

City of Madison Comprehensive Annual Financial Report



Madison, WI

As of and for the Year Ended December 31, 2015

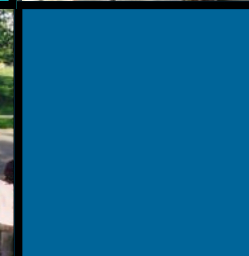
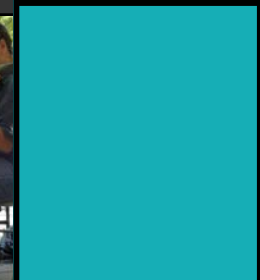


live

work

learn

play



CITY OF MADISON
Madison, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

As of and for the Year Ended
December 31, 2015

Prepared By:

FINANCE DEPARTMENT STAFF

CITY OF MADISON

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2015

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July 15, 2016

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 (CAFR) for the fiscal year ended December 31, 2015.

FORMAL TRANSMITTAL

Legal Requirements

Wisconsin Statutes and the Wisconsin Administrative Code require cities with a population of 25,000 or greater within the state to prepare and publish financial statements fairly presenting financial position and operating results at the close of each fiscal year. The statements must conform to various requirements, including, most notably, generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Furthermore, an independent firm of licensed certified public accountants must annually audit the statements (see Independent Audit below). Pursuant to these requirements, the Comprehensive Annual Financial Report of the City of Madison for the fiscal year ended December 31, 2015 is hereby submitted.

The City implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of this implementation, the primary government's net position was restated as of December 31, 2014.

Assumption of Responsibility

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

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

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

The information presented in this Comprehensive Annual Financial Report is divided into three main sections: introductory, financial, and statistical. The introductory section of the report includes this transmittal letter, and information regarding the organization of the City. The transmittal letter is designed to complement the Management Discussion & Analysis (MD&A) and should be read in conjunction with the financial statements. The financial section of the report includes the MD&A, the basic financial statements, note disclosures to the financial statements, and combining and individual fund financial statements. Lastly, the statistical section of the report includes various financial and demographic data that is presented on a multi-year basis.

Internal Controls

In order to provide reasonable assurance to the above representations, management has established and maintained a structure of internal controls. Specifically, these controls are designed to ensure that:

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

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

Budgetary Controls

The City of Madison maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Activities of the General Fund, Library and Community Development Block Grant (CDBG) Special Revenue Funds, are included in the annual budget. Budget to actual comparison schedules and provided within supplementary informational tabs in the Comprehensive Annual Financial Report. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total agency expenditure level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations of the operating budget lapse at year end unless carried over. Carryover encumbrances are re-appropriated as part of the following year's budget through formal resolution.

Independent Audits

As mentioned above, state law requires the City's financial records to be audited annually by independent, licensed certified public accountants. The City of Madison has retained Baker Tilly Virchow Krause, LLP to perform its annual audits. Baker Tilly Virchow Krause, LLP concluded, based upon its audit procedures, that the City's annual financial report for the fiscal year ended December 31, 2015 was fairly presented in accordance with GAAP. The auditor's opinion is included in the financial section of this report.

PROFILE OF GOVERNMENT

Demographic Profile

The City of Madison, with a population of 242,216, 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 78 square miles of land. It is the home of the University of Wisconsin system's flagship campus, with an enrollment of over 43,000 students. Madison is often cited in national rankings as one of the country's best places to reside.

Form of Government

The City operates under a Mayor-Council form of government. The Mayor is the chief executive officer of the City and has the general supervisory authority over all City officers and heads of departments in the performance of their representative duties. Also, the Mayor is authorized under Wisconsin State Statutes and City Ordinances to appoint department heads and makes appointments to various boards, committees and commissions, subject to Council confirmation.

The Mayor is elected to a four-year term and the twenty members of the Common Council are elected to two-year terms. The Common Council President serves a one-year term and is elected by the other members of the Council (a list of principal officers begins on page G).

Financial Statements-Functions/Programs Classifications

Effective January 1, 2015, the City went live with a new Enterprise Resource Planning software solution, and elected to more closely mirror the Wisconsin Statutory classifications for its functions/programs financial reporting model. Noteworthy, the prior year function of Administration is now reported within General government, with Parks programs moved from Public works and transportation to Culture and recreation.

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

- General government – City Council, Mayor, Municipal Court, Assessor, Attorney, Civil Rights, City Clerk, Finance, Human Resources, Employee Assistance Program, Information Technology, and Treasurer,
- Public safety – Police, Fire, and Public Health,
- Public works and transportation – Metro Transit, Parking, Streets, City Engineering, and Utilities,
- Planning and development – Building Inspection, Community Development, Economic Development, and Planning,
- Culture and recreation – Library 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 Park's Foundation as component units.

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

Budget

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

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

ECONOMIC CONDITION

Local Economy

Madison's economy is expected to remain stable and strong due to continued investment in its tax base and the presence of the University of Wisconsin and state capital. Beyond the public sector; software development, biomedical research and technology are becoming a significant portion of a diverse local economy. Locally assessed real estate increased by 5.5% in 2015.

The City's unemployment rate of 3.1% continues to be below the state and national rates of 4.6%, and 5.3% respectively. Per capita and median income track well above the state average, despite the high student population, indicating the area's quality of available jobs.

Long-Term Financial Planning

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

In its rating letter, Moody's noted the City's large and diverse economy that benefits from significant institutional presence, sound financial operations with a history of healthy reserves, and a manageable debt burden supported by rapid principal amortization.

With 96.9% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.6% of the value of the taxable property base, the City's debt profile is expected to remain manageable.

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 policy of the City to maintain an unassigned General Fund Balance equal to 15% of the adopted General Fund operating budget to help ensure the availability of adequate resources to address potential future emergencies. To avoid the creation of future structural budget deficits, it is the policy of the City of Madison to not use one-time revenue sources to fund ongoing operating expenses.

Major Initiatives

General government The City continues to replace its outdated software solutions for Municipal Court, Assessor's Office, and City Finance.

Public safety Fire Administration and Fire Station 1 moved into the new Ovation facility on West Dayton Street.

Public works
and transportation The City of Madison reconstructed and resurfaced approximately 18 miles of streets during 2015. Minor surface maintenance was completed on approximately 175 miles of City owned roads. The City of Madison Streets Program is rated every 2 years using the Pavement Surface Evaluation and Rating (PASER) system developed by the University of Wisconsin. By the close of the fiscal year, about 75% of the City's 785 miles of streets are rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.

Madison Metro Transit has applied for a US-Department of Transportation (DOT) 2015 Tiger Grant for a satellite bus facility located at the Nakoosa Trail site. The design is to include a 56 bus garage.

Planning
and development The Madison Municipal Building (MMB) will undergo renovation as part of the Judge Doyle redevelopment TIF-25 project.

Union Corners Phase I construction is underway, developing a UW Health medical facility. Union Corners Phase II has been approved for a multi-use building to incorporate a large grocery store and roughly 100 apartments.

Culture and recreation By the close of 2017, all nine Madison Public libraries will be electronically connected via high-speed fiber optic infrastructure. Additionally, Madison Public libraries will feature Radio-frequency identification (RFID) check out system software.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madison's Comprehensive Annual Financial Report (CAFR) prepared for the fiscal year ended December 31, 2014. A facsimile of the certificate is included on the following page. This was the seventh year the City received this prestigious award. In order to be awarded a Certificate of Achievement the City was required to publish an easily readable and efficiently organized CAFR satisfying both GAAP and applicable legal requirements.

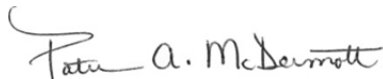
A Certificate of Achievement is valid annually. The City believes that its current CAFR meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2015 CAFR to the GFOA to determine its eligibility for award.

The issuing of this report on a timely basis is due to the hard work and dedication of the Accounting Services staff of the Finance Department and to our auditors, Baker Tilly Virchow Krause, LLP.

Respectfully submitted,



David Schmiedicke
Finance Director



Patricia A. McDermott, CPA
Accounting Manager

Mission

Our mission in the City Finance Department is to enhance the financial health of the City and provide stewardship of City resources through financial information, advice and support to the public, employees, City agencies and policymakers.



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, 2014

Executive Director/CEO

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

MEMBERS OF THE COMMON COUNCIL

Name

Barbara Harrington-McKinney	Alder, District #1
Ledell Zellers	Alder, District #2
Amanda Hall	Alder, District #3
Michael Verveer, Council President	Alder, District #4
Shiva Bidar-Sielaff	Alder, District #5
Marsha Rummel, Council President Pro Tem	Alder, District #6
Steve King	Alder, District #7
Zach Wood	Alder, District #8
Paul Skidmore	Alder, District #9
Maurice Cheeks	Alder, District #10
Tim Gruber	Alder, District #11
Larry Palm	Alder, District #12
Sara Eskrich	Alder, District #13
Sheri Carter	Alder, District #14
David Ahrens	Alder, District #15
Denise DeMarb	Alder, District #16
Samba Baldeh	Alder, District #17
Rebecca Kemble	Alder, District #18
Mark Clear	Alder, District #19
Matt Phair	Alder, District #20

ELECTED OFFICIALS

Paul R. Soglin	Mayor
Daniel P. Koval	Municipal Judge

CITY STAFF ISSUING REPORT

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

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

NONELECTED OFFICIALS

Mayoral Assistants

Anne Monks
Katie Crawley
Gloria Reyes
Enis Ragland
Nicholas Zavos

Deputy Mayor
Deputy Mayor
Deputy Mayor
Deputy Mayor
Government Relations Officer

Mark Hanson
Michael May
Maribeth Witzel-Behl
David Schmiedicke
David Gawenda
Gloria Reyes (Acting)
Steven Davis
Brad Wirtz
Paul Kronberger
Gregory Mickells
Gregg McManners
Michael Koval
Janel Heinrich
Rob Phillips
William Vanden Brook
Eric Knepp
Chris Kelley
David Dryer

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

Charles Kamp
Tom Heikkinen
Natalie Erdman

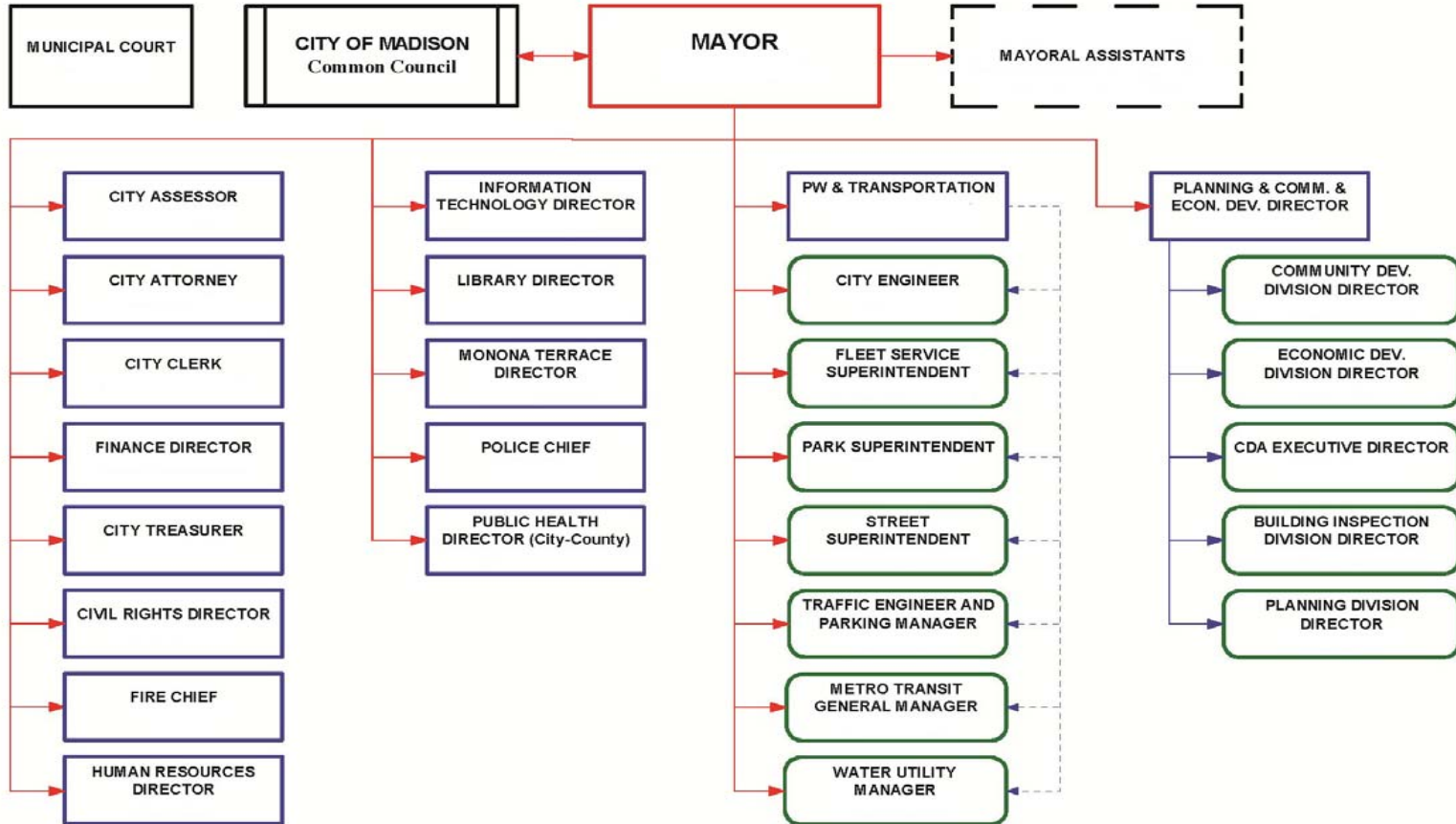
Jim O'Keefe

Matthew Mikolajewski

Natalie Erdman
George Hank
Heather Stouder

CITY OF MADISON

ORGANIZATION OF CITY OF MADISON GOVERNMENT



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Madison
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Madison's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, and the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), which represent 47.8 percent, 48.9 percent and 21 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, and the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, and the LLCs of the CDA were not audited in accordance with *Government Auditing Standards*.

