553,967	580,662	-	(3,187,503)	(676,712)
NET POSITION - END OF YEAR	\$ 378,803	\$ 1,261,983	\$ 768,721	\$ -	\$ 23,541,861	\$ 25,951,368

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION NONMAJOR COMPONENT UNITS As of December 31, 2020

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
ASSETS				
Cash and investments	\$ 50,111	\$ 1,770,351	\$ 3,138,055	\$ 4,958,517
Receivables				
Accounts	450	-	-	450
Special assessments	311,678	-	-	311,678
Pledge receivable	-	860,396	-	860,396
Prepaid items	-	14,483	1,279	15,762
Capital assets, net of accumulated depreciation	-	8,998	-	8,998
Beneficial interest in assets held by MCF	-	7,484,365	82,190	7,566,555
Restricted assets				
Cash and investments	-	49,164	-	49,164
Total Assets	\$ 362,239	\$ 10,187,757	\$ 3,221,524	\$ 13,771,520
LIABILITIES				
Accounts payable	\$ 17,100	\$ 14,550	\$ 19,650	\$ 51,300
Accrued liabilities	-	30,182	1,349	31,531
Total Liabilities	\$ 17,100	\$ 44,732	\$ 20,999	\$ 82,831
DEFERRED INFLOWS OF RESOURCES				
Assessments for subsequent year	311,678	-	-	311,678
Total Deferred Inflows of Resources	\$ 311,678	\$ -	\$ -	\$ 311,678
NET POSITION				
Restricted for:				
Library	-	3,351,852	-	3,351,852
Parks	-	-	1,124,477	1,124,477
Unrestricted	33,461	6,791,173	2,076,048	8,900,682
TOTAL NET POSITION	\$ 33,461	\$ 10,143,025	\$ 3,200,525	\$ 13,377,011

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) NONMAJOR COMPONENT UNITS For the Year Ended December 31, 2020

	Business Improvement District	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
OPERATING REVENUES				
Special assessments	\$ 288,513	\$ -	\$ -	\$ 288,513
Charges for services	106,193	228,607	5,327	340,127
Grants and donations	218,626	1,064,489	163,836	1,446,951
Miscellaneous	3,948	-	-	3,948
Total Operating Revenues	<u>\$ 617,280</u>	<u>\$ 1,293,096</u>	<u>\$ 169,163</u>	<u>\$ 2,079,539</u>
OPERATING EXPENSES				
Operation and maintenance	543,497	1,756,811	156,366	2,456,674
Total Operating Expenses	<u>\$ 543,497</u>	<u>\$ 1,756,811</u>	<u>\$ 156,366</u>	<u>\$ 2,456,674</u>
Operating Income	<u>\$ 73,783</u>	<u>\$ (463,715)</u>	<u>\$ 12,797</u>	<u>\$ (377,135)</u>
NONOPERATING REVENUES				
Investment income	1,242	592,002	325,362	918,606
Total Nonoperating Revenues	<u>\$ 1,242</u>	<u>\$ 592,002</u>	<u>\$ 325,362</u>	<u>\$ 918,606</u>
Change in Net Position	\$ 75,025	\$ 128,287	\$ 338,159	\$ 541,471
NET POSITION (DEFICIT) -				
Beginning of Year	<u>(41,564)</u>	<u>10,014,738</u>	<u>2,862,366</u>	<u>12,835,540</u>
NET POSITION - END OF YEAR	<u><u>\$ 33,461</u></u>	<u><u>\$ 10,143,025</u></u>	<u><u>\$ 3,200,525</u></u>	<u><u>\$ 13,377,011</u></u>

CITY OF MADISON

STATEMENT OF NET POSITION AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2020

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 50,111	\$ -	\$ 50,111
Receivables			
Accounts	450	-	450
Special assessments	311,678	-	311,678
Total Assets	<u>\$ 362,239</u>	<u>\$ -</u>	<u>\$ 362,239</u>
LIABILITIES			
Accounts payable	\$ 17,100	\$ -	\$ 17,100
Total Liabilities	<u>\$ 17,100</u>	<u>\$ -</u>	<u>\$ 17,100</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments for subsequent year	311,678	-	311,678
Total Deferred Inflows of Resources	<u>\$ 311,678</u>	<u>\$ -</u>	<u>\$ 311,678</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned	33,461	(33,461)	-
Total Fund Balance	<u>\$ 33,461</u>	<u>\$ (33,461)</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 362,239</u>		
Net Position			
Unrestricted		33,461	33,461
TOTAL NET POSITION		<u>\$ 33,461</u>	<u>\$ 33,461</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, 2020

	Business Improvement District	Adjustments	Statement of Activities
REVENUES			
Special assessments	\$ 288,513	\$ -	\$ 288,513
Charges for services	106,193	-	106,193
Investment income	1,242	-	1,242
Contributions	218,626	-	218,626
Miscellaneous	3,948	-	3,948
Total Revenues	<u>\$ 618,522</u>	<u>\$ -</u>	<u>\$ 618,522</u>
EXPENDITURES/EXPENSES			
Planning and development	543,497	-	543,497
Total Expenditures/Expenses	<u>\$ 543,497</u>	<u>\$ -</u>	<u>\$ 543,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 75,025</u>	<u>\$ (75,025)</u>	<u>\$ -</u>
Change in Net Position	\$ -	\$ (75,025)	\$ 75,025
FUND BALANCE/NET POSITION			
Beginning of Year (Deficit)	<u>(41,564)</u>	<u>-</u>	<u>(41,564)</u>
END OF YEAR	<u><u>\$ 33,461</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,461</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, 2020

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ 289,215	\$ 288,513	\$ (702)
Charges for services	172,500	106,193	(66,307)
Investment income	750	1,242	492
Grants and donations	35,000	218,626	183,626
Miscellaneous	-	3,948	3,948
Total Revenues	<u>\$ 497,465</u>	<u>\$ 618,522</u>	<u>\$ 121,057</u>
EXPENDITURES			
Audit fees	2,020	2,020	-
Management fees	208,475	241,813	(33,338)
Miscellaneous	2,500	193,093	(190,593)
Advertising/marketing	15,000	-	15,000
Maps	25,000	18,315	6,685
Map distribution	-	92	(92)
Trolley	5,000	4,129	871
Downtown doors	10,000	5,060	4,940
Planters	5,000	2,880	2,120
Winter light program	20,000	15,842	4,158
Ambassadors	50,000	12,015	37,985
Gift certificates	2,500	835	1,665
BID website	9,000	4,923	4,077
Parking passes	4,280	3,654	626
Postage	3,000	1,619	1,381
TOS programming	43,250	32,351	10,899
Night Market	30,000	4,856	25,144
Total Expenditures	<u>\$ 435,025</u>	<u>\$ 543,497</u>	<u>\$ (108,472)</u>
Net Change in Fund Balance	\$ 62,440	\$ 75,025	\$ 12,585
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(41,564)</u>	<u>(41,564)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 20,876</u></u>	<u><u>\$ 33,461</u></u>	<u><u>\$ 12,585</u></u>

CITY OF MADISON

**SEWER REVENUE BOND COVENANT
For the Year Ended December 31, 2020**

	<u>Sewer Utility</u>
OPERATING REVENUES	
Charges for services	\$ 42,739,775
OPERATING EXPENSES	
Operation and maintenance	33,307,874
Depreciation	<u>2,910,079</u>
Total Operating Expenses	<u>\$ 36,217,953</u>
 Sewer Net Operating Income	 <u>\$ 6,521,822</u>
NONOPERATING REVENUES	
Investment income	260,387
OTHER ADJUSTMENTS	
Depreciation	<u>2,910,079</u>
 NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE	 <u><u>\$ 9,692,288</u></u>

CAPITAL PROJECTS FUND

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

Special Assessments Improvements – Accounts for long-term receivables associated with the city's Special Assessment Improvement Program.

TIF Districts – Accounts for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing.

Other Capital Projects – Accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure.