To the City Council
City of Madison

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Madison adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

As discussed in Note IV. I to the financial statements, net position of the business-type activities and the water utility as of December 31, 2014 have been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

To the City Council
City of Madison

Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2016, on our consideration of the City of Madison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Madison's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 15, 2016

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, 2015 with comparative data for the fiscal year ended December 31, 2014. 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 \$2.3 billion, total liabilities just over \$778.1 million, deferred inflows of resources at roughly \$232.4 million, and deferred outflows of resources at \$41.4 million, the total net position of the City of Madison increased by about 6.7% or nearly \$86.8 million (including restatements of the prior year's net position totaling over \$78.6 million due to the primary government's implementations of GASB Statement No. 68-Accounting and Financial Reporting for Pensions, and for GASB Statement No. 71-Pension Transition for Contributions Made Subsequent to the Measurement Date; along with prior year's construction in progress charges to expenses for the water utility totaling over \$1.4 million) from the previous year to about \$1.4 billion. Of this amount, approximately \$1.1 billion represented the City's net investment in capital assets, most of which do not generate revenues for their use or sale were computed less unamortized premium and discount of about \$29.1 million for 2015. Just under \$148.4 million was held for restricted purposes and about \$92.1 million was unrestricted. The unrestricted net position is generally used to meet the City's ongoing obligations to residents and creditors.
- The primary government reported under \$233.4 million in program revenues to cover nearly \$488.6 million in expenses with the remaining general revenues of taxes, intergovernmental, investment income, interest on capital leases, and other miscellaneous sources offsetting the difference, including a surplus of nearly \$11.0 million at about \$266.2 million.
- As of December 31, 2015 the governmental funds reported combined ending fund balances of over \$152.4 million. This amount is broken down as follows: just over \$38.4 million of this balance is available for spending at the council's discretion (unassigned fund balance), at the end of the year, management assigned and committed just over \$31.0 million for specific purposes with nearly \$73.6 million restricted due to external constraints or regulations defining specific uses such as grants, state statutes, and tax exempt financing. The nonspendable fund balance includes advances, non-current interfunds and receivables, prepaid items, and trust activities which totaled approximately \$9.4 million at year end. The nonspendable fund balance is legally or contractually required to be intact and not expected to be easily converted to cash.
- At the end of the fiscal year, just over \$38.4 million of unassigned fund balance remained within the general fund or approximately 14.0% of the adopted 2016 general fund expenditures; close to the City's stated target ratio of 15.0%. The unassigned fund balance for governmental funds decreased in total by about \$729,000, or just about 1.9% when compared to the prior year. The City applied \$1.9 million of assigned fund balance within the 2015 Adopted Operating Budget, and recorded an interfund cash advance to the City's Insurance Fund of nearly \$1.2 million, due to an actuarial reserve adjustment at year end which totaled about \$2.4 million.

FINANCIAL HIGHLIGHTS (continued)

However, room tax, municipal court, engineering, and ambulance fee revenues outperformed budgeted projections and added an additional \$1.7 million more than expected to this discretionary fund balance by year end. Additionally, the Water Utility continued to pay down its annual portion of the advance owed by \$765,000 during 2015.

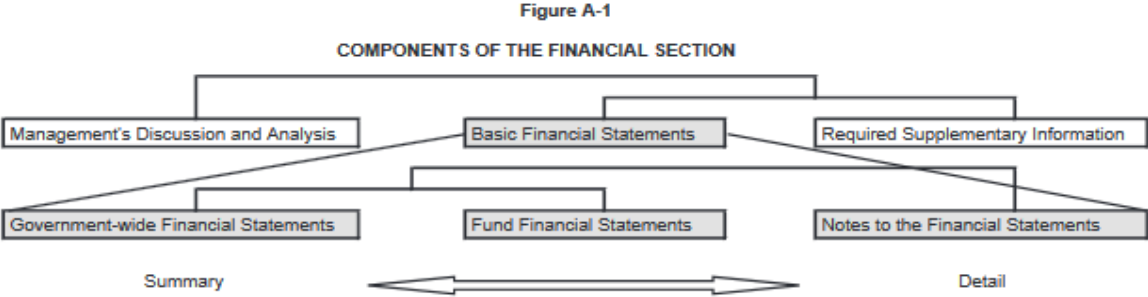
- Outstanding General Obligation bonds and notes as of December 31, 2015, totaled over \$382.3 million with approximately \$344.5 million related to governmental activities. Business-type activities closed the year with over \$243.1 million in revenue bond and general obligation debt.
- Other post-employment benefits (OPEBs) obligation is slightly over \$29.4 million; an increase of just over 15% from 2014 of about \$25.5 million. This obligation is based on an actuarial valuation as of January 1, 2015, which indicates the actuarial determined accrued liability for benefits was \$57.4 million amortized over 30 years. Of this amount, approximately 61% or just over \$17.9 million is related to an implicit rate subsidy associated with allowing retirees to purchase health insurance at the same premium as active employees.
- The City continued to provide resources during 2015 to replace outdated software systems such as: Enterprise Resources Planning for much of its financial operations, Computer-Assisted Mass Appraisal, Public Works Project Planning, Metro Transit and other agency scheduling systems.
- The City of Madison achieved its Aaa bond rating from the Moody's Investors Service. The City has maintained its Aaa bond rating annually since 1973.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-wide financial statements-provide for both long-term and current period information about the City's overall financial status,
2. Fund financial statements-focus on individual components of City government, reporting operations in more detail than the government-wide statements. These statements are comprised of governmental, proprietary, and fiduciary funds,
 - Governmental fund statements report how services were financed in the past year as well as what remains for future spending,
 - Proprietary fund statements present current year and long-term financial information,
 - Fiduciary fund statements provide financial information to which the City is solely an agent for the benefit of others to whom the resources belong.
3. Notes to the financial statements-provide additional information that is essential to understanding the government-wide and fund financial statements. Figure A-1 below shows how portions of required components of the comprehensive annual report are related to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)



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

Further explanation of the basic financial statement sections follows:

Government-Wide Financial Statements

The two *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances in a manner similar to private-sector business entities. The government-wide financial statements can be found on pages 1 through 4 of this report.

The *Statement of Net Position* presents information on all of the City of Madison’s assets, deferred outflows, liabilities, and deferred inflows with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating. New GASB Statements 68 and 71 require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported within the financial statements. For the City of Madison, the primary deferred outflows of resources are for pension related amounts with deferred inflows of resources for property tax revenues levied in 2015, but will not be collected until 2016.

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.

Government-Wide Financial Statements (continued)

The discretely presented component units are; the Community Development Authority (CDA) of the City of Madison which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID); the Olbrich Botanical Society and Olbrich Botanical Society Foundation (OBS and OBSF); and the Madison Public Library Foundation, Inc. (MPLF); and the Madison Parks Foundation (MPF). These entities are described in Note IV-J page 74 following the financial statements.

Fund Financial Statements

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

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

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

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

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

Data from the other governmental funds are combined into a single, aggregated presentation. Disaggregated fund data for these other five governmental funds is provided in the form of combining statements in the supplementary information section beginning on page 127.

Proprietary Funds maintained by the City of Madison are of two different types: *enterprise funds* and *internal service funds* that generally report services for which the City charges customers a fee.

Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The *proprietary fund financial statements* can be found beginning on page 11 of this report.

Fund Financial Statements (continued)

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

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 liability insurance, workers 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 136, 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 Metropolitan Unified Fiber Network Consortium operations. The fiduciary fund financial statements can be found beginning on page 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 25 of this report.

Supplementary Information

Compliance with the City's annual operating budget for the year ended December 31, 2015 is reported as required supplementary information in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) - General Fund, and Library Fund*, which begin on page 121.

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 127-149 includes combining statements for the nonmajor governmental, nonmajor enterprise, internal service, agency and component unit funds, the sewer remediation revenue bond covenant analysis, and capital projects.

The statistical section beginning on page 150 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, 2015 and 2014 are summarized in the table below. Net position improved by nearly \$11.0 million, or less than 1.0% to just under \$1.38 billion. This improvement is generally due to increased investments in capital assets such land, infrastructure, and plant in service capitalized for both the governmental and business-type activities during the year. Additionally, the City implemented GASB Statements 68 and 71 related to accounting and financial reporting for pensions and measurement date transition for contributions. Net position was restated as of December 31, 2014.

Restatement of net position amounts for both the governmental and business-type activities can be found within Note IV-I beginning on page 72.

The net investment in capital assets comprises the majority or 82.5% 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 xxiv of this report for information related to capital assets.

Statement of Net Position (continued)

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and Other Assets	\$ 550,690	\$ 510,459	\$ 144,538	\$ 115,697	\$ 695,228	\$ 626,156
Capital Assets (net)	<u>981,756</u>	<u>950,074</u>	<u>669,246</u>	<u>640,751</u>	<u>1,651,002</u>	<u>1,590,825</u>
Total Assets	<u>\$ 1,532,446</u>	<u>\$ 1,460,533</u>	<u>\$ 813,784</u>	<u>\$ 756,448</u>	<u>\$ 2,346,230</u>	<u>\$ 2,216,981</u>
Deferred Outflows of Resources	\$ 31,277	\$ -	\$ 10,128	\$ 1,959	\$ 41,405	\$ 1,959
Liabilities:						
Current Liabilities	\$ 52,241	\$ 44,619	\$ 25,346	\$ 27,355	\$ 77,587	\$ 71,974
Noncurrent Liabilities	<u>438,693</u>	<u>411,750</u>	<u>261,835</u>	<u>222,206</u>	<u>700,528</u>	<u>633,956</u>
Total Liabilities	<u>\$ 490,934</u>	<u>\$ 456,369</u>	<u>\$ 287,181</u>	<u>\$ 249,561</u>	<u>\$ 778,115</u>	<u>\$ 705,930</u>
Deferred Inflows of Resources	<u>\$ 231,339</u>	<u>\$ 221,583</u>	<u>\$ 1,094</u>	<u>\$ 1,109</u>	<u>\$ 232,433</u>	<u>\$ 222,692</u>
Net Position:						
Net investment in capital assets	\$ 686,732	\$ 697,101	\$ 449,895	\$ 439,940	\$ 1,136,627	\$ 1,137,041
Restricted	130,520	96,845	17,879	9,240	148,399	106,085
Unrestricted (deficit)	<u>24,198</u>	<u>(11,365)</u>	<u>67,863</u>	<u>58,557</u>	<u>92,061</u>	<u>47,192</u>
Total Net Position	<u>\$ 841,450</u>	<u>\$ 782,581</u>	<u>\$ 535,637</u>	<u>\$ 507,737</u>	<u>\$ 1,377,087</u>	<u>\$ 1,290,318</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	117%	115%	186%	203%	136%	139%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	3%	-2%	24%	23%	9%	5%

Approximately 11% or about \$148.4 million of the primary government's total net position represent resources that are subject to other restrictions as to how they may be used either by external groups, such as contributors, or due to laws or regulations of other governments or grantors or, as a result of legal limitations established through constitutional provisions or enabling legislation.

Just over \$92.0 million of the primary government's total net position, or roughly 6.7%, may be used to meet the City's on-going obligations to its citizens and creditors. It is important to note that nearly \$67.9 million, of the unrestricted net position are related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities.

At the end of 2015, the City is able to report positive balances for unrestricted net position, both for the government as a whole, as well as for its separate governmental and business-type activities largely due to recording the required net pension asset, and related deferred outflows of resources, and reducing the net investment in capital assets calculation by unamortized premium and discount at year end.

Furthermore, total net position exceeded total liabilities and deferred inflows at the end of 2015 for both governmental and business-type activities by 136%. Unrestricted net position was positive at 3.0% of total liabilities and deferred inflows for governmental activities up from the prior year. The same measure was 24% for business-type activities and totaled 9% 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	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program revenues:						
Charges for services	\$ 33,856	\$ 32,226	\$ 116,390	\$ 115,915	\$ 150,246	\$ 148,141
Operating grants and contributions	18,037	13,327	27,088	26,400	45,125	39,727
Capital grants and contributions	24,294	41,419	13,694	18,076	37,988	59,495
General revenues:						
Property Taxes	217,253	209,312	-	-	217,253	209,312
Intergovernmental revenues not restricted to specific programs	24,058	25,724	-	-	24,058	25,724
Investment income	2,804	4,914	839	879	3,643	5,793
Other (loss)	21,806	21,872	(583)	861	21,223	22,733
Total revenues	\$ 342,108	\$ 348,794	\$ 157,428	\$ 162,131	\$ 499,536	\$ 510,925
Expenses:						
General government	\$ 32,365	\$ 2,121	\$	\$	\$ 32,365	\$ 2,121
Administration	-	22,849	-	-	-	22,849
Public safety	127,693	115,722	-	-	127,693	115,722
Public works and transportation	76,019	73,923	-	-	76,019	73,923
Planning and development	48,070	67,065	-	-	48,070	67,065
Culture and recreation	40,132	17,345	-	-	40,132	17,345
Interest and fiscal charges	8,521	8,527	-	-	8,521	8,527
Water	-	-	26,845	25,954	26,845	25,954
Sewer	-	-	32,799	30,880	32,799	30,880
Stormwater	-	-	13,176	12,341	13,176	12,341
Parking	-	-	9,070	9,327	9,070	9,327
Transit	-	-	61,721	61,403	61,721	61,403
Convention Center	-	-	9,312	10,252	9,312	10,252
Golf courses	-	-	2,836	2,862	2,836	2,862
Total expenses	\$ 332,800	\$ 307,552	\$ 155,759	\$ 153,019	\$ 488,559	\$ 460,571
Excess before transfers	9,308	41,242	1,669	9,112	10,977	50,354
Transfers	(11,550)	(15,343)	11,550	15,343	-	-
Change in net position	(2,242)	25,899	13,219	24,455	10,977	50,354
Net position, beginning of year (restated)*	843,692	756,682	522,418	483,282	1,366,110	1,239,964
Net position, end of year	\$ 841,450	\$ 782,581	\$ 535,637	\$ 507,737	\$ 1,377,087	\$ 1,290,318

* Restatement of net position amounts for both the governmental and business-type activities can be found within Note IV-I beginning on page 72.

Statement of Activities (continued)

General revenues such as taxes, and charges for services program revenues, finance roughly 73% 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 about 22% of the City's wide range of services, or functional expenses during the year, with the largest being public safety (police and fire).

Additionally, it's important for the reader to understand that beginning of the year net position was required to be restated given implementations of the new GASB Statements No. 68 and No. 71 for pension related financial reporting and contributions made subsequent to the measurement date.

Furthermore, expenses delineated as administration in the prior year, are now reported as general government, as well as and parks operations moved from public works and transportation to culture and recreation. These changes were effectuated when migrating to new financial system software applications as of January 1, 2015, and to more closely follow Wisconsin Department of Revenue expense classifications.

The following narrative considers the operations of governmental and business-type activities separately.

Governmental Activities

Governmental activities for 2015 decreased net position slightly by just over \$2.2 million. Total revenues did exceed total expenses by just over \$9.3 million; however approximately \$11.5 million (net) was transferred to the business-type activities thereby reducing the governmental activities net position at the end of year.

Some notable changes in revenues and expenses are described below:

Revenues

Charges for services

- General government dropped by approximately \$1.7 million from the prior year as follows:
 1. Municipal court fees earned and available were \$447,000 more than anticipated,
 2. Engineering services revenues exceeded budget by nearly \$670,000,
 3. Cable franchise, broadband and transmission fees totaling about \$2.8 million (classified as general government in the prior year), were properly recorded as miscellaneous revenues during 2015.
- Public safety increased by just over \$2.2 million from 2014:
 1. Ambulance conveyance fees were up by just over \$1.1 million due to improved collection and recovery efforts,
 2. Fire EMS programs for protection (provided to Shorewood Hills and Maple Bluff jurisdictions), generated approximately \$550,000 in revenues given this new service area for 2015,
 3. Uniform citations and parking violations increased by about \$400,000 from the prior year, due to a large one-time payment for outstanding building code violations by a property management entity.
- Public works and transportation decreased by almost \$8.8 million due to timing of unavailable revenues between years for special assessment improvements, impact fees, and capital street infrastructure payments.

Governmental Activities (continued)

- Planning and development program revenues increased from the prior year by about \$7.3 million as follows:
 1. Engineering and park impact fees for future development were nearly \$6.3 million higher,
 2. Community development activities collected roughly \$1.0 million more for repayments for principal on loans, program income and appreciation payments.
- Culture and recreation increased by nearly \$2.6 million during 2015, as parks operations are no longer classified as a public works and transportation program area. Listed below are a few other revenue increases:
 1. A new Urban Forestry Special Charge generated approximately \$1.1 million,
 2. Parks usage fees were up by another \$600,000 from the previous year,
 3. Library services for south central Wisconsin libraries, cataloging, fines and other fees collected \$700,000 more when compared to 2014.

Operating grants and contributions

- Public safety increased by just over \$300,000 for additional state aids received for Fire Hazmat and other police grants.
- Public works and transportation was up by over \$3.3 million, due to timing of unavailable revenues between years for county and other units of government participation for street infrastructure projects totaling approximately \$3.0 million. Additional highway funding was provided by the State, totaling about \$400,000 more than the previous year.
- Planning and development increased by nearly \$1.0 million during 2015 as the City received more federal funding for community development and HUD programs assistance.
- Culture and recreation and interest charges increased minimally, by less than \$100,000, largely for library donations and other small contributions received during the year.

Capital grants and contributions

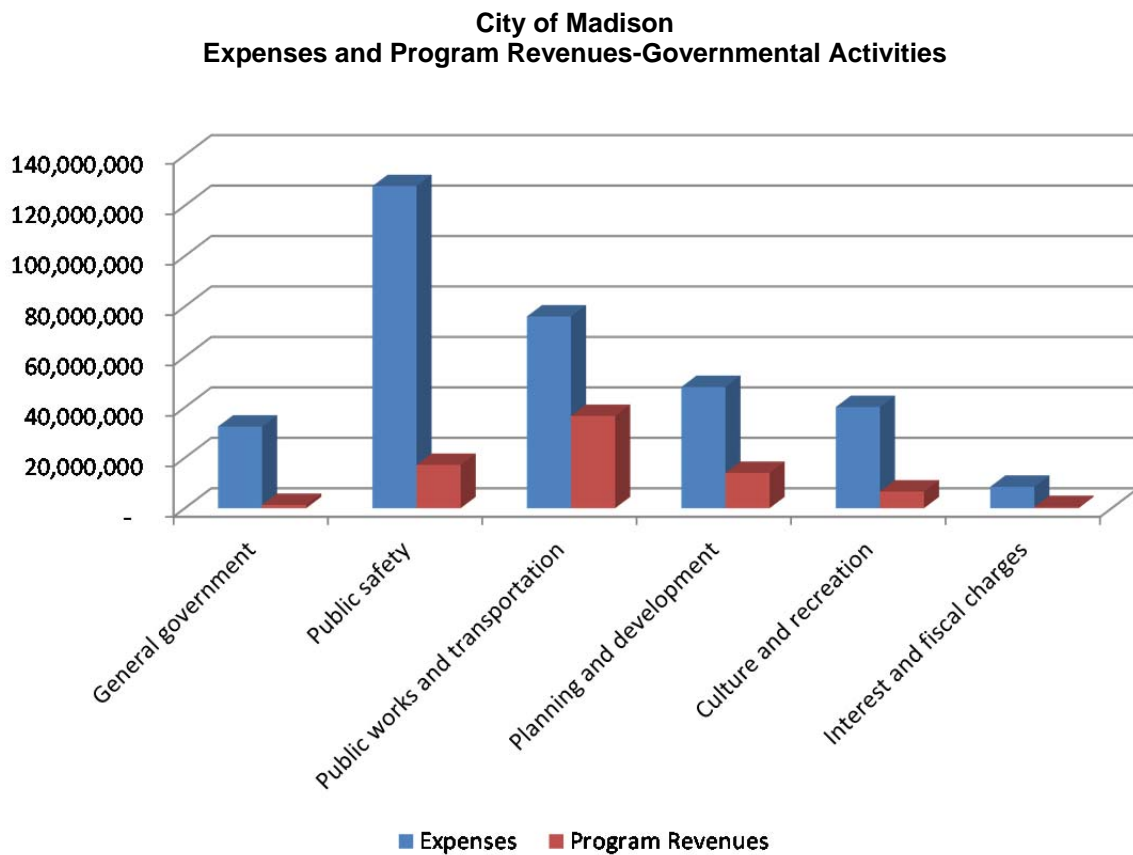
- Public safety increased by just under \$500,000 for additional state funding for various capital projects during 2015.
- Public works and transportation decreased significantly from the prior year by almost \$17.0 million as follows:
 1. Capital infrastructure contributions were down, as well as timing for revenue recognition by approximately \$19.1 million from the prior year,
 2. Special assessment revenues were up as more improvement districts were finalized and payments collected at almost \$3.0 million by year end.
- Planning and development and culture and recreation capital funding was consistent with that of the prior year, with only a slight decrease of about \$700,000. No substantial developer payments were received in 2015 for TID activities, similar to the nearly \$2.7 million provided in 2014 from TID25 for capital lease principal and interest payoffs.

Governmental Activities (continued)

Expenses

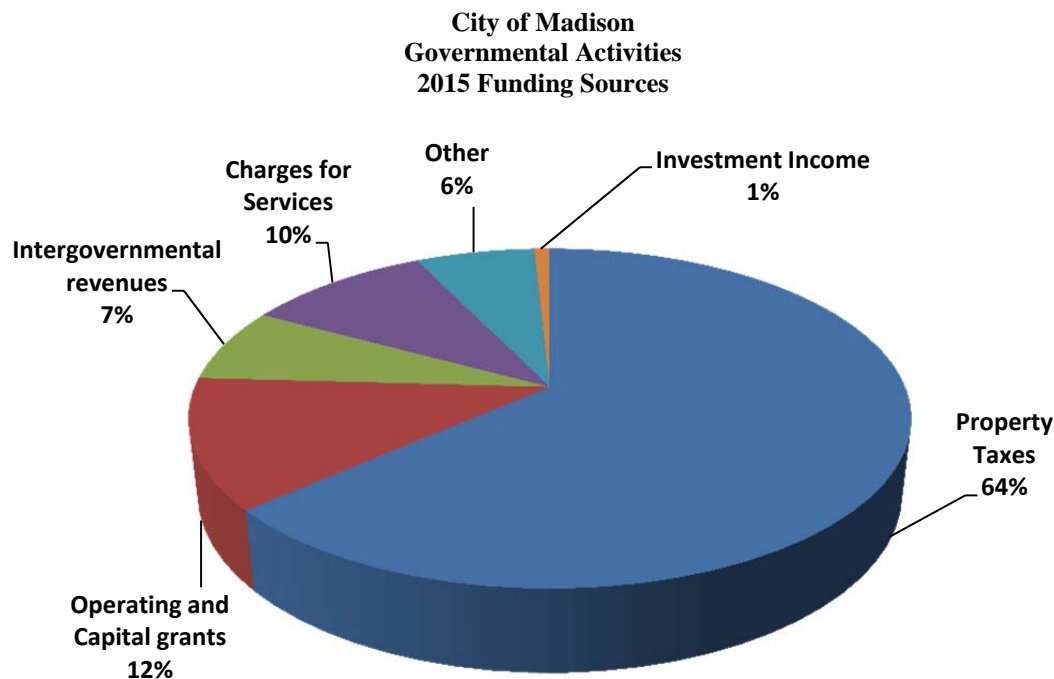
- General government costs were higher by approximately \$7.4 million in 2015. Of that amount, \$3.2 million is attributable to higher room tax supported costs reported within planning and development due to changes in the chart of accounts. About \$3.4 million of information technology hardware, software, and license maintenance fees for general government operations were not capitalized and allocated to other expense categories during 2015. Additionally, \$300,000 of TIF expenses moved to planning and development and out of this expense category this year. Lastly, the remaining increase is due to cost of living raises averaging 3%.
- Public safety expenditures increased by approximately \$12.0 million when compared to 2014, as operational costs were higher for employee related expenses given 3% cost of living increases for officers and civilians (Police and Fire Supervisors received 3.5%) effective March of 2015, which totaled nearly \$2.2 million. Additionally, approximately \$5.5 million of the increase was due to capital expenditures being previously allocated in prior years to the public works and transportation, and planning and development expense categories.
- Public works and transportation expenses increased by about \$2.1 million from the prior year. Salary and benefits costs would have been much higher within this expense category; however, engineering employees charged time and associated benefits to both the sewer and stormwater utilities for the first time this fiscal year. Additionally, parks operations were reported within this expense classification last year, totaling on average, about \$16.0 million annually (refer to culture and recreation below where they are currently reported). Furthermore, roughly \$22.0 million less was capitalized for infrastructure and losses on asset disposals. Lastly, landfill operations totaling \$714,000 were reclassified from planning and development expenses for 2015 to this expense category.
- Planning and development expenses decreased by nearly \$19.0 million in 2015, resulting from the change between years for full accrual conversion entries, reclassification of expense amongst other functional expense categories, and for higher operational costs not capitalized. Approximately, \$18.0 million less was capitalized and/or depreciated for infrastructure assets during the year.
- Culture and recreation expenses were significantly higher by about \$22.8 million during the year largely due to the change in recording parks expenses to this functional category at \$17.3 million by the end of 2015. Expenses were also higher for library staff salaries, benefits, supplies, library collections, and utilities as the new downtown facility was fully operational during the fiscal year, and for 3% cost of living adjustments.
- Interest and fiscal charges between years changed slightly, as both the required interest paid and issuance costs for debt were very similar to that of the prior year.