CITY OF MADISON

SCHEDULE OF BALANCE SHEET - CAPITAL PROJECTS As of December 31, 2020

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
ASSETS					
Cash and investments	\$ 6,874,217	\$ 44,210,641	\$ 50,187,636	\$ -	\$101,272,494
Receivables					
Taxes	4,967,158	32,595,416	-	-	37,562,574
Accounts	-	2,170	2,370,843	-	2,373,013
Special assessments	14,156,900	-	-	-	14,156,900
Accrued interest	-	1,430,909	-	-	1,430,909
Long-term loans	12,053	1,000,000	-	-	1,012,053
Due from other governmental units	32,119	-	3,198,596	-	3,230,715
Other	-	604,621	-	-	604,621
Advances to other funds	625,553	-	8,721,387	(8,721,387)	625,553
Leases receivable	-	1,620,000	-	-	1,620,000
Inventories	-	-	2,145,549	-	2,145,549
Prepaid items	-	1,001	51,816	-	52,817
TOTAL ASSETS	<u>\$ 26,668,000</u>	<u>\$ 81,464,758</u>	<u>\$ 66,675,827</u>	<u>\$ (8,721,387)</u>	<u>\$166,087,198</u>
LIABILITIES					
Accounts payable	\$ 22,091	\$ 3,541	\$ 16,253,141	\$ -	\$ 16,278,773
Accrued liabilities	-	10,539	237,389	-	247,928
Due to other governmental units	5,771	-	-	-	5,771
Due to other funds	3,662,941	-	-	-	3,662,941
Advances from other funds	-	8,721,387	-	(8,721,387)	-
Unearned revenues	749,134	-	-	-	749,134
Total Liabilities	<u>\$ 4,439,937</u>	<u>\$ 8,735,467</u>	<u>\$ 16,490,530</u>	<u>\$ (8,721,387)</u>	<u>\$ 20,944,547</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	15,467,349	3,655,530	4,717,122	-	23,840,001
Property taxes for subsequent year	-	32,595,416	-	-	32,595,416
Total Deferred Inflows of Resources	<u>\$ 15,467,349</u>	<u>\$ 36,250,946</u>	<u>\$ 4,717,122</u>	<u>\$ -</u>	<u>\$ 56,435,417</u>
FUND BALANCES					
Nonspendable	-	1,001	2,197,365	-	2,198,366
Restricted	-	44,200,733	27,114,376	-	71,315,109
Assigned	6,760,714	(7,723,389)	16,156,434	-	15,193,759
Total Fund Balances	<u>\$ 6,760,714</u>	<u>\$ 36,478,345</u>	<u>\$ 45,468,175</u>	<u>\$ -</u>	<u>\$ 88,707,234</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 26,668,000</u>	<u>\$ 81,464,758</u>	<u>\$ 66,675,827</u>	<u>\$ (8,721,387)</u>	<u>\$166,087,198</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS For the Year Ended December 31, 2020

	Capital Projects				
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	Total Capital Project Funds
REVENUES					
Taxes	\$ -	\$ 25,533,533	\$ -	\$ -	\$ 25,533,533
Special assessments	3,602,951	-	-	-	3,602,951
Intergovernmental	-	1,683,200	112,846	-	1,796,046
Intergovernmental charges for services	-	-	7,451,554	-	7,451,554
Public charges for services	-	-	243,046	-	243,046
Investment income	279,555	319,821	186,116	-	785,492
Miscellaneous	-	-	188,901	-	188,901
Total Revenues	\$ 3,882,506	\$ 27,536,554	\$ 8,182,463	\$ -	\$ 39,601,523
EXPENDITURES					
Current					
General government	-	-	3,124,232	-	3,124,232
Public safety	-	-	946,224	-	946,224
Public works and transportation	-	-	11,804,757	-	11,804,757
Planning and development	79,941	-	1,237,573	-	1,317,514
Culture and recreation	-	-	2,801,464	-	2,801,464
Capital Outlay	-	2,907,589	41,233,744	-	44,141,333
Debt service					
Principal retirement	-	785,000	-	-	785,000
Interest and fiscal charges	-	61,380	-	-	61,380
Total Expenditures	\$ 79,941	\$ 3,753,969	\$ 61,147,994	\$ -	\$ 64,981,904
Excess (deficiency) of revenues over (under) expenditures	\$ 3,802,565	\$ 23,782,585	\$ (52,965,531)	\$ -	\$ (25,380,381)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	1,320,000	59,007,148	-	60,327,148
Transfers in	-	-	5,657,149	(1,901,172)	3,755,977
Transfers out	(2,111,148)	(10,010,342)	(595,156)	1,901,172	(10,815,474)
Total Other Financing Sources (Uses)	\$ (2,111,148)	\$ (8,690,342)	\$ 64,069,141	\$ -	\$ 53,267,651
Net Change in Fund Balances	\$ 1,691,417	\$ 15,092,243	\$ 11,103,610	\$ -	\$ 27,887,270
FUND BALANCE - Beginning of Year	5,069,297	21,386,102	34,364,565	-	60,819,964
FUND BALANCE - END OF YEAR	\$ 6,760,714	\$ 36,478,345	\$ 45,468,175	\$ -	\$ 88,707,234

STATISTICAL SECTION

CITY OF MADISON

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

Table 1

CITY OF MADISON

NET POSITION BY COMPONENT Last Ten Fiscal Years

Functions/Programs	Fiscal Year			
	2020	2019	2018	2017
Governmental Activities				
Net investment in capital assets	\$ 754,118,252	\$ 745,491,927	\$ 722,844,218	\$ 713,627,552
Restricted	164,047,971	104,497,274	143,527,401	142,807,418
Unrestricted (deficit)	<u>(78,459,632)</u>	<u>(40,596,812)</u>	<u>(53,568,052)</u>	<u>(5,615,467)</u>
Total Governmental Activities Net Position	<u>\$ 839,706,591</u>	<u>\$ 809,392,389</u>	<u>\$ 812,803,567</u>	<u>\$ 850,819,503</u>
Business-type Activities				
Net investment in capital assets	\$ 586,205,054	\$ 594,855,763	\$ 533,375,162	\$ 494,387,567
Restricted	30,844,343	16,272,554	29,207,255	12,787,770
Unrestricted	<u>19,103,962</u>	<u>21,768,407</u>	<u>48,708,804</u>	<u>61,701,866</u>
Total Business-type Activities Net Position	<u>\$ 636,153,359</u>	<u>\$ 632,896,724</u>	<u>\$ 611,291,221</u>	<u>\$ 568,877,203</u>
Primary Government				
Net investment in capital assets	\$ 1,340,323,306	\$ 1,340,347,690	\$ 1,256,219,380	\$ 1,208,015,119
Restricted	194,892,314	120,769,828	172,734,656	155,595,188
Unrestricted (deficit)	<u>(59,355,670)</u>	<u>(18,828,405)</u>	<u>(4,859,248)</u>	<u>56,086,399</u>
Total Primary Government Net Position	<u>\$ 1,475,859,950</u>	<u>\$ 1,442,289,113</u>	<u>\$ 1,424,094,788</u>	<u>\$ 1,419,696,706</u>

Source: City of Madison Finance Department

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 696,130,916	\$ 686,732,418	\$ 697,100,797	\$ 669,740,170	\$ 648,240,698	\$ 629,377,433
112,778,836	130,519,817	96,845,672	102,065,176	116,189,017	136,122,589
<u>40,794,284</u>	<u>24,198,147</u>	<u>(11,365,460)</u>	<u>(15,122,827)</u>	<u>(15,294,186)</u>	<u>(9,322,438)</u>
<u>\$ 849,704,036</u>	<u>\$ 841,450,382</u>	<u>\$ 782,581,009</u>	<u>\$ 756,682,519</u>	<u>\$ 749,135,529</u>	<u>\$ 756,177,584</u>
\$ 459,130,784	\$ 449,895,013	\$ 439,940,358	\$ 425,067,257	\$ 424,324,445	\$ 420,562,727
12,101,837	17,878,796	9,239,578	7,321,422	6,237,712	5,577,351
<u>78,720,796</u>	<u>67,862,809</u>	<u>58,556,914</u>	<u>51,792,342</u>	<u>43,824,494</u>	<u>31,725,610</u>
<u>\$ 549,953,417</u>	<u>\$ 535,636,618</u>	<u>\$ 507,736,850</u>	<u>\$ 484,181,021</u>	<u>\$ 474,386,651</u>	<u>\$ 457,865,688</u>
\$ 1,155,261,700	\$ 1,136,627,431	\$ 1,137,041,155	\$ 1,094,807,427	\$ 1,072,565,143	\$ 1,049,940,160
124,880,673	148,398,613	106,085,250	109,386,598	122,426,729	141,699,940
<u>119,515,080</u>	<u>92,060,956</u>	<u>47,191,454</u>	<u>36,669,515</u>	<u>28,530,308</u>	<u>22,403,172</u>
<u>\$ 1,399,657,453</u>	<u>\$ 1,377,087,000</u>	<u>\$ 1,290,317,859</u>	<u>\$ 1,240,863,540</u>	<u>\$ 1,223,522,180</u>	<u>\$ 1,214,043,272</u>

Table 2

CITY OF MADISON

CHANGES IN NET POSITION Last Ten Fiscal Years

	Fiscal Year			
	2020	2019	2018	2017 ⁴
Primary Government				
Expenses				
Governmental activities				
General government	\$ 38,953,333	\$ 41,586,079	\$ 38,195,056	\$ 37,776,791
Administration	-	-	-	-
Public safety	160,688,660	160,822,447	145,499,533	145,485,840
Public works and transportation	88,638,696	92,141,702	91,619,298	78,568,257
Planning and development	34,620,491	46,925,502	41,665,883	44,592,108
Culture and recreation	45,742,613	46,900,454	43,669,631	45,818,401
Interest and fiscal charges	9,759,723	9,458,851	8,581,608	9,021,539
Total governmental activities	<u>\$ 378,403,516</u>	<u>\$ 397,835,035</u>	<u>\$ 369,231,009</u>	<u>\$ 361,262,936</u>
Business-type activities				
Water	31,740,380	33,477,692	32,190,652	31,574,165
Sewer	41,421,083	42,448,262	38,804,951	36,428,410
Stormwater	18,726,791	16,805,641	14,675,487	13,334,019
Parking utility	20,598,205	12,313,365	10,406,064	10,102,429
Transit	61,180,712	64,781,713	61,746,157	64,998,558
Convention center	9,227,892	11,484,032	11,169,804	10,946,668
Golf courses	3,195,406	3,106,737	3,124,969	3,127,281
Total business-type activities	<u>\$ 186,090,469</u>	<u>\$ 184,417,442</u>	<u>\$ 172,118,084</u>	<u>\$ 170,511,530</u>
Total Primary Government Expenses	<u>\$ 564,493,985</u>	<u>\$ 582,252,477</u>	<u>\$ 541,349,093</u>	<u>\$ 531,774,466</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 2,883,298	\$ 3,667,402	\$ 4,166,311	\$ 4,158,506
Public safety	13,036,691	15,971,106	14,159,152	15,009,256
Public works and transportation	15,754,947	17,545,762	17,443,301	11,634,568
Planning and development	9,471,241	5,157,300	3,307,780	10,074,010
Culture and recreation	1,233,071	6,750,159	6,715,572	6,443,102
Operating grants and contributions	29,798,074	25,742,434	20,186,786	15,800,682
Capital grants and contributions	17,230,566	18,751,727	15,202,376	21,289,542
Total governmental activities program revenues	<u>\$ 89,407,888</u>	<u>\$ 93,585,890</u>	<u>\$ 81,181,278</u>	<u>\$ 84,409,666</u>
Business-type activities				
Charges for services				
Water	44,929,870	43,944,888	35,099,182	34,919,941
Sewer	42,739,775	40,947,494	37,923,065	36,080,764
Stormwater	19,597,848	17,293,542	16,002,076	15,635,997
Parking utility	6,848,767	16,739,751	15,527,351	16,018,656
Transit	9,429,535	15,067,977	16,654,793	18,503,174
Convention center	1,193,688	5,184,806	5,582,570	5,028,238
Golf courses	3,613,737	2,727,858	2,434,016	2,832,151
Operating grants and contributions	39,772,472	28,104,899	29,436,884	29,384,584
Capital grants and contributions	13,608,377	11,995,773	17,075,653	16,335,615
Total business-type activities program revenues	<u>\$ 181,734,069</u>	<u>\$ 182,006,988</u>	<u>\$ 175,735,590</u>	<u>\$ 174,739,120</u>
Total Primary Government Program Revenue	<u>\$ 271,141,957</u>	<u>\$ 275,592,878</u>	<u>\$ 256,916,868</u>	<u>\$ 259,148,786</u>
Net (expense)/revenue				
Government activities	\$ (288,995,628)	\$ (304,249,145)	\$ (288,049,731)	\$ (276,853,270)
Business-type activities	(4,356,400)	(2,410,454)	3,617,506	4,227,590
Total Primary Government	<u>\$ (293,352,028)</u>	<u>\$ (306,659,599)</u>	<u>\$ (284,432,225)</u>	<u>\$ (272,625,680)</u>

Fiscal Year					
2016	2015	2014 ³	2013	2012	2011
\$ 38,026,460	\$ 32,364,752 ¹	\$ 2,121,656	\$ 2,255,651	\$ 1,958,254	\$ 1,628,722
-	-	22,848,442	20,687,499	21,669,949	18,430,102
138,832,946	127,693,407	115,721,627	113,255,320	112,216,449	112,037,179
73,049,893	76,018,961	73,923,377	81,105,591	74,174,346	65,272,682
37,986,391	48,069,978	67,065,104	57,401,249	49,614,211	59,025,231
40,912,451	40,131,614 ²	17,345,247	14,714,621	11,117,422	10,280,021
8,673,810	8,521,134	8,527,351	11,180,783	9,513,832	9,642,365
<u>\$ 337,481,951</u>	<u>\$ 332,799,846</u>	<u>\$ 307,552,804</u>	<u>\$ 300,600,714</u>	<u>\$ 280,264,463</u>	<u>\$ 276,316,302</u>
27,087,143	26,845,428	25,954,120	25,549,223	22,947,444	23,378,337
34,597,239	32,799,172	30,879,641	29,045,341	26,668,531	27,106,624
12,800,118	13,176,054	12,341,348	11,978,662	10,534,871	10,286,533
9,070,617	9,070,059	9,326,944	9,023,631	8,793,504	8,740,316
64,010,188	61,721,601	61,402,871	58,787,093	57,339,818	58,094,848
10,348,530	9,311,942	10,252,087	10,093,985	9,175,872	9,078,108
3,320,180	2,835,591	2,861,549	2,909,508	2,312,548	2,262,318
<u>\$ 161,234,015</u>	<u>\$ 155,759,847</u>	<u>\$ 153,018,560</u>	<u>\$ 147,387,443</u>	<u>\$ 137,772,588</u>	<u>\$ 138,947,084</u>
<u>\$ 498,715,966</u>	<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>	<u>\$ 447,988,157</u>	<u>\$ 418,037,051</u>	<u>\$ 415,263,386</u>
\$ 1,582,945	\$ 1,327,316 ¹	\$ 3,044,967	\$ 3,099,468	\$ 2,820,507	\$ 4,815,287
15,791,545	15,283,825	13,034,385	13,457,460	12,399,734	12,075,521
10,131,496	3,337,537	12,098,555	8,237,731	6,636,579	6,909,956
10,439,621	10,717,502	3,455,614	3,522,503	2,707,851	2,231,039
5,135,854	3,189,570 ²	592,074	561,459	517,407	1,363,708
16,115,215	18,037,173	13,328,609	15,023,919	12,846,011	13,288,699
13,861,387	24,293,877	41,419,302	30,504,459	27,111,813	34,014,931
<u>\$ 73,058,063</u>	<u>\$ 76,186,800</u>	<u>\$ 86,973,506</u>	<u>\$ 74,406,999</u>	<u>\$ 65,039,902</u>	<u>\$ 74,699,141</u>
35,552,491	29,513,563	29,866,020	28,922,282	29,945,988	28,100,283
34,293,941	32,845,454	33,241,202	30,909,466	30,558,613	29,977,230
15,188,100	14,586,406	14,423,757	13,723,265	13,287,899	12,826,835
14,923,974	13,660,478	13,361,272	12,320,855	11,494,828	11,173,228
18,328,051	18,045,485	18,010,975	17,468,166	16,515,060	16,178,584
5,442,720	4,686,368	4,359,290	4,595,060	4,263,591	4,145,295
3,187,116	3,052,335	2,652,013	2,676,118	2,136,428	2,007,156
27,269,559	27,087,906	26,399,858	25,915,025	25,697,964	26,941,035
14,482,850	13,694,134	18,075,551	7,746,128	8,431,763	11,061,134
<u>\$ 168,668,802</u>	<u>\$ 157,172,129</u>	<u>\$ 160,389,938</u>	<u>\$ 144,276,365</u>	<u>\$ 142,332,134</u>	<u>\$ 142,410,780</u>
<u>\$ 241,726,865</u>	<u>\$ 233,358,929</u>	<u>\$ 247,363,444</u>	<u>\$ 218,683,364</u>	<u>\$ 207,372,036</u>	<u>\$ 217,109,921</u>
\$(264,423,888)	\$(256,613,046)	\$(220,579,298)	\$(226,193,715)	\$(215,224,561)	\$(201,617,161)
7,434,787	1,412,282	7,371,378	(3,111,078)	4,559,546	3,463,696
<u>\$(256,989,101)</u>	<u>\$(255,200,764)</u>	<u>\$(213,207,920)</u>	<u>\$(229,304,793)</u>	<u>\$(210,665,015)</u>	<u>\$(198,153,465)</u>

Table 2 (Cont.)