Governmental Activities (continued)



The statement of activities provides a concise picture of funding for the various activities of the City. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon the property tax for funding, deriving 64% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 19%, while charges for services and all other sources account for 17% of total governmental activity resources.

Governmental Activities (continued)



Business-type Activities

Business-type activities include the operations of the Water, Sewer, Stormwater, Parking, and Transit Utilities, the Convention Center, and Golf courses provided an increase to the City's net position of just over \$13.2 million including transfers netting over \$11.5 million for 2015. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled just over \$19.8 million with roughly \$13.0 million to the Transit Utility, and \$4.2 million to the Convention Center for continuing operations and capital matching funds. The Stormwater Utility received over \$1.3 million in capital asset contributions from the Capital Project Funds. The Sewer Utility received nearly \$1.1 million from the Impact Fee Special Revenue Funds at year-end.

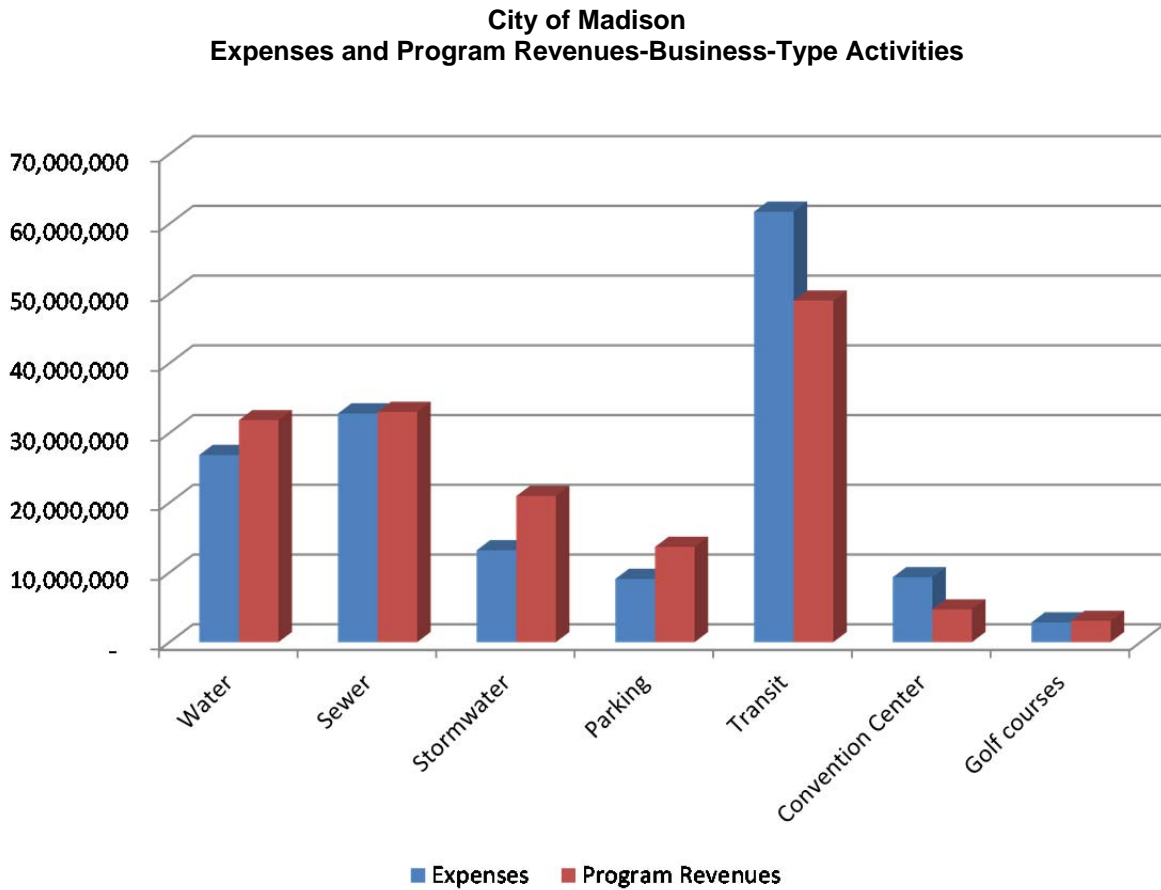
The business-type activities remitted payments in lieu of taxes (PILOT) to the General Fund totaling just under \$8.2 million. Total revenues exceeded expenses by approximately \$1.7 million prior to any transfer of funds activity by the close of 2015. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 56.

Program revenues for business-type activities decreased from the prior year to about \$157.4 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) generated \$5.3 million in charges for services revenues to support operating expenditures.

- Water Utility's last rate increase of 8% has been in effect since January 1, 2012. New rates were effective September of 2015.
- Sewer volume and flat rates increased by 4.93% on average for 2015 up from 2.75% in 2014.
- Stormwater Utility base, impervious and pervious rates decreased on average by 2.23% for 2015, compared to an increase of 4.3% in 2014.
- Parking Utility rates have not increased since 2012. However, City Common Council approved higher rates effective in 2016 for this utility.

Business-type Activities (continued)

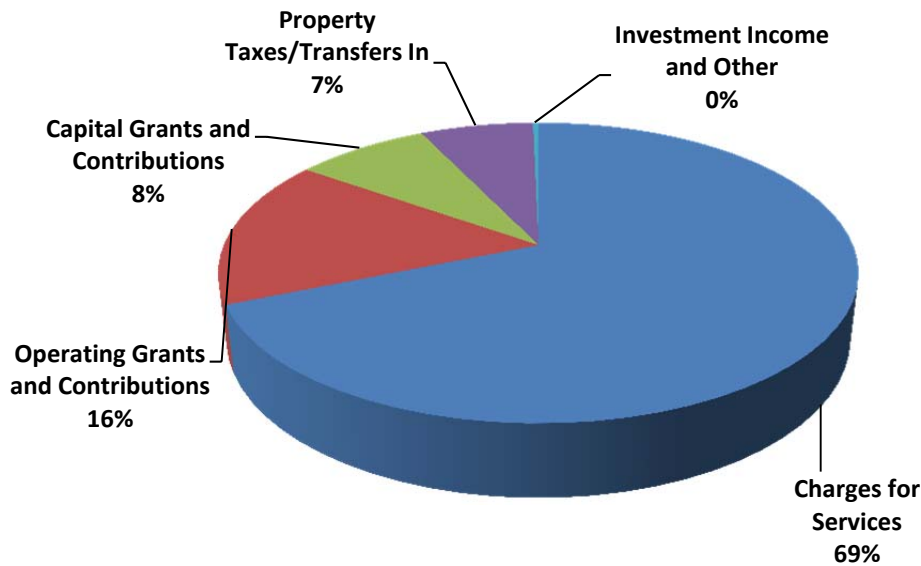
Total operating expenses for the business-type activities increased by nearly \$2.7 million at year end. Much of the increase in spending, is attributable to the Water, Sewer, Stormwater and Transit Utilities personnel costs, depreciation, repairs and maintenance, and transportation expenses.



As would be expected for business-type activities, charges for services are the primary revenue source, at 69% of the total. State and federal aids and grants continue to be an important revenue source at 24%. Transfers from the primary government are comprised of property taxes representing 7% of business-type revenues and minor investment income.

Business-type Activities (continued)

**City of Madison
Business-Type Activities
2015 Funding Sources**



FINANCIAL ANALYSIS OF THE CITY’S MAJOR FUNDS

Governmental Funds

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

The schedule below indicates the fund balances and the total change in fund balances as of December 31, for all Major and Nonmajor Governmental Funds:

	Fund Balance 2015	Fund Balance 2014	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 54,637,598	\$ 56,258,254	\$ (1,620,656)
Library	781,398	616,068	165,330
Community Development Block Grant	-	1,883,930	(1,883,930)
Debt Service	19,021,835	20,799,979	(1,778,144)
Special Assessments	-	2,359,366	(2,359,366)
Tax Incremental Districts	-	28,135,855	(28,135,855)
Capital Projects	48,667,506	-	48,667,506
Other Nonmajor Governmental	<u>29,329,507</u>	<u>38,234,261</u>	<u>(8,904,754)</u>
Total	<u>\$ 152,437,844</u>	<u>\$ 148,287,713</u>	<u>\$ 4,150,131</u>

Governmental Funds (continued)

As of December 31, 2015, the City of Madison's governmental funds reported combined ending fund balances of approximately \$152.4 million, an increase of over \$4.1 million from the prior year.

Of this total, more than \$9.3 million has been classified as nonspendable, or amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact. The nonspendable fund balances resulted by and large from advances to the Water Utility, and the Community Development Authority, noncurrent receivables for the ice arena's land contracts, tax chargebacks, prepaid health insurance for January 2016 premiums, and trust activities.

Nearly \$73.6 million of the governmental fund balance is restricted for specific legal requirements and other commitments such as debt service payments, tax increments generated to cover capital outlay for subsequent year expenditures, or for distributions to other taxing jurisdictions.

Approximately \$31.1 million of the year-end fund balance was committed or assigned for specific purposes such as encumbrances or one-time applications to future budget appropriations; leaving a total unassigned governmental fund balance of just over \$38.4 million available for spending at the discretion of the City's elected officials.

The *general fund* is the primary operating fund used to account for the governmental operations of the City, with the direct expenditures of this fund accounting for nearly 54.1% 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 just over \$54.6 million represented about 25.4% of roughly \$215.4 million in 2015 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while nearly \$38.4 million unassigned balance represented about 17.8% 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 2016 general fund budget authorized expenditures of \$273,768,597. The general fund 2015 unassigned fund balance was 14.0% of the subsequent year's budget, which is lower than the historical target due to the following:

- No repayments were made for the \$238,000 advance to the Community Development Authority during 2015.
- The City Insurance Fund received interfund cash at year end totaling nearly \$1.2 million. Repayment terms will be determined over the next fiscal period; however, the interfund receivable is not expected to be repaid during the next 12 months.
- Noncurrent receivables increased by roughly \$500,000 due to tax chargebacks also not expected to be collected within the next fiscal year.
- The investment's book, par, and market values were tracked throughout 2015. The City's investment portfolio incurred a slight loss, or mark-to-market adjustment of roughly \$210,000. This adjustment when netted against the general fund income earnings resulted in total investment revenues of nearly \$1.0 million by the end of the year.

Governmental Funds (continued)

- State Highway aid and recycling revenues increased by approximately \$400,000 to roughly \$10.2 million in 2015. However, State Shared revenue, payments for municipal services, and computer reimbursement revenues decreased by more than \$550,000 from the prior year. Furthermore, building permits, fines and forfeitures, and investment income were unfavorable by over \$1.5 million collectively than originally budgeted in 2015. Actual revenues overall, were close to budgeted levels with an ending favorable variance of about \$846,100 due to ambulance conveyance, engineering services, and municipal court fees totaling over \$2.2 million more than last year.
- Total expenditure variances ended the year favorably at just under \$2.8 million or 1.0% from the final amended budget due to a very mild winter season, and limited use of the City's budgeted contingent reserves. Overall, actual expenditures exceeded revenues by just over \$1.6 million, largely because of cost of living adjustments averaging 3.0%, higher health insurance premiums, and removal and/or treatment of trees affected with the emerald ash borer infestations for 2015.
- Approximately \$1.9 million of the assigned fund balance was applied to the 2015 Operating Budget in order to maintain a roughly 2.2% tax levy increase when compared to that of 2014.

The *library* special revenue fund includes resources that are legally restricted to support the various library branches and programs within the City. The fund balance was reasonably consistent when compared to the prior year with an increase of about \$165,000.

The *debt service* fund had a total fund balance of just over \$19.0 million at year end. The fund balance change, or decrease of about \$1.8 million, is a result of increased debt service principal retirements, interest payments and fiscal charges expenditures incurred and paid during 2015. The City issued nearly \$8.9 million in general obligation notes, with an average coupon rate of 3.00%, to refund about \$9.0 million of Series 2007-A, outstanding notes with an average coupon rate of 4.00-5.00% during 2015. The net proceeds, along with existing funds, prepaid the outstanding debt.

Additionally, the City issued \$56.8 million in tax-exempt promissory notes with a true interest cost of 1.73%, to finance various city capital projects; along with another roughly \$12.4 million in tax-exempt bonds with a true interest cost of 2.69%, for street and sidewalk infrastructure; as well just under \$13.5 million in taxable general obligation notes, (up by about \$8.1 million from the prior year), at a true interest cost of 2.19%, for economic development within Tax Incremental Financing District (TID) #45.

See Note IV-F beginning on page 60 for other long-term obligation disclosures.

The *capital projects* fund is a large governmental fund used to account for financial resources to be used for the acquisition or construction of equipment, facilities, and infrastructure. Included within this fund are special assessments, tax incremental financing districts (presented as separate major funds in prior years), and other capital project funds, (presented separately as nonmajor funds in prior years).

- The special assessments are used to account for the long-term receivables associated with the City's Special Assessment Program. This fund saw a net decrease of one open special assessment district in 2015, down to 716 from 717 in 2014. Additionally, the ending receivable balance decreased by \$3.1 million from the prior year, resulting from more final improvement payoffs in 2015. Delinquent special assessments increased by about \$109,300 during the year, to approximately \$679,600.

Governmental Funds (continued)

- 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. The City currently has 17 active districts. The districts generated just under \$13.8 million in tax increments, borrowed just over \$13.3 million, and received about \$532,000 in payment from a developer, used \$18.2 million for capital expenditures, and paid about \$9.0 million in long-term debt and capital leases during 2015.

The following is a listing of noteworthy TID projects under construction during the year:

- Judge Doyle-TID #25
- Lake Point Redevelopment-TID #27
- State Street Bike and Pedestrian access-TID #32
- Upper State Street Corridor-TID #32
- Outer Capital Loop (Southeast)-TID #32
- Railroad Crossing-TID #36
- East Washington Avenue-TID #36
- Capital Gateway Corridor-TID #36
- Union Corners-TID #37
- Stoughton Road-TID #39
- Park & Drake-TID #43
- Royster Clark-TID #44
- Capitol Square West-TID #45
- Research Park-TID #46

The aggregated *other nonmajor governmental* funds column includes various special revenue and permanent funds such as: Community Development Block Grant (CDBG), revolving loans, other grants, other restricted funds, and permanent funds, used to account for specific revenue sources that are legally restricted to expenditures for specific purposes.

The accumulated fund balances decreased to just over \$29.3 million or by nearly \$8.9 million at year end. The decrease is largely attributable to the nonmajor capital project funds now combined and reported as a single major fund within the fund financial statements.

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: 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 all both fund types.

Proprietary Funds (continued)

	Net Position 2015	Net Position 2014 (restated)	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 112,619,376	\$ 112,784,643	\$ (165,267)
Sewer Utility	112,277,896	109,937,193	2,340,703
Stormwater Utility	201,549,077	192,733,160	8,815,917
Metro Transit Utility	42,451,201	41,777,792	673,409
Nonmajor Enterprise	<u>74,720,424</u>	<u>71,950,673</u>	<u>2,769,751</u>
Total	<u>\$ 543,617,974</u>	<u>\$ 529,183,461</u>	<u>\$ 14,434,513</u>

The net position of the *enterprise-type* proprietary funds at the end of 2015 totaled over \$543.6 million, up approximately \$14.4 million from the previous year.

The Water Utility staff submitted a rate case application to the Public Service Commission of Wisconsin in 2014. New rates became effective as of September 2015.

Much of the net position increases noted above were due to rate increases of approximately 4.93% for the Sewer Utility and 2.23% for the Stormwater Utility effective January 1, 2015. The Sewer Utility also added \$7.2 million in public projects, as well as \$1.6 million for Lower Badger Mill Creek Interceptor Phase 2, \$900,000 for East Johnson Street, \$517,000 for Glenway/Larkin/Hillcrest/Zwerg and Ross. Furthermore, the Sewer Utility added nearly \$500,000 for three utility trucks (shared with the Stormwater Utility) and a sewer inspection camera system. No revenue bond debt was issued during 2015.

The Stormwater Utility added \$10.2 million in public projects to plant from construction in progress. Additionally, \$2.8 million was completed for Mineral Point/Junction Road intersection, \$1.0 million for Wingra Creek Phase 3, \$1.0 million for Arboretum Pond, and \$616,000 for Royster Corners. The utility also received \$2.7 million in contributed stormwater management land and \$1.9 million in easements during the year. The utility purchased roughly \$1.0 million for equipment including three new Pelican street sweepers.

The net position for the Metro Transit Utility increased slightly by approximately 1.6%, or just under \$700,000. Employee compensation and benefits accounted for 73% of total operating expenses excluding depreciation, and were favorable when compared to the budget by roughly \$1.6 million at year end. The City decreased its operating subsidy to the utility by about \$200,000, given the utility's ability to increase its contingent reserve balance during the last couple of years.

In 2015, Metro's bus ridership of 14.4 million was down by about 5.7% from the record level of 15.2 million rides in 2014; this decline is most likely attributable to fuel prices near \$2.00 per gallon (some instances lower) and an extremely mild winter season.

Additionally, Metro staff has worked to submit a TIGER grant application for building the first phase of a bus satellite facility at Nakoosa Trail. The City's Common Council authorized moving forward with a \$1.5 million locally funded engineering and design plan for this infrastructure investment.

Metro's work with the local police department, school district, and others to address security concerns is a top priority. Security incidents at 3 of the 4 transfer points declined by 4% in 2015. This effort will continue to be a top management area of focus.

Proprietary Funds (continued)

Nonmajor enterprise funds include: Parking Utility, Convention Center, and Golf courses for 2015.

The net position for the Parking Utility increased by about 8.9%, or approximately \$3.4 million by the close of the fiscal year; the utility remains debt free and collected nearly \$13.7 million from customers to fund expenses that totaled over \$9.1 million. The Common Council re-authorized planning costs of \$1.5 million in the 2014 capital budget, for design of a parking garage to replace the Government East ramp with approximately 600 stalls on Pinckney Street. The utility plans to use its cash reserves totaling nearly \$30.4 million by the close of the fiscal year, to partially fund the Judge Doyle Garage project budgeted for an estimated \$30 million.

The Convention Center's net position decreased by nearly \$650,000 or about 2.0% for 2015. During the year, the room tax subsidy totaled over \$4.2 million, down from the prior year, as operations and maintenance expenses were lower by about \$900,000 from the prior year.

Golf's net position increased slightly at \$49,125 (including pilot payments to the general fund), or by 3.0% from last year. This was especially important as the courses generally breakeven and/or incurs small losses at year end. Collectively, these operations generated \$500,000 more in revenues as a result of the courses opening earlier and extending their season, due to the warmer spring and relatively dry summer months.

	Net Position 2015	Net Position 2014 (restated)	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ (3,866,323)	\$ (2,717,508)	\$ (1,148,815)
City Insurance	(40,450)	2,042,714	(2,083,164)
Worker's Compensation	(10,400)	1,281,324	(1,291,724)
Total	<u>\$ (3,917,173)</u>	<u>\$ 606,530</u>	<u>\$ (4,523,703)</u>

The net position of the City's three *internal service-type* proprietary funds outlined above decreased during the year from \$606,530 (net position restated) to a total net position deficit of just over \$3.9 million by the close of the fiscal year. The decrease of approximately \$1.1 million for Fleet Services included depreciation, and operational and maintenance expenses not fully recovered from other City agency charges for services.

- Additionally, an appropriation was made from the General Fund to the City Insurance Fund in the amount of \$500,000 to reduce its net position deficit anticipated at year end to be about \$2.1 million. The City has experienced significant insurance and worker's compensation claims over the past several years, and City management has begun reviewing charges for services allocations to agencies along with commensurate budget authority for 2016 and 2017. Furthermore, the City's Insurance Fund received an actuarial reserve adjustment at year end which totaled about \$2.4 million.

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 121, the original 2015 general fund budget authorized expenditures of approximately \$268.2 million funded by anticipated revenues of \$266.3 million with a \$1.9 million application of assigned fund balance. During the year, the Common Council authorized additional expenditures of \$3,387,865 from budgeted reserves, for an amended budget amount of nearly \$271.6 million.

BUDGETARY HIGHLIGHTS (continued)

The City ended the year with favorable general fund final budget variances for expenditures and revenues totaling just over \$3.6 million. Expenditures deviated from the budget by approximately \$2.8 million, with revenues slightly over budget by about \$850,000. Management expected positive variances at year end for both expenditures and revenues. Given the extremely light winter season, the streets division was under budget by about \$1.9 million; however this was offset by about \$700,000 in higher traffic engineering operations not capitalized as originally projected. Additionally, general government and public safety operations lapsed nearly \$1.2 million in salaries and related benefits largely due to vacancies created from retirements. Miscellaneous and unallocated employee benefits were also lower by approximately \$315,000 at year end.

The revenue variances were also favorable by nearly \$850,000, with taxes above estimates by nearly \$1.0 million due to a prior year property tax adjustment of \$568,948 for a residential development for seniors. Intergovernmental revenues were down slightly, in total by about \$52,000 when compared to the budget, primarily due to state shared revenue and payments for municipal service reductions. Fines and forfeitures and permit revenues were down approximately \$700,000 compared with budget estimates due to strong, but not as strong as forecasted, building permit revenues along with decreases in citations and parking violations due to fewer federal grants for speed enforcement and greater automation of parking meter payments. Charges for Services were up nearly \$1.4 million compared to budget, led by greater than anticipated ambulance fee collections of \$1.1 million. Miscellaneous revenues and investment income were both down by nearly \$850,000 compared to budget, including the to-market investment adjustment of about \$210,000.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

In accordance with GASB-34, the City has recorded historical costs and depreciation expense associated with its capital assets, including infrastructure.

As summarized in the following table, the City's reported capital assets for governmental and business-type activities at December 31, 2015 were over \$2.3 billion.

Roughly 72% of capital assets were related to infrastructure and plant in service. For financial statement purposes, land costs and construction in progress are reported separately and are not combined with the City's infrastructure networks.

Total accumulated depreciation was calculated to be nearly \$721.5 million, or approximately 30.4% of the historical asset cost. Depreciation expense by function totaled about \$59.8 million for both governmental and business-type activities. Net of accumulated depreciation, the City's investment in capital assets totaled over \$1.6 billion as of December 31, 2015.