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year			
	2020	2019	2018 ⁴	2017
Governmental Activities:				
Taxes				
Property taxes, levied for general purposes	\$ 231,086,115	\$ 224,423,270	\$ 213,268,863	\$ 203,006,609
Property taxes, levied for the library	19,163,603	17,703,565	17,779,030	16,915,564
Property taxes, levied for TIF districts	25,533,533	19,241,269	30,545,605	19,043,987
Other taxes	7,174,015	20,311,690	19,280,303	17,027,958
Intergovernmental revenues not restricted to specific programs	28,322,440	26,647,087	25,393,200	25,915,387
Investment income	5,753,519	9,322,707	5,854,258	4,473,178
Miscellaneous	1,818,362	3,000,331	2,783,864	2,057,816
Gain (loss) on sale of assets	595,515	553,157	551,145	1,209,681
Transfers - Internal	(137,272)	(20,365,109)	(45,640,707)	(11,681,443)
Total governmental activities general revenues	<u>\$ 319,309,830</u>	<u>\$ 300,837,967</u>	<u>\$ 269,815,561</u>	<u>\$ 277,968,737</u>
Business-type Activities:				
Other taxes	6,023,521	-	-	-
Investment income	1,079,000	2,736,703	1,817,938	1,870,056
Miscellaneous	373,242	553,172	371,411	1,080,123
Gain (loss) on sale of assets	-	360,973	7,968	9,825
Special item - Water utility	-	-	-	54,749
Transfers - Internal	137,272	20,365,109	45,640,707	11,681,443
Total business-type activities general revenues	<u>\$ 7,613,035</u>	<u>\$ 24,015,957</u>	<u>\$ 47,838,024</u>	<u>\$ 14,696,196</u>
Total Primary Government General Revenues	<u>\$ 326,922,865</u>	<u>\$ 324,853,924</u>	<u>\$ 317,653,585</u>	<u>\$ 292,664,933</u>
Change in Net Position, Before Special and Extraordinary Items				
Governmental activities	\$ 30,314,202	\$ (3,411,178)	\$ (18,234,170)	\$ 1,115,467
Business-type activities	<u>3,256,635</u>	<u>21,605,503</u>	<u>51,455,530</u>	<u>18,923,786</u>
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	<u>\$ 33,570,837</u>	<u>\$ 18,194,325</u>	<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>
Special and Extraordinary Items				
Governmental activities				
Special item - loan allowances	-	-	-	-
Change in Net Position, After Special and Extraordinary Items				
Governmental activities	\$ 30,314,202	\$ (3,411,178)	\$ (18,234,170)	\$ 1,115,467
Business-type activities	<u>3,256,635</u>	<u>21,605,503</u>	<u>51,455,530</u>	<u>18,923,786</u>
Total Primary Government Change in Net Position, After Special and Extraordinary Items	<u>\$ 33,570,837</u>	<u>\$ 18,194,325</u>	<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>

Source: City of Madison Finance Department

¹ Beginning in 2015 Administration is included in the general government² Beginning in 2015 Parks is included in culture and recreation³ December 31, 2014, restated net position for GASB 68⁴ December 31, 2017, restated net position for GASB 75

Fiscal Year

2016	2015 ³	2014	2013	2012	2011
\$ 194,019,578	\$ 188,040,216	\$ 182,858,993	\$ 179,480,708	\$ 174,282,292	\$ 167,260,333
16,288,835	15,453,334	14,513,083	13,839,511	12,136,283	12,383,292
17,893,720	13,759,032	11,939,533	10,134,337	9,272,236	10,664,746
15,957,567	15,261,034	13,606,870	12,240,012	11,376,162	11,011,045
23,943,199	24,058,453	25,723,753	24,711,209	24,911,463	26,922,649
4,810,159	2,804,384	4,914,140	(673,893)	3,520,843	6,790,404
4,051,870	5,193,375	4,605,664	4,402,902	7,323,422	8,515,647
1,024,070	1,351,317	3,659,078	1,944,748	1,476,149	305,290
<u>(5,311,456)</u>	<u>(11,550,524)</u>	<u>(15,343,326)</u>	<u>(12,338,829)</u>	<u>(10,555,966)</u>	<u>(9,283,646)</u>
<u>\$ 272,677,542</u>	<u>\$ 254,370,621</u>	<u>\$ 246,477,788</u>	<u>\$ 233,740,705</u>	<u>\$ 233,742,884</u>	<u>\$ 234,569,760</u>
-	-	-	-	-	-
1,123,765	838,752	878,504	393,470	576,275	701,957
443,209	498,258	490,977	1,951,480	466,458	309,416
3,582	(1,080,767)	370,450	(1,778,331)	362,718	221,924
-	-	-	-	-	-
<u>5,311,456</u>	<u>11,550,524</u>	<u>15,343,326</u>	<u>12,338,829</u>	<u>10,555,966</u>	<u>9,283,646</u>
<u>\$ 6,882,012</u>	<u>\$ 11,806,767</u>	<u>\$ 17,083,257</u>	<u>\$ 12,905,448</u>	<u>\$ 11,961,417</u>	<u>\$ 10,516,943</u>
<u>\$ 279,559,554</u>	<u>\$ 266,177,388</u>	<u>\$ 263,561,045</u>	<u>\$ 246,646,153</u>	<u>\$ 245,704,301</u>	<u>\$ 245,086,703</u>
\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ 18,518,323	\$ 32,952,599
<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>	<u>13,980,639</u>
<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>	<u>\$ 35,039,286</u>	<u>\$ 46,933,238</u>
-	-	-	-	(25,560,378)	-
-	-	-	-	-	-
\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ (7,042,055)	\$ 32,952,599
<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>	<u>13,980,639</u>
<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>	<u>\$ 9,478,908</u>	<u>\$ 46,933,238</u>

Table 3

CITY OF MADISON

FUND BALANCES, GOVERNMENTAL FUNDS Last Ten Fiscal Years

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011 ¹
General Fund										
Nonspendable	\$ 3,740,399	\$ 4,209,585	\$ 3,570,997	\$ 6,676,920	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781	\$ 9,231,767
Restricted	763,680	779,273	822,139	-	-	-	-	-	-	-
Assigned	22,329,709	9,977,440	8,645,543	9,495,705	10,209,047	7,479,909	8,877,458	13,064,529	14,065,149	14,803,973
Unassigned	43,978,379	53,171,709	49,318,212	42,025,347	39,306,185	38,428,656	39,157,966	38,581,069	42,820,297	39,891,934
Total General Fund	<u>\$ 70,812,167</u>	<u>\$ 68,138,007</u>	<u>\$ 62,356,891</u>	<u>\$ 58,197,972</u>	<u>\$ 54,215,524</u>	<u>\$ 54,637,598</u>	<u>\$ 56,258,254</u>	<u>\$ 59,792,251</u>	<u>\$ 66,031,227</u>	<u>\$ 63,927,674</u>
All Other Governmental Funds										
Nonspendable	\$ 3,332,463	\$ 2,705,488	\$ 2,682,667	\$ 2,484,251	2,541,344	\$ 636,096	\$ 909,569	\$ 819,224	\$ -	\$ 753,980
Restricted	174,940,774	123,797,287	134,274,680	154,674,606	110,607,410	73,582,930	80,105,535	87,534,586	-	84,978,274
Committed	3,144,761	4,458,560	12,435,477	1,007,604	1,591,645	4,552,377	3,103,793	3,620,218	-	3,529,971
Assigned	15,193,759	8,352,618	21,407,705	15,421,485	20,533,818	19,028,843	9,211,062	11,133,474	-	5,688,602
Unassigned (deficit)	(2,942,965)	-	(11,323,728)	(15,553,974)	-	-	(1,300,500)	(1,785,658)	-	(3,182,091)
Total All Other Governmental Funds	<u>\$ 193,668,792</u>	<u>\$ 139,313,953</u>	<u>\$ 159,476,801</u>	<u>\$ 158,033,972</u>	<u>\$ 135,274,217</u>	<u>\$ 97,800,246</u>	<u>\$ 92,029,459</u>	<u>\$ 101,321,844</u>	<u>\$ 105,437,043</u>	<u>\$ 91,768,736</u>
Total Fund Balances	<u>\$ 264,480,959</u>	<u>\$ 207,451,960</u>	<u>\$ 221,833,692</u>	<u>\$ 216,231,944</u>	<u>\$ 189,489,741</u>	<u>\$ 152,437,844</u>	<u>\$ 148,287,713</u>	<u>\$ 161,114,095</u>	<u>\$ 171,468,270</u>	<u>\$ 155,696,410</u>

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			
	2020	2019	2018	2017
REVENUES				
Taxes	\$ 282,957,266	\$ 281,679,794	\$ 280,873,801	\$ 255,994,118
Special assessments	3,602,951	4,275,595	4,294,695	3,603,220
Intergovernmental	57,501,002	53,026,886	46,151,555	47,533,164
Licenses and permits	6,777,447	7,700,349	8,223,531	8,003,350
Fines and forfeitures	3,902,015	6,452,870	6,360,901	6,614,108
Intergovernmental charges for services	7,451,554	8,895,746	4,998,982	-
Public charges for services	27,763,211	25,964,230	22,471,566	31,423,696
Investment income	5,897,383	10,239,976	7,333,935	4,328,764
Grants and donations	-	-	-	-
Miscellaneous	2,122,070	9,776,653	2,857,539	3,185,339
Total Revenues	<u>\$ 397,974,899</u>	<u>\$ 408,012,099</u>	<u>\$ 383,566,505</u>	<u>\$ 360,685,759</u>
EXPENDITURES				
Current				
General government	36,388,954	37,782,876	35,804,545	35,066,148
Administration	-	-	-	-
Public safety	152,915,661	141,678,912	136,200,771	130,557,767
Public works and transportation	56,052,468	49,812,437	48,124,008	43,994,136
Culture and recreation	35,808,899	38,601,471	36,377,166	37,585,445
Planning and development	32,563,191	40,343,000	40,853,027	36,710,172
Capital Outlay	44,141,333	98,526,072	120,587,477	73,795,990
Debt service				
Principal retirement	80,381,093	62,776,875	63,584,609	54,504,739
Interest and fiscal charges	13,909,701	13,896,552	12,404,803	11,278,441
Total Expenditures	<u>\$ 452,161,300</u>	<u>\$ 483,418,195</u>	<u>\$ 493,936,406</u>	<u>\$ 423,492,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (54,186,401)</u>	<u>\$ (75,406,096)</u>	<u>\$ (110,369,901)</u>	<u>\$ (62,807,079)</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	60,452,362	64,654,330	87,675,220	87,634,104
General obligation refunding debt issued	45,978,388	-	-	-
Premium on debt issued	2,443,803	6,325,495	4,759,354	6,602,862
Interest on capital leases	-	-	3,960,000	-
Sale of capital assets	79,408	80,999	812,802	2,582,286
Transfers in	87,818,405	102,540,800	113,518,626	85,584,748
Transfers out	<u>(85,556,966)</u>	<u>(112,577,261)</u>	<u>(123,047,235)</u>	<u>(92,854,718)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 111,215,400</u>	<u>\$ 61,024,363</u>	<u>\$ 87,678,767</u>	<u>\$ 89,549,282</u>
Net Change in Fund Balances	<u>\$ 57,028,999</u>	<u>\$ (14,381,733)</u>	<u>\$ (22,691,134)</u>	<u>\$ 26,742,203</u>
Debt services as a percentage of non-capital expenditures	22.98 %	19.15 %	19.8 %	18.2 %

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					
2016	2015	2014	2013	2012	2011
\$ 244,159,701	\$ 232,513,616	\$ 222,918,478	\$ 215,694,569	\$ 207,066,973	\$ 201,319,416
3,380,545	6,510,649 ¹	3,555,076	3,433,496	3,253,150	3,263,682
44,713,157	48,120,548	42,048,795	42,699,076	45,199,898	46,963,955
9,638,235	6,975,916	5,563,190	5,694,748	5,060,653	4,253,595
7,694,509	7,012,225	6,583,550	7,003,338	7,116,451	7,045,657
-	-	-	-	-	-
24,096,115	23,560,642	12,349,216	11,674,054	10,241,783	11,452,879
4,721,172	2,750,270	4,712,405	(928,585)	4,246,576	6,857,819
1,094,437	326,485	691,517	2,875,771	4,810,756	1,626,299
2,112,144	5,017,982	11,606,825	14,295,196	12,524,831	9,635,933
<u>\$ 341,610,015</u>	<u>\$ 332,788,333</u>	<u>\$ 310,029,052</u>	<u>\$ 302,441,663</u>	<u>\$ 299,521,071</u>	<u>\$ 292,419,235</u>
35,057,714	30,180,556	4,790,434	1,645,978	1,367,452	1,578,022
- ²	- ²	21,328,316	19,942,313	19,827,118	21,637,641
127,780,666	121,413,860	114,952,846	113,057,244	110,238,776	109,742,533
44,207,213	45,448,660	56,788,138	55,384,932	45,844,762	45,573,125
31,595,640	32,842,736	13,275,660	12,533,252	11,539,516	20,859,087
34,556,301	29,073,026	34,043,194	34,687,925	41,005,823	30,589,064
41,803,806	74,653,601	57,605,100	58,901,304	59,618,224	56,772,151
59,714,249	53,233,284	47,826,378	47,589,243	40,480,575	73,992,362
11,545,249	11,247,273	10,959,890	11,439,196	10,721,148	11,183,708
<u>\$ 386,260,838</u>	<u>\$ 398,092,996</u>	<u>\$ 361,569,956</u>	<u>\$ 355,181,387</u>	<u>\$ 340,643,394</u>	<u>\$ 371,927,693</u>
<u>\$ (44,650,823)</u>	<u>\$ (65,304,663)</u>	<u>\$ (51,540,904)</u>	<u>\$ (52,739,724)</u>	<u>\$ (41,122,323)</u>	<u>\$ (79,508,458)</u>
71,076,662	66,802,278	42,529,234	48,926,937	61,134,431	63,251,325
10,610,598	6,698,966	-	-	-	-
5,069,697	4,865,460	4,757,647	4,172,560	5,578,933	10,470,265
-	-	-	-	-	-
628,630	1,351,317	3,659,078	1,944,748	1,476,149	-
78,898,569	74,112,020	73,033,560	72,023,687	57,514,330	55,806,794
<u>(84,581,436)</u>	<u>(84,375,247)</u>	<u>(85,264,997)</u>	<u>(84,682,383)</u>	<u>(68,809,660)</u>	<u>(63,696,672)</u>
<u>\$ 81,702,720</u>	<u>\$ 69,454,794</u>	<u>\$ 38,714,522</u>	<u>\$ 42,385,549</u>	<u>\$ 56,894,183</u>	<u>\$ 65,831,712</u>
<u>\$ 37,051,897</u>	<u>\$ 4,150,131</u>	<u>\$ (12,826,382)</u>	<u>\$ (10,354,175)</u>	<u>\$ 15,771,860</u>	<u>\$ (13,676,746)</u>
20.2 %	18.9 %	19.1 %	19.1 % ³	18.2 %	27.0 %

Table 5

CITY OF MADISON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

(in thousands)