Capital Assets (continued)

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 194,344	\$ 192,365	\$ 60,052	\$ 55,126	\$ 254,396	\$ 247,491
Construction in Progress	54,032	60,905	33,862	30,921	87,894	91,826
Land Improvements	26,126	22,124	-	-	26,126	22,124
Buildings	174,818	150,648	-	-	174,818	150,648
Machinery and Equipment	136,363	120,697	-	-	136,363	120,697
Intangibles	13,594	11,875	-	-	13,594	11,875
Infrastructure	835,979	809,545	-	-	835,979	809,545
Plant in Service	-	-	843,248	808,997	843,248	808,997
Subtotal	\$ 1,435,256	\$ 1,368,159	\$ 937,162	\$ 895,044	\$ 2,372,418	\$ 2,263,203
Less Accumulated Depreciation	(453,500)	(418,085)	(267,916)	(254,293)	(721,416)	(672,378)
	<u>\$ 981,756</u>	<u>\$ 950,074</u>	<u>\$ 669,246</u>	<u>\$ 640,751</u>	<u>\$ 1,651,002</u>	<u>\$ 1,590,825</u>

Some of the most significant additions to the City's capital assets during 2015 included (in millions):

- Infrastructure Street Network in Construction in Progress (CIP) \$36.4
- Water pumping, treatment, transmissions, distributions, and sanitary sewers 34.3
- Building and building improvements 24.0
- Infrastructure Street Network in service 16.6
- Major motor equipment fleet and vehicle additions 15.3
- Bridge Network 13.7
- Land and land improvements 11.0
- Bike paths 6.0
- Intangibles for technology improvements 1.7
- Traffic signals, street lights and fiber 1.6

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 52.

Long-Term Debt

On December 31, 2015, the City of Madison had \$596,272,849 of long-term bonds, notes, and capital leases outstanding, as summarized in the following table:

Long-Term Debt (continued)

City of Madison Bonds, Notes, and Capital Leases Outstanding

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Obligation Bonds and Notes	\$ 344,474,698	\$ 320,639,766	\$ 37,361,066	\$ 35,129,619	\$ 381,835,764	\$ 355,769,385
Revenue Bonds	-	-	205,655,000	172,495,000	205,655,000	172,495,000
Capital Leases	5,506,585	6,061,585	3,275,500	4,020,500	8,782,085	10,082,085
Total	<u>\$ 349,981,283</u>	<u>\$ 326,701,351</u>	<u>\$ 246,291,566</u>	<u>\$ 211,645,119</u>	<u>\$ 596,272,849</u>	<u>\$ 538,346,470</u>

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the city's jurisdiction. Applicable debt of the City totaled \$382,395,000 or 32.3% of the maximum legal limit of \$1,184,283,423.

During 2015, the City issued new debt for the following amounts and types:

City of Madison New Long-Term Debt Issued

Date	Type of Debt	Amount	Moody's Rating
10/22/15	General Obligation Notes	\$ 65,565,000	Aaa
10/22/15	General Obligation Notes - Taxable	13,345,000	Aaa
10/22/15	General Obligation Bonds	12,395,000	Aaa
12/17/15	Water Revenue Bonds	<u>41,610,000</u>	Aa2
		\$ 132,915,000	

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 60.

CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

Financial Outlook

The 2016 budget adopted by the Madison Common Council in November 2015 authorized an increase in General Fund expenditures of just over \$6.4 million funded by a 3.4% increase in the property tax levy, an increase in other revenue sources of about \$800,000, and a \$550,000 application of fund balance. City management is projecting 2016 actual revenues recognized and expenditures incurred to be generally favorable compared with budget. The year's investment income budget remains the same as the prior year at \$1.2 million.

Financial Outlook (continued)

A simple projection of results from the first four months of 2016, suggests General Fund revenue will be at a deficit of about \$1.0 million depending upon the required to-market adjustments during the year, and the timing of interest rate moves by the Federal Reserve.

Ambulance conveyance revenues were increased within the 2016 Operating Budget to \$7.1 million, up \$550,000 from the prior year, to more closely reflect staff projections. However, room tax collections are anticipated to grow slower than the previous year, along with building permit revenues continuing to decline slightly. Collectively, City management estimates both of these revenues sources to be down by about \$950,000 by the close fiscal year 2016.

As a result of first quarter 2016 projections, expenditures are expected to be at a roughly \$1.7 million surplus for all General Fund agencies, largely due to salary and fringe benefit savings estimated at about \$1.1 million due to surplus savings in health insurance premiums, WRS, and FICA costs associated with budgeted yet vacant General Fund positions. The remaining expenditure surplus is expected within snow removal operations. The City annually budgets for 7 snow events for the winter season each costing approximately \$560,000. During the first four months of 2016, the City experienced 2 general plow snow events and anticipates another 4 to occur during the months of November and December.

On balance, management expects revenues and expenditures to be in balance based on actual experience to date. Historically, the City's internal budget monitoring and control systems have proven effective and have resulted in savings in most departmental budgets at the end of each fiscal year. These normally occurring savings can be expected to offset the majority of the currently anticipated expenditure over-runs and the revenue shortfalls identified above for 2016.

Economic Factors

The local economy has remained relatively strong during this period when compared to the remainder of the state and nation. According to the Wisconsin Department of Workforce Development, the local unadjusted unemployment rate stood at 3.1%, well below the state average rate of 4.6% and national rate of 5.3%.

The City's population increased to 242,216 from 240,153 as estimated by the Wisconsin State Department of Administration.

Locally assessed real estate value increased by approximately 5.5% in 2015. Commercial property increased by 7.2% while total residential assessments increased by 4.5%. New construction was down slightly from \$525 million in 2014 to \$518 million in 2015. The average single family home assessment increased by about 3.5% from \$245,894 to \$254,593. These assessment figures compare favorably to the rest of the state and nation as the economy moves into recovery from the past years recession.

REQUESTS FOR INFORMATION

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

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

CITY OF MADISON

STATEMENT OF NET POSITION

As of December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 159,045,746	\$ 68,381,485	\$ 227,427,231	\$ 14,249,618
Receivables (net)				
Taxes	235,685,646	-	235,685,646	-
Accounts	5,073,128	8,029,519	13,102,647	719,176
Special assessments	16,486,752	10,648,402	27,135,154	270,305
Accrued interest	1,625,392	-	1,625,392	146,395
Accrued revenue	1,528,262	8,404	1,536,666	-
Long-term loans	27,810,290	-	27,810,290	59,878
Other	16,736,000	-	16,736,000	-
Pledge receivable	-	-	-	937,765
Internal balances	14,060,838	(14,060,838)	-	-
Due from other governmental units	7,620,690	10,541,523	18,162,213	259,678
Due from component units	796,655	-	796,655	-
Inventories	2,709,522	1,172,446	3,881,968	73,365
Prepaid items	2,303,744	1,216,090	3,519,834	1,536,740
Advances to component unit	8,539,424	-	8,539,424	-
Lease receivable	5,506,585	-	5,506,585	-
Lease receivable from primary government	-	-	-	8,782,085
Other Assets				
Net non-utility property	-	255,645	255,645	-
Prepaid expenses - land lease	-	69,353	69,353	-
Beneficial interest in assets held by MCF	-	-	-	4,461,491
Other	-	394,466	394,466	481,164
Restricted Assets				
Cash and investments	10,816,673	47,524,106	58,340,779	3,696,344
Investment in Wisconsin Municipal Mutual Insurance Co.	3,815,820	-	3,815,820	-
Net pension asset	30,529,475	8,044,377	38,573,852	392,124
Other	-	-	-	535,797
Property held for future use	-	2,312,305	2,312,305	-
Capital Assets				
Land	194,344,110	60,051,848	254,395,958	12,517,243
Construction in progress	54,031,827	33,862,126	87,893,953	208,539
Land improvements	26,126,273	-	26,126,273	-
Buildings	174,818,407	-	174,818,407	-
Machinery and equipment	136,362,634	-	136,362,634	-
Intangibles	13,594,046	-	13,594,046	-
Infrastructure	835,978,928	-	835,978,928	-
Plant in service	-	843,247,911	843,247,911	107,196,875
Accumulated depreciation	(453,499,716)	(267,915,648)	(721,415,364)	(50,128,610)
Total Assets	<u>1,532,447,151</u>	<u>813,783,520</u>	<u>2,346,230,671</u>	<u>106,395,972</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	1,715,018	1,715,018	-
Pension related amounts	31,276,612	8,412,876	39,689,488	403,938
Total Deferred Outflows of Resources	<u>31,276,612</u>	<u>10,127,894</u>	<u>41,404,506</u>	<u>403,938</u>

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
LIABILITIES				
Accounts payable	\$ 17,258,944	\$ 7,879,170	\$ 25,138,114	\$ 631,153
Accrued payroll and payroll taxes	8,390,099	2,018,468	10,408,567	1,565,130
Other accrued liabilities and deposits	26,400,662	1,161,660	27,562,322	-
Due to other governmental units	131,432	-	131,432	-
Due to primary government	-	-	-	796,655
Payable from Restricted Assets				
Accrued liabilities	-	2,829,130	2,829,130	-
Current maturities of revenue bonds	-	8,725,000	8,725,000	-
Other liabilities	-	1,639,640	1,639,640	-
Other liabilities	59,887	1,092,650	1,152,537	687,112
Advances from primary government	-	-	-	8,539,424
Noncurrent Liabilities				
Due within one year	58,315,388	9,394,269	67,709,657	10,578,820
Due in more than one year	380,377,503	252,440,814	632,818,317	14,315,835
Total Liabilities	<u>490,933,915</u>	<u>287,180,801</u>	<u>778,114,716</u>	<u>37,114,129</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	231,332,937	1,092,274	232,425,211	1,210,944
Pension related amounts	6,529	1,721	8,250	85
Total Deferred Inflows of Resources	<u>231,339,466</u>	<u>1,093,995</u>	<u>232,433,461</u>	<u>1,211,029</u>
NET POSITION				
Net investment in capital assets	686,732,418	449,895,013	1,136,627,431	42,049,538
Restricted for				
Debt service	15,028,581	8,934,419	23,963,000	418,904
Equipment replacement	-	900,000	900,000	-
Loan programs	28,453,556	-	28,453,556	-
Library	1,468,979	-	1,468,979	2,325,173
Park purposes	307,837	-	307,837	2,859,776
Impact fees	8,957,458	-	8,957,458	-
Other grants	914,305	-	914,305	-
Other restricted special revenue funds	3,751,509	-	3,751,509	-
TID activities	37,285,043	-	37,285,043	-
Trust purposes - expendable	3,300,972	-	3,300,972	-
Trust purposes - nonexpendable	522,102	-	522,102	-
Pensions	30,529,475	8,044,377	38,573,852	392,124
Unrestricted	<u>24,198,147</u>	<u>67,862,809</u>	<u>92,060,956</u>	<u>20,429,237</u>
TOTAL NET POSITION	<u>\$ 841,450,382</u>	<u>\$ 535,636,618</u>	<u>\$ 1,377,087,000</u>	<u>\$ 68,474,752</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 32,364,752	\$ 1,327,316	\$ -	\$ -
Public safety	127,693,407	15,283,825	1,391,393	497,729
Public works and transportation	76,018,961	3,337,537	14,163,079	19,074,594
Planning and development	48,069,978	10,717,502	1,574,709	1,716,612
Culture and recreation	40,131,614	3,189,570	426,632	3,004,942
Interest and fiscal charges	8,521,134	-	481,360	-
Total Governmental Activities	<u>332,799,846</u>	<u>33,855,750</u>	<u>18,037,173</u>	<u>24,293,877</u>
Business-type Activities				
Water	26,845,428	29,513,563	-	2,311,000
Sewer	32,799,172	32,845,454	-	1,171,545
Stormwater	13,176,054	14,586,406	-	6,364,552
Parking utility	9,070,059	13,660,478	-	-
Transit	61,721,601	18,045,485	27,087,906	3,847,037
Convention center	9,311,942	4,686,368	-	-
Golf courses	2,835,591	3,052,335	-	-
Total Business-type Activities	<u>155,759,847</u>	<u>116,390,089</u>	<u>27,087,906</u>	<u>13,694,134</u>
Total Primary Government	<u>\$ 488,559,693</u>	<u>\$ 150,245,839</u>	<u>\$ 45,125,079</u>	<u>\$ 37,988,011</u>
Component Units				
CDA (Housing)	\$ 24,487,126	\$ 7,094,056	\$ 15,494,718	\$ 1,787,642
Business Improvement District	402,805	363,872	40,904	-
Olbrich Foundation (Parks)	2,206,654	1,479,780	1,114,246	-
Library Foundation	1,246,981	-	1,317,614	-
Parks Foundation	489,029	34,301	1,087,628	-
Total Component Units	<u>\$ 28,832,595</u>	<u>\$ 8,972,009</u>	<u>\$ 19,055,110</u>	<u>\$ 1,787,642</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for the library

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Interest on capital leases

Miscellaneous

Gain (loss) on sale of assets

Transfers - Internal

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning (as restated)

NET POSITION - ENDING

Net (Expense) Revenues and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (31,037,436)	\$ -	\$ (31,037,436)	\$ -
(110,520,460)	-	(110,520,460)	-
(39,443,751)	-	(39,443,751)	-
(34,061,155)	-	(34,061,155)	-
(33,510,470)	-	(33,510,470)	-
(8,039,774)	-	(8,039,774)	-
<u>(256,613,046)</u>	<u>-</u>	<u>(256,613,046)</u>	<u>-</u>
-	4,979,135	4,979,135	-
-	1,217,827	1,217,827	-
-	7,774,904	7,774,904	-
-	4,590,419	4,590,419	-
-	(12,741,173)	(12,741,173)	-
-	(4,625,574)	(4,625,574)	-
-	216,744	216,744	-
<u>-</u>	<u>1,412,282</u>	<u>1,412,282</u>	<u>-</u>
<u>(256,613,046)</u>	<u>1,412,282</u>	<u>(255,200,764)</u>	<u>-</u>
-	-	-	(110,710)
-	-	-	1,971
-	-	-	387,372
-	-	-	70,633
<u>-</u>	<u>-</u>	<u>-</u>	<u>632,900</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>982,166</u>
188,040,216	-	188,040,216	-
15,453,334	-	15,453,334	-
13,759,032	-	13,759,032	-
15,261,034	-	15,261,034	-
24,058,453	-	24,058,453	-
2,804,384	838,752	3,643,136	274,273
-	-	-	519,705
5,193,375	498,258	5,691,633	45,327
1,351,317	(1,080,767)	270,550	-
(11,550,524)	11,550,524	-	-
<u>254,370,621</u>	<u>11,806,767</u>	<u>266,177,388</u>	<u>839,305</u>
(2,242,425)	13,219,049	10,976,624	1,821,471
<u>843,692,807</u>	<u>522,417,569</u>	<u>1,366,110,376</u>	<u>66,653,281</u>
<u>\$ 841,450,382</u>	<u>\$ 535,636,618</u>	<u>\$ 1,377,087,000</u>	<u>\$ 68,474,752</u>

See accompanying notes to financial statements.

CITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General	Library	Debt Service
ASSETS			
Cash and investments	\$ 61,166,869	\$ 676,567	\$ 5,765,236
Receivables			
Taxes	193,648,230	16,288,836	-
Accounts	4,254,315	-	-
Accrued revenue	873,293	4,468	-
Special assessments	-	-	-
Accrued interest	517,236	-	-
Long-term loans	2,163,731	-	-
Other receivables	16,736,000	-	-
Due from other funds	1,601,312	-	-
Due from component unit	796,655	-	-
Due from other governmental units	1,984,200	39,250	-
Advances to other funds	3,060,000	-	4,955,175
Advances to component unit	238,000	-	8,301,424
Leases receivable	-	-	-
Inventories	600,105	-	-
Prepaid items	2,143,038	113,994	-
Restricted cash and investments	-	-	-
	\$ 289,782,984	\$ 17,123,115	\$ 19,021,835
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 5,070,718	\$ 41,945	\$ -
Accrued liabilities	8,379,163	10,936	-
Deposits	5,155,574	-	-
Due to other governmental units	113,351	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Other liabilities	59,887	-	-
Total Liabilities	18,778,693	52,881	-
Deferred Inflows of Resources			
Unavailable revenues	22,191,193	-	-
Unearned revenues	194,175,500	16,288,836	-
Total Deferred Inflows of Resources	216,366,693	16,288,836	-
Fund Balances			
Nonspendable			
Noncurrent advances to other funds	2,295,000	-	-
Advances to component units	238,000	-	-
Noncurrent interfunds	1,160,931	-	-
Noncurrent receivables	2,892,064	-	-
Prepaid items	2,143,038	113,994	-
Trust activities	-	-	-
Restricted	-	667,404	19,021,835
Committed	-	-	-
Assigned	7,479,909	-	-
Unassigned	38,428,656	-	-
Total Fund Balances	54,637,598	781,398	19,021,835
	\$ 289,782,984	\$ 17,123,115	\$ 19,021,835

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 54,238,201	\$ 19,855,128	\$ 141,702,001
22,606,040	3,142,540	235,685,646
190,521	130,568	4,575,404
-	650,501	1,528,262
16,486,752	-	16,486,752
816,517	291,639	1,625,392
1,334,459	24,312,100	27,810,290
-	-	16,736,000
2,969,186	355,873	4,926,371
-	-	796,655
1,876,559	3,720,681	7,620,690
972,178	-	8,987,353
-	-	8,539,424
5,506,585	-	5,506,585
1,014,203	-	1,614,308
-	-	2,257,032
-	9,447,731	9,447,731
<u>\$ 108,011,201</u>	<u>\$ 61,906,761</u>	<u>\$ 495,845,896</u>

\$ 10,739,996	\$ 999,295	\$ 16,851,954
-	-	8,390,099
-	26,835	5,182,409
18,081	-	131,432
3,170,939	-	3,170,939
-	533,186	533,186
-	-	59,887
<u>13,929,016</u>	<u>1,559,316</u>	<u>34,319,906</u>

26,960,647	28,603,369	77,755,209
<u>18,454,032</u>	<u>2,414,569</u>	<u>231,332,937</u>
<u>45,414,679</u>	<u>31,017,938</u>	<u>309,088,146</u>

-	-	2,295,000
-	-	238,000
-	-	1,160,931
-	-	2,892,064
-	-	2,257,032
-	522,102	522,102
29,638,663	24,255,028	73,582,930
-	4,552,377	4,552,377
19,028,843	-	26,508,752
-	-	38,428,656
<u>48,667,506</u>	<u>29,329,507</u>	<u>152,437,844</u>

<u>\$ 108,011,201</u>	<u>\$ 61,906,761</u>	<u>\$ 495,845,896</u>
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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, 2015

Total Fund Balances - Governmental Funds	\$ 152,437,844
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.	957,154,433
Internal service funds are reported in the statement of net position as governmental funds.	4,064,183
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.	77,755,209
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	30,114,744
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	30,836,625
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(6,441)
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>(410,906,215)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 841,450,382</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, 2015

	General	Library	Debt Service
REVENUES			
Taxes	\$ 189,481,458	\$ 15,453,334	\$ -
Special assessments	-	-	-
Intergovernmental	35,724,727	158,479	460,869
Licenses and permits	6,712,323	-	-
Fines and forfeitures	7,012,225	-	-
Public charges for services	10,187,921	1,177,571	-
Investment income	1,179,285	-	533,589
Grants and donations	-	326,485	-
Miscellaneous	2,999,030	-	16,320
Total Revenues	253,296,969	17,115,869	1,010,778
EXPENDITURES			
Current			
General government	23,580,539	-	-
Public safety	119,787,675	-	-
Public works	34,218,992	-	-
Planning and development	21,329,625	-	-
Culture and recreation	16,461,258	13,417,512	-
Capital Outlay	-	295,486	-
Debt Service			
Principal retirement	-	-	52,678,284
Interest and fiscal charges	-	-	10,750,680
Total Expenditures	215,378,089	13,712,998	63,428,964
Excess (deficiency) of revenues over expenditures	37,918,880	3,402,871	(62,418,186)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	-
General obligation refunding debt issued	-	-	6,698,966
Premium on debt issued	-	-	4,730,024
Sale of capital assets	59,499	-	-
Transfers in	16,206,381	20,000	49,211,052
Transfers out	(55,805,416)	(3,257,541)	-
Total Other Financing Sources (Uses)	(39,539,536)	(3,237,541)	60,640,042
Net Change in Fund Balances	(1,620,656)	165,330	(1,778,144)
FUND BALANCES - Beginning of Year	56,258,254	616,068	20,799,979
FUND BALANCES - END OF YEAR	\$ 54,637,598	\$ 781,398	\$ 19,021,835

Capital Projects	Nonmajor Governmental Funds	Totals
\$ 13,759,032	\$ 13,819,792	\$ 232,513,616
6,510,649	-	6,510,649
6,369,731	5,406,742	48,120,548
-	263,593	6,975,916
-	-	7,012,225
1,055,038	11,140,112	23,560,642
499,502	537,894	2,750,270
-	-	326,485
<u>1,663,619</u>	<u>339,013</u>	<u>5,017,982</u>
<u>29,857,571</u>	<u>31,507,146</u>	<u>332,788,333</u>
3,385,493	3,214,524	30,180,556
515,364	1,110,821	121,413,860
10,503,656	726,012	45,448,660
480,320	7,263,081	29,073,026
2,180,993	782,973	32,842,736
74,358,115	-	74,653,601
555,000	-	53,233,284
<u>494,401</u>	<u>2,192</u>	<u>11,247,273</u>
<u>92,473,342</u>	<u>13,099,603</u>	<u>398,092,996</u>
<u>(62,615,771)</u>	<u>18,407,543</u>	<u>(65,304,663)</u>
65,752,278	1,050,000	66,802,278
-	-	6,698,966
135,436	-	4,865,460
1,288,002	3,816	1,351,317
8,494,219	180,368	74,112,020
<u>(8,473,377)</u>	<u>(16,838,913)</u>	<u>(84,375,247)</u>
<u>67,196,558</u>	<u>(15,604,729)</u>	<u>69,454,794</u>
4,580,787	2,802,814	4,150,131
<u>44,086,719</u>	<u>26,526,693</u>	<u>148,287,713</u>
<u>\$ 48,667,506</u>	<u>\$ 29,329,507</u>	<u>\$ 152,437,844</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, 2015

Net change in fund balances - total governmental funds	\$ 4,150,131
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	74,653,601
Less: Some items reported as capital outlay but not capitalized	(18,327,655)
Add: Contributed assets	15,243,241
Depreciation is reported in the government-wide statements	(32,650,935)
Net book value of disposals	(8,702,623)

Net capital asset contributions by governmental activities to business-type activities	(1,329,223)
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Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(8,810,558)
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Debt and leases issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position	
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Debt issued	(73,501,244)
Principal repaid	53,233,284

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	413,647
Disability benefits	116,041
Post-employment benefits	(2,970,422)
Police and fire pension	72,967
Accrued interest on debt	(53,366)
Net pension asset	(17,994,820)
Deferred outflows of resources related to pensions	18,664,572
Deferred inflows of resources related to pensions	(6,441)

Governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Current year premium	(4,865,460)
Amortization of discount and premium	3,731,077

Internal service funds are used by management to charge the costs of workers compensation, liability insurance, employee benefits, and fleet center costs to individual funds.	
The net expense of the internal service funds is reported with governmental activities.	<u>(3,308,239)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,242,425)</u>
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See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
ASSETS			
Current Assets			
Cash and investments	\$ 3,926,490	\$ 19,251,259	\$ 7,901,875
Customer accounts receivable (net)	6,548,157	75,661	5,123
Accrued revenue	-	604	7,800
Due from other funds	939,562	4,718,335	1,799,632
Due from other governmental units	-	5,007	25,000
Inventories	640,734	-	-
Special assessments receivable	88,730	-	-
Prepaid items	363,637	40,309	65,555
Restricted cash and investments	8,759,929	-	-
Total Current Assets	21,267,239	24,091,175	9,804,985
Noncurrent Assets			
Property held for future use	2,312,305	-	-
Restricted Assets			
Net pension asset	1,359,015	456,254	358,372
Cash and investments	32,788,073	3,895,698	440,766
Investment in mutual insurance company	-	-	-
Capital Assets			
Land	2,549,608	2,289,332	46,927,280
Construction work in progress	22,721,204	2,912,847	6,196,917
Plant in service (at cost)	290,636,095	140,315,867	205,523,441
Total Capital Assets	315,906,907	145,518,046	258,647,638
Less: Accumulated depreciation	(70,925,150)	(27,106,919)	(39,666,185)
Net Capital Assets	244,981,757	118,411,127	218,981,453
Other Property and Investments			
Special assessments receivable	2,289,806	5,324,880	2,944,986
Preliminary survey and investigation	394,466	-	-
Prepaid expenses - land and tower lease	-	-	-
Net non-utility property	255,645	-	-
Total Other Property and Investments	2,939,917	5,324,880	2,944,986
Total Noncurrent Assets	284,381,067	128,087,959	222,725,577
Total Assets	305,648,306	152,179,134	232,530,562
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on advanced refunding	1,715,018	-	-
Deferred outflows related to pension	1,383,183	479,337	494,160
Total Deferred Outflows of Resources	3,098,201	479,337	494,160