Fiscal Year	Levy Year						Personal Property 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							
2020	2019	\$ 18,787,992	\$ 11,113,686	\$ 359,257	\$ 4,034	\$ 10,648	\$ 660,121	\$ 30,935,738	\$ 1,416,204	29,519,534	8.90 %	33,036,794	93.6 %
2019	2018	17,836,985	10,359,906	351,400	4,266	15,937	619,613	29,188,107	1,092,809	28,095,298	9.04	30,910,698	94.4
2018	2017	16,795,804	9,902,126	261,092	4,017	17,279	593,760	27,574,078	808,555	26,765,523	9.22	28,727,408	96.0
2017	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 ⁴	2015	14,772,268	8,154,921	257,207	3,815	18,752	732,471	23,939,434	746,325	23,193,109	9.49	24,596,422	97.3
2015	2014	14,139,751	7,689,111	249,363	5,187	15,683	712,141	22,811,236	701,631	22,109,605	9.48	23,685,668	96.3
2014	2013	13,636,868	7,347,451	247,797	6,661	16,225	703,178	21,958,180	551,556	21,406,624	9.50	22,710,892	96.7
2013	2012	13,223,785	7,118,629	268,622	5,495	14,782	719,138	21,350,451	461,115	20,889,336	9.30	21,853,251	97.7
2012	2011	13,320,053	6,884,721	258,751	5,813	15,306	709,680	21,194,324	401,116	20,793,208	8.81	21,697,081	97.7
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

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
2020	\$ 0.68	\$ 8.24	\$ 8.90	\$ 11.78	\$ 2.87	- \$	0.94
2019	0.66	8.42	9.04	11.58	2.91	-	0.95
2018	0.72	8.60	9.22	11.99	3.09	-	0.97
2017	0.73	8.76	9.47	12.26	3.03	0.17	0.99
2016	0.74	8.76	9.49	12.54	3.06	0.18	0.96
2015	0.72	8.77	9.48	12.38	3.02	0.18	0.97
2014	0.69	8.81	9.50	12.16	2.97	0.17	1.89
2013	0.67	8.65	9.30	11.80	2.87	0.17	1.86
2012	0.57	8.24	8.81	11.35	2.73	0.17	1.74
2011	0.58	7.85	8.43	11.31	2.59	0.17	1.51

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	2019			2010		
	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	\$ 171,778,000	1	0.61 %	\$ 184,739,600	1	0.84 %
American Family Insurance	134,993,700	2	0.48	165,722,200	2	0.75
Core Campus Madison LLC	89,500,000	3	0.32	-	-	-
University Research Park Inc	81,924,400	4	0.29	-	-	-
CG Growth LLC	82,400,000	5	0.29	-	-	-
Core Campus II Madison LLC	76,700,000	6	0.27	-	-	-
Covance Laboratories Inc	74,955,000	7	0.27	123,676,000	3	0.56
777 University Ave LLC	66,935,700	8	0.24	-	-	-
AX Madison Junction LP	64,300,000	9	0.23	-	-	-
Domain Apartments LLC	57,070,000	10	0.20	-	-	-
Wingra Building Group/Dean Medical Center	-	-	-	122,546,200	4	0.56
Terrance R. Wall	-	-	-	97,201,900	5	0.44
Mullins, Jerome and Carol	-	-	-	69,932,300	6	0.32
McAllen Properties LLC/McAllen Investments LP	-	-	-	64,626,600	7	0.29
CUNA Mutual & Subsidiaries/CUNA Mutual Investment Group	-	-	-	63,566,900	8	0.29
Munz Investment/Munz Corp./Richard V. Munz	-	-	-	56,284,300	9	0.26
Hilldale Land Co LLC/Hilldale Building Co LLC	-	-	-	43,266,800	10	0.20
Total	\$ 900,556,800		3.20 %	\$ 991,562,800		4.50 %

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	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of the Levy in Subsequent Years	Total Collections to Date ²	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2020	2019	\$ 250,016,152	\$ 249,178,049	99.66 %	\$ -	\$ 249,178,049	99.66 %
2019	2018	241,829,722	240,941,642	99.63	749,576	241,691,218	99.94
2018	2017	231,041,537	229,767,881	99.45	1,211,176	230,979,057	99.97
2017	2016	219,728,630	219,181,700	99.75	482,752	219,664,452	99.97
2016	2015	209,856,552	209,124,596	99.65	670,950	209,795,546	99.97
2015	2014	202,870,333	202,157,694	99.65	611,018	202,768,712	99.95
2014	2013	198,441,725	197,888,080	99.72	477,258	198,365,338	99.96
2013	2012	193,400,074	192,614,826	99.59	664,841	193,279,667	99.94
2012	2011	186,737,361	186,183,242	99.70	435,076	186,618,318	99.94
2011	2010	179,491,250	178,618,404	99.51	717,838	179,336,242	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
2020	\$ 602,019,368	\$ 15,241,038	\$ 586,778,330	1.67 %	\$ 2,148
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

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 221.

⁴ Population data can be found in Table 15: Demographic and Economic Statistics, on page 231.

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	Capital Leases	General Obligation Debt	Revenue Bonds ²		Capital Leases			
				Water Utility	Sanitary Sewer Utility				
2020	\$ 526,266,750	\$ 1,620,000	\$ 75,752,618	\$ 218,334,794	\$ 59,299,893	\$ -	\$ 881,274,055	5.11 %	\$ 3,408
2019	486,801,626	2,405,000	61,960,218	226,823,268	44,342,529	260,500	822,593,141	5.06	3,218
2018	466,130,630	3,170,000	46,255,016	222,179,105	52,606,786	1,025,500	791,367,037	5.24	3,134
2017	433,330,438	4,181,585	41,340,518	187,690,887	42,900,834	1,765,500	711,209,762	5.00	2,844
2016	395,721,685	4,881,585	38,063,463	197,686,093	46,572,358	2,510,500	685,435,684	4.99	2,773
2015	367,176,802	5,506,585	37,361,066	179,666,207	34,115,796	3,275,500	627,101,956	4.87	2,589
2014	342,207,487	6,061,585	35,129,619	141,968,952	36,790,831	4,020,500	566,178,974	4.58	2,358
2013	339,230,797	9,446,585	33,547,350	147,452,311	32,972,504	4,720,500	567,370,047	4.67	2,395
2012	312,594,109	15,163,679	29,754,727	121,510,000	35,130,000	6,715,000	520,867,515	4.49	2,220
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

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 231 for personal income and population data.

Table 11

CITY OF MADISON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of December 31, 2020

Government Unit	Governmental Activities Debt Outstanding	Percentage Applicable to City	Amount Applicable to City ²
Direct			
City of Madison	\$ 527,886,747	100.00 %	\$ 527,886,747
Indirect			
Dane County School Districts: ¹	424,240,000	45.10	191,332,240
DeForest	140,160,000	9.97	13,973,952
Madison Metropolitan	59,490,764	89.89	53,476,248
McFarland	61,160,000	10.27	6,281,132
Middleton-Cross Plains	199,330,000	22.38	44,610,054
Monona Grove	85,895,000	0.13	111,664
Sun Prairie Area	268,360,000	15.74	42,239,864
Verona	170,025,000	3.69	6,273,923
Waunakee Community	66,095,000	2.71	1,791,175
Madison Area Technical College	<u>175,605,000</u>	33.21	<u>58,318,421</u>
Total Overlapping	<u>\$ 1,650,360,764</u>		<u>\$ 418,408,673</u>
Total Direct and Overlapping	<u>\$ 2,178,247,511</u>		<u>\$ 946,295,420</u>

Source: City of Madison Finance Department

- ¹ Under Wisconsin annexation laws, properties annexed from one municipality to another do not automatically change school districts. Therefore, portions of the City of Madison are in seven school districts in addition to the Madison Metropolitan School District.
- ² The percent applicable to the City is calculated by dividing the City's equalized value into the total equalized value of the indirect debt entity.

Table 12

CITY OF MADISON

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

<i>(in thousands)</i>	Fiscal Year					Fiscal Year				
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Equalized Value ¹	\$ 33,036,794	\$ 30,910,698	\$ 28,727,408	\$ 26,768,654	\$ 24,596,422	\$ 23,685,668	\$ 22,710,892	\$ 21,853,251	\$ 21,697,081	\$ 21,965,222
Debt limit ²	1,651,840	1,545,535	1,436,370	1,338,433	1,229,821	1,184,283	1,135,545	1,092,663	1,084,854	1,098,261
Debt Applicable to Limit										
General Obligation Debt	569,848	519,336	484,747	447,740	409,860	381,836	355,769	352,797	342,349	321,529
General Obligation Debt - Joint Venture	2,005	2,055	2,314	905	745	559	676	698	696	636
Total debt applicable to debt limit	<u>\$ 571,853</u>	<u>\$ 521,391</u>	<u>\$ 487,061</u>	<u>\$ 448,645</u>	<u>\$ 410,605</u>	<u>\$ 382,395</u>	<u>\$ 356,445</u>	<u>\$ 353,495</u>	<u>\$ 343,045</u>	<u>\$ 322,165</u>
Less: Debt Service fund available for payment of principal	<u>\$ 15,241</u>	<u>\$ 19,692</u>	<u>\$ 17,648</u>	<u>\$ 16,951</u>	<u>\$ 15,658</u>	<u>\$ 15,029</u>	<u>\$ 16,528</u>	<u>\$ 16,405</u>	<u>\$ 23,975</u>	<u>\$ 29,266</u>
Net debt applicable to debt limit	\$ 556,612	\$ 501,699	\$ 469,413	\$ 431,694	\$ 394,947	\$ 367,366	\$ 339,917	\$ 337,090	\$ 319,070	\$ 292,899
Total debt applicable to the limit as a percentage of debt limit	34.6 %	33.7 %	33.9 %	33.5 %	33.4 %	32.3 %	31.4 %	32.4 %	31.6 %	29.3 %

¹ Source: Wisconsin Department of Revenue

² In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's Jurisdiction.

Table 13

CITY OF MADISON

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

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ³	
2020	\$ 43,000,162	\$ 36,217,953	\$ 6,782,209	\$ 3,605,000	\$ 1,577,583	1.31
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

Source: City of Madison Finance Department

Note: Sewer Revenue Bonds are now backed by sewer rates only. Prior to 2020, the Sewer Revenue Bonds were also backed by landfill remediation fees.

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	
2020	\$ 45,440,204	\$ 16,979,254	\$ 28,460,950	\$ 7,455,000	\$ 6,810,091	2.00
2019	44,956,425	17,285,238	27,671,187	9,255,000	8,837,736	1.53
2018	35,512,284	17,928,862	17,583,422	6,890,000	6,356,118	1.33
2017	35,431,200	18,431,561	16,999,639	8,825,000	7,535,483	1.04
2016	35,909,550	15,356,637	20,552,913	6,120,000	6,447,693	1.64
2015	29,744,626	15,250,082	14,494,544	5,935,000	5,416,433	1.28
2014	30,332,733	15,092,223	15,240,510	4,935,000	5,179,428	1.51
2013	28,964,481	14,122,833	14,841,648	3,975,000	4,367,205	1.78
2012	30,144,767	13,709,476	16,435,291	3,195,000	3,814,001	2.34
2011	28,364,269	14,861,349	13,502,920	2,680,000	3,279,273	2.27

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
2020	257,197	\$ 17,151,207	\$ 66,685	\$ 55,487	4.8 %	4.8 %	6.3 %
2019	255,650	16,263,216	64,071	53,207	2.4	2.4	3.3
2018	252,546	15,482,080	61,577	51,611	2.2	2.2	3.0
2017	250,073	14,634,772	58,317	49,239	2.3	2.4	3.3
2016	247,207	13,948,161	56,366	47,577	2.9	2.9	4.1
2015	242,216	13,309,043	55,093	46,843	3.1	3.2	4.6
2014	240,153	12,524,699	52,096	44,930	3.7	3.8	5.5
2013	236,900	11,939,286	50,310	43,176	4.6	4.6	6.7
2012	234,625	11,554,108	49,244	43,027	4.7	4.7	6.9
2011	233,890	11,107,436	47,485	41,170	4.9	5.0	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 2020 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	2019				2010		
	Employees ¹	Rank	Percentage of Total Area Employment ²	Employees ³	Rank	Percentage of Total Area Employment	
State of Wisconsin	45,166 ^{4,5}	1	10.94 %	16,300	1	5.03 %	
University of Wisconsin	23,917 ^{4,5}	2	5.80	16,000	2	4.94	
UW Health	14,792 ⁶	3	3.58	7,500	3	2.32	
Epic Systems	9,600	4	2.33	-		-	
SSM Health Care	6,467 ⁵	5	1.57	-		-	
United States Government	5,424	6	1.31	4,990	4	1.54	
American Family Mutual Insurance Group	4,353 ⁵	7	1.05	3,850	8	1.19	
Madison Metropolitan School District	3,591 ⁵	8	0.87	4,500	6	1.39	
UnityPoint Health - Meriter	3,090	9	0.75	3,500	9	1.08	
City of Madison	3,072	10	0.74	-		-	
Madison Area Technical College	-		-	4,668	5	1.44	
WPS Health Insurance	-		-	3,900	7	1.20	
Dean Health Systems	-		-	3,400	10	1.05	
Total	119,472		28.94 %	68,608		21.18 %	

¹ Sources: Madison InBusiness, 2019 Report; Dane County; UW Madison 2019-2020 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)			
	2020	2019	2018	2017
Public Safety and Health				
Fire	413	411	411	393
Police	604	599	588	584
Public Health - Madison and Dane County ¹	146	143	138	138
General Government				
Common Council	4	4	4	2
Mayor	12	12	12	12
Municipal Court	5	5	5	5
Administration				
Department of Civil Rights	18	18	18	16
Attorney	25	26	26	27
Assessor	24	24	24	24
Clerk	10	9	9	9
Treasurer	-	-	6	6
Finance ²	-	-	41	42
Information Technology	54	54	54	53
Human Resources	18	18	17	16
Employee Assistance Program ³	4	4	3	3
Finance/City Treasurer ⁷	48	47	-	-
Public Facilities				
Monona Terrace	55	55	55	55
Department of Public Works and Transportation				
Engineering	144	117	115	112
Sewer Utility ⁴	17	38	36	35
Stormwater Utility ⁴	12	15	12	11
Parks	140	171	172	167
Golf Enterprise	8	8	8	8
Streets	227	191	193	190
Water Utility	130	130	130	130
Metro Transit	462	457	473	476
Traffic Engineering	66	67	66	64
Parking Utility	75	75	71	71
Fleet Services	43	43	43	43

Full-time Equivalent Employees (FTEs)

2016	2015	2014	2013	2012	2011
393	389	390	389	389	371
593	586	581	580	580	577
138	136	135	134	152	155
2	2	2	2	2	3
12	12	12	12	12	12
5	5	5	5	5	5
16	15	15	15	15	16
27	27	27	27	27	26
24	24	24	24	24	24
8	8	7	7	7	7
6	5	5	5	5	5
42	39	38	38	39	38
53	49	48	47	47	47
16	18	18	18	19	18
3	-	-	-	-	-
-	-	-	-	-	-
55	55	55	55	58	58
77	149	143	138	137	137
44	-	-	-	-	-
39	-	-	-	-	-
165	161	148	144	144	147
8	8	8	8	7	7
187	183	177	177	177	179
130	129	128	128	127	126
474	472	472	466	461	460
63	64	62	62	61	59
69	70	74	75	75	76
43	43	43	43	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)			
	2020	2019	2018	2017
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 ⁵	52	49	43	43
Community Development Division ⁶	41	41	41	39
Economic Development Division	19	18	17	17
Planning Division	32	32	36	36
Building Inspection Division	46	46	46	45
Library	139	137	135	131
Total	3,101	3,072	3,056	3,011

Source - City's Annual Operating Budget

- ¹ All Public Health Madison Dane County staff are County employees as of 2012.
- ² The Finance Department was known as Office of the Comptroller prior to May 2011.
- ³ Employee Assistance Program was created in 2016. Its functions were previously included in Human Resources.
- ⁴ The City Engineer serves as the manager of the Sewer and Stormwater Utilities.
- ⁵ Community Development Authority Redevelopment had no dedicated employees prior to 2011.
- ⁶ 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.
- ⁷ The Finance and Treasurer's departments were consolidated in 2019.

Full-time Equivalent Employees (FTEs)					
2016	2015	2014	2013	2012	2011
8	8	7	7	7	7
43	41	40	41	40	38
39	37	36	38	38	41
16	16	18	18	19	19
32	32	30	29	28	28
48	47	47	47	46	45
131	128	127	124	119	117
3,009	2,958	2,922	2,903	2,911	2,892

Table 18

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2019 ²</u>	<u>2018 ²</u>	<u>2017</u>	<u>2016</u>
General Government				
Information Technology				
Webpage visits	5,896,319	6,114,219	5,439,856	6,057,900
Online payments transactions	468,774	423,443	301,479	270,728
Public Safety				
Fire				
EMS responses	22,865	21,667	21,716	21,291
Fire/service responses	10,111	9,357	8,810	8,762
Fires extinguished	361	412	476	411
Public Health				
Inspections/Pre-inspections	2,990	1,233	1,318	1,418
Police				
Calls for service	216,867	211,507	212,196	212,601
Arrests	13,797	12,455	12,039	11,969
Citations	3,711	4,193	4,928	5,851
Traffic violations	13,884	14,128	17,843	20,966
Public works and transportation				
Metro Transit				
Annual rides	12,856,514	13,230,698	12,817,077	13,305,291
Annual miles	5,084,961	5,109,240	5,075,010	5,050,916
Fleet Services				
Work Orders	9,552	8,570	3,073	2,394
Parking Utility				
Ramp Occupancy	64 %	69 %	70 %	72 %
Streets				
Tons of debris swept	7,837	4,802	4,551	4,351
Refuse collected (tons)	42,909	43,155	43,352	42,525
Recyclables collected (tons)	17,763	18,999	19,344	19,228
Sewer Utility				
Average annual residential customer volume (gallons)	44,132	46,376	47,124	50,864
Water Utility				
Main replacement (miles)	2.51	9.22	11.52	10.70
Gallons pumped (millions)	8,973	9,223	9,419	9,848
Water main breaks (per mile)	0.255	0.252	0.208	0.247
Mains added	7.13	15.35	21.49	16.60

2015	2014	2013	2012	2011	2010
6,343,573	6,544,987	5,808,882	5,543,502	5,333,097	4,810,131
353,462	212,866	139,542	152,951	147,290	130,392
18,348	19,599	20,541	19,698	18,409	18,125
6,839	6,215	5,879	5,500	5,257	5,314
459	412	534	479	-	471
1,363	1,258	1,387	1,271	1,348	1,298
212,376	206,648	203,394	203,087	211,802	202,392
14,020	9,726	9,421	11,378	12,089	12,074
7,203	7,142	8,376	10,432	11,373	12,969
23,316	19,872	22,878	25,195	21,844	25,624
14,358,261	15,492,317	15,001,760	14,592,214	14,923,969	13,623,461
5,070,813	5,040,007	4,922,010	4,822,865	4,818,879	4,810,956
2,588	2,084	1,321	1,735	1,491	1,571
71 %	71 %	66 %	64 %	64 %	64 %
7,256	7,539	5,674	4,820	6,526	8,269
44,866	41,680	40,367	40,367	38,561	40,086
19,379	19,225	19,401	19,401	18,949	19,229
52,360	49,368	55,352	55,352	53,856	65,824
6.45	7.80	5.06	6.55	10.00	9.77
9,977	10,099	10,058	10,659	10,320	10,255
0.240	0.440	0.350	0.280	0.300	0.290
8.60	4.90	3.50	2.41	4.08	4.05

Table 18 (Cont.)

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2019 ²</u>	<u>2018 ²</u>	<u>2017</u>	<u>2016</u>
Planning and development				
Planning Unit				
Inspection Unit				
Inspections	56,072	57,866	52,854	54,113
Housing Operations				
Households served	2,617	2,563	2,490	2,528
Community Services				
Children receiving child care from an accredited facility	47.99 %	48.00 %	49.28 %	51.30 %
Seniors in city funded activities	¹	¹	¹	¹
Senior Center				
Number of visits	37,988	38,609	38,521	41,106
Number of events	3,084	2,952	3,108	2,871
New visitors	764	775	866	817
Culture and recreation				
Library				
Circulation	3,454,156	3,575,215	3,698,903	3,800,000
Visits	1,779,552	1,911,287	1,965,014	2,170,000
Registered borrowers	157,557	158,977	168,443	170,420
Internet uses	227,370	655,599	917,107	769,704
Parks				
General park (shelter) reservations	1,717	1,594	1,598	1,765
Athletic Field reservations	10,074	7,956	8,362	8,700
Recreation center attendance	250,059	226,215	221,000	209,000
Special events held	475	489	521	350
Calls for service - Forestry	3,918	4,119	4,415	5,068
Visitors - Olbrich Gardens	322,149	335,153	325,530	300,396
Municipal Pool				
Attendance	34,971	33,265	46,469	46,400
Golf Enterprise				
Rounds (18 holes)	99,036	77,510	100,004	109,934
Monona Terrace				
Conventions and Conferences	60	62	60	67

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.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
48,023	52,166	51,220	47,579	46,131	56,261
2,404	2,432	2,456	2,460	2,427	2,291
50.00 % 1	49.00 % 1	50.00 % - 1	49.00 % 5,200	58.00 % 5,200	54.00 % 5,200
38,828	42,263	41,460	46,675	42,518	42,696
2,777	2,829	2,864	3,112	3,020	2,363
889	7,422	7,971	10,086	7,597	7,568
3,950,000	3,841,997	4,085,341	4,122,191	4,398,343	4,730,496
2,150,000	2,152,731	2,053,449	2,020,557	2,241,086	2,347,234
165,855	163,934	162,374	167,717	156,285	132,428
708,214	813,880	686,444	682,034	721,431	693,432
1,590	1,570	1,426	1,524	1,409	1,527
8,358	7,325	8,021	7,531	7,751	7,675
64,495	63,315	57,277	267,757	305,751	295,000
245	130	130	110	116	114
4,336	4,264	4,233	4,553	3,542	4,644
289,540	279,090	252,750	252,750	245,183	253,048
52,140	49,503	66,000	68,752	65,692	63,320
107,212	79,122	77,824	82,055	74,658	77,295
63	54	67	65	62	62

Table 19

CITY OF MADISON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2019¹</u>	<u>2018¹</u>	<u>2017¹</u>	<u>2016</u>
Public Safety				
Fire				
Fire Stations	14	14	13	13
Public works and transportation				
Metro Transit				
Shelters	223	222	222	208
Buses (incl. Paratransit)	218	215	232	232
Fleet Services				
Vehicles	1,361	1,238	1,011	1,169
Parking Utility				
Ramps	6	6	6	5
Surface Lots	6	6	6	7
Parking Spaces	6,203	6,215	6,142	5,506
Traffic Engineering				
Miles of Streets	815	800	795	790
Water Utility				
Water main (miles)	906	892	895	884
Hydrants	9,184	9,117	9,004	8,956
Valves	26,282	25,976	27,381	25,126
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	947,490	965,277	961,596	957,562
Parks				
Parks	279	275	274	275
Acreage of Parks (rounded to nearest 100th)	5,700	5,600	5,600	6,000
Beaches	12	12	12	12
Shelters	25	25	22	22
Recreational Facilities	1	1	1	1
Municipal Pool				
Pool facilities	1	1	1	1
Golf Enterprise				
Golf courses	4	4	4	4

Source: 2009 - 2015 Madison Measures & Departmental Annual Reports

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

2015	2014	2013	2012	2011	2010
13	13	12	12	12	12
208	208	208	211	211	210
232	231	228	228	229	204
1,166	1,278	1,152	1,144	1,144	1,090
5	5	5	5	5	5
7	7	7	7	7	7
5,589	5,426	5,548	6,300	6,300	6,300
785	780	777	773	772	769
867	859	854	850	847	843
8,882	8,751	8,669	8,615	8,555	8,482
21,525	21,114	20,804	20,564	20,332	20,065
9	9	9	9	9	9
943,507	936,975	831,296	863,645	841,929	929,682
274	270	261	260	260	260
6,000	6,000	6,000	6,000	6,000	6,000
12	12	12	12	12	13
21	21	20	20	20	18
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4