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 3,226,504	\$ 34,075,357	\$ 68,381,485	\$ 17,343,745
935,875	464,703	8,029,519	497,724
-	-	8,404	-
-	-	7,457,529	-
10,511,516	-	10,541,523	-
378,364	153,348	1,172,446	1,095,214
-	-	88,730	-
623,906	122,683	1,216,090	46,712
494,208	-	9,254,137	-
<u>16,170,373</u>	<u>34,816,091</u>	<u>106,149,863</u>	<u>18,983,395</u>
-	-	2,312,305	-
4,594,579	1,276,157	8,044,377	414,731
1,145,432	-	38,269,969	1,368,942
-	-	-	3,815,820
2,604,992	5,680,636	60,051,848	2,490,358
185,371	1,845,787	33,862,126	371,206
<u>105,212,865</u>	<u>101,559,643</u>	<u>843,247,911</u>	<u>80,194,448</u>
108,003,228	109,086,066	937,161,885	83,056,012
<u>(67,183,522)</u>	<u>(63,033,872)</u>	<u>(267,915,648)</u>	<u>(58,453,936)</u>
<u>40,819,706</u>	<u>46,052,194</u>	<u>669,246,237</u>	<u>24,602,076</u>
-	-	10,559,672	-
-	-	394,466	-
69,353	-	69,353	-
-	-	255,645	-
<u>69,353</u>	<u>-</u>	<u>11,279,136</u>	<u>-</u>
<u>46,629,070</u>	<u>47,328,351</u>	<u>729,152,024</u>	<u>30,201,569</u>
<u>62,799,443</u>	<u>82,144,442</u>	<u>835,301,887</u>	<u>49,184,964</u>
-	-	1,715,018	-
<u>4,729,370</u>	<u>1,326,826</u>	<u>8,412,876</u>	<u>439,987</u>
<u>4,729,370</u>	<u>1,326,826</u>	<u>10,127,894</u>	<u>439,987</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 518,076	\$ 5,144,492	\$ 216,708
Accrued liabilities	295,380	-	267,787
Due to other funds	5,041,796	-	-
Deposits	-	123,273	5,000
Claims payable	-	-	-
Current portion of general obligation long-term debt	-	-	4,956,753
Current portion of capital lease	-	-	-
Current portion of advances from other funds	846,500	-	-
Current portion of accrued compensated absences	275,320	313,406	405,714
Liabilities Payable from Restricted Assets			
Accrued liabilities	2,721,572	107,558	-
Current maturities of revenue bonds	6,120,000	2,605,000	-
Other	-	-	-
Total Current Liabilities	<u>15,818,644</u>	<u>8,293,729</u>	<u>5,851,962</u>
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	-	-	24,864,920
Revenue bonds, including unamortized premium	173,546,207	31,510,796	-
Capital lease	-	-	-
Advances from other funds	3,738,957	-	-
Accrued compensated absences	1,864,158	575,952	758,686
Other post-employment benefits	556,940	-	-
Total Long-Term Debt	<u>179,706,262</u>	<u>32,086,748</u>	<u>25,623,606</u>
Other Noncurrent Liabilities			
Noncurrent liabilities payable from restricted assets	-	-	-
Other	601,935	-	-
Total Other Noncurrent Liabilities	<u>601,935</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>196,126,841</u>	<u>40,380,477</u>	<u>31,475,568</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	290	98	77
Unearned revenues	-	-	-
Total Deferred Inflows of Resources	<u>290</u>	<u>98</u>	<u>77</u>
NET POSITION			
Net investment in capital assets	98,847,032	85,259,018	189,600,546
Restricted for debt service	6,109,966	2,824,453	-
Restricted for equipment replacement	900,000	-	-
Restricted for pension	1,359,015	456,254	358,372
Unrestricted (deficit)	<u>5,403,363</u>	<u>23,738,171</u>	<u>11,590,159</u>
TOTAL NET POSITION	<u>\$ 112,619,376</u>	<u>\$ 112,277,896</u>	<u>\$ 201,549,077</u>

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 1,337,854	\$ 662,040	\$ 7,879,170	\$ 406,990
1,135,282	320,019	2,018,468	341,233
-	41,048	5,082,844	4,130,117
-	1,033,387	1,161,660	-
-	-	-	18,155,806
1,114,020	19,998	6,090,771	4,796,081
-	765,000	765,000	-
251,554	38,651	1,136,705	-
1,152,857	391,201	2,538,498	201,498
-	-	2,829,130	-
-	-	8,725,000	-
494,208	-	494,208	-
<u>5,485,775</u>	<u>3,271,344</u>	<u>38,721,454</u>	<u>28,031,725</u>
6,245,390	159,985	31,270,295	24,063,636
-	-	205,057,003	-
-	2,510,500	2,510,500	-
3,101,902	476,603	7,317,462	-
3,292,374	1,564,813	8,055,983	805,992
4,285,850	704,243	5,547,033	640,683
<u>16,925,516</u>	<u>5,416,144</u>	<u>259,758,276</u>	<u>25,510,311</u>
1,145,432	-	1,145,432	-
490,715	-	1,092,650	-
<u>1,636,147</u>	<u>-</u>	<u>2,238,082</u>	<u>-</u>
<u>24,047,438</u>	<u>8,687,488</u>	<u>300,717,812</u>	<u>53,542,036</u>
983	273	1,721	88
1,029,191	63,083	1,092,274	-
<u>1,030,174</u>	<u>63,356</u>	<u>1,093,995</u>	<u>88</u>
33,591,706	42,596,711	449,895,013	(962,239)
-	-	8,934,419	-
-	-	900,000	-
4,594,579	1,276,157	8,044,377	414,731
4,264,916	30,847,556	75,844,165	(3,369,665)
<u>\$ 42,451,201</u>	<u>\$ 74,720,424</u>	<u>543,617,974</u>	<u>\$ (3,917,173)</u>
		<u>(7,981,356)</u>	
		<u>\$ 535,636,618</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, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
OPERATING REVENUES-USAGE CHARGES	\$ 29,513,563	\$ 32,845,454	\$ 14,586,406
OPERATING EXPENSES			
Operation and maintenance	15,250,082	26,528,035	8,102,155
Depreciation	5,775,814	2,114,588	3,373,975
Total Operating Expenses	<u>21,025,896</u>	<u>28,642,623</u>	<u>11,476,130</u>
Operating Income (Loss)	<u>8,487,667</u>	<u>4,202,831</u>	<u>3,110,276</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	231,063	344,709	107,093
Interest and amortization	(5,171,717)	(1,221,609)	(1,077,437)
Issuance costs	(274,497)	-	-
Reimbursement of operating loss from government agencies	-	-	-
Gain (Loss) on sale of assets	-	(327,009)	(792,191)
Special assessments	-	811,766	-
Noncapitalized infrastructure improvements	-	(2,817,751)	(484,557)
Miscellaneous revenues	161,520	156,877	37,688
Total Nonoperating Revenue (Expenses)	<u>(5,053,631)</u>	<u>(3,053,017)</u>	<u>(2,209,404)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>3,434,036</u>	<u>1,149,814</u>	<u>900,872</u>
TRANSFERS			
Transfers in	178,577	1,094,091	226,964
Transfers out	(6,088,880)	(262,981)	(5,694)
Net Transfers	<u>(5,910,303)</u>	<u>831,110</u>	<u>221,270</u>
Income (Loss) Before Contributions	(2,476,267)	1,980,924	1,122,142
CAPITAL CONTRIBUTIONS	2,311,000	359,779	6,364,552
CAPITAL CONTRIBUTIONS- MUNICIPAL	<u>-</u>	<u>-</u>	<u>1,329,223</u>
CHANGE IN NET POSITION	(165,267)	2,340,703	8,815,917
NET POSITION – Beginning of Year - as restated	<u>112,784,643</u>	<u>109,937,193</u>	<u>192,733,160</u>
NET POSITION – END OF YEAR	<u>\$ 112,619,376</u>	<u>\$ 112,277,896</u>	<u>\$ 201,549,077</u>

Change in Net Position

Adjustments to reflect the consolidation of internal service funds activities related to business-type activities

CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit</u>	<u>Nonmajor</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service</u>
			<u>Funds</u>
\$ 18,045,485	\$ 21,399,181	\$ 116,390,089	\$ 20,136,604
54,548,231	18,315,424	122,743,927	18,360,966
6,426,535	2,587,113	20,278,025	6,895,824
60,974,766	20,902,537	143,021,952	25,256,790
(42,929,281)	496,644	(26,631,863)	(5,120,186)
-	155,887	838,752	16,340
(331,984)	(142,879)	(7,945,626)	(951,571)
-	-	(274,497)	-
27,087,906	-	27,087,906	-
-	38,433	(1,080,767)	533,327
-	-	811,766	-
-	-	(3,302,308)	-
28,054	114,119	498,258	956,461
26,783,976	165,560	16,633,484	554,557
(16,145,305)	662,204	(9,998,379)	(4,565,629)
12,971,677	4,220,942	18,692,251	762,849
-	(2,113,395)	(8,470,950)	(720,923)
12,971,677	2,107,547	10,221,301	41,926
(3,173,628)	2,769,751	222,922	(4,523,703)
3,847,037	-	12,882,368	-
-	-	1,329,223	-
673,409	2,769,751	14,434,513	(4,523,703)
41,777,792	71,950,673	529,183,461	606,530
\$ 42,451,201	\$ 74,720,424	\$ 543,617,974	\$ (3,917,173)
		\$ 14,434,513	
		(1,215,464)	
		\$ 13,219,049	

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 29,509,970	\$ 32,106,623	\$ 14,321,136
Customer deposits received	-	-	-
Paid to suppliers for goods and services	(7,618,869)	(21,756,457)	(7,178,447)
Paid to employees for services	(5,894,138)	(3,993,067)	-
Net Cash Flows From Operating Activities	<u>15,996,963</u>	<u>6,357,099</u>	<u>7,142,689</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds	(74,249)	-	-
Interest paid on advances from other funds	(66,078)	-	-
Transfers from other funds	139,026	1,094,091	226,964
Transfers to other funds	-	(262,981)	(5,694)
Tax equivalent paid to municipality	(6,049,329)	-	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(2,817,751)	(484,557)
Loan from municipality receipts (payments)	(765,000)	-	-
Negative cash implicitly financed	-	-	-
Operating grants received	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(6,815,630)</u>	<u>(1,986,641)</u>	<u>(263,287)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(5,935,000)	(2,515,000)	(5,552,848)
Interest paid	(5,422,429)	(1,400,574)	(1,085,892)
Long-term debt issued	41,610,000	-	6,231,708
Acquisition and construction of capital assets	(25,282,559)	(6,295,193)	(7,120,567)
Proceeds from sale of property	-	-	(792,191)
Debt premium received	2,545,929	-	-
Issuance costs	(274,497)	-	-
Contribution in aid of construction	137,681	(1,109)	56,075
Transfers in - city	-	-	-
Capital contributions-federal and state	-	-	-
BAB interest rebate received	151,776	142,481	-
Advances from other funds	3,390	-	-
Special assessments received	565,497	1,807,283	548,816
Net Cash Flows From Capital and Related Financing Activities	<u>8,099,788</u>	<u>(8,262,112)</u>	<u>(7,714,899)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities purchased	(10,327,876)	-	-
Marketable securities sold	12,123,670	-	-
Investment income	231,063	344,709	107,093
Net Cash Flows From Investing Activities	<u>2,026,857</u>	<u>344,709</u>	<u>107,093</u>
Net Change in Cash and Cash Equivalents	19,307,978	(3,546,945)	(728,404)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>16,143,674</u>	<u>26,693,902</u>	<u>9,071,045</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 35,451,652</u>	<u>\$ 23,146,957</u>	<u>\$ 8,342,641</u>

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 17,814,207	\$ 21,378,802	\$ 115,130,738	\$ 21,236,329
-	39,679	39,679	-
(26,639,003)	(7,263,936)	(70,456,712)	(10,674,989)
(27,079,550)	(10,916,740)	(47,883,495)	(3,872,805)
(35,904,346)	3,237,805	(3,169,790)	6,688,535
(229,174)	(35,212)	(338,635)	-
(119,055)	-	(185,133)	-
11,921,295	4,220,942	17,602,318	762,849
-	(2,113,395)	(2,382,070)	(720,923)
-	-	(6,049,329)	-
24,273	-	24,273	-
-	-	(3,302,308)	-
-	-	(765,000)	-
-	-	-	3,157,259
21,419,587	-	21,419,587	-
33,016,926	2,072,335	26,023,703	3,199,185
(1,058,524)	(765,017)	(15,826,389)	(4,539,949)
(212,929)	(150,329)	(8,272,153)	(976,724)
2,631,128	-	50,472,836	7,587,414
(6,607,312)	(515,211)	(45,820,842)	(9,158,184)
-	38,433	(753,758)	-
-	-	2,545,929	-
-	-	(274,497)	-
-	-	192,647	-
1,050,382	-	1,050,382	-
4,126,700	-	4,126,700	-
-	-	294,257	-
-	-	3,390	-
-	-	2,921,596	-
(70,555)	(1,392,124)	(9,339,902)	(7,087,443)
-	-	(10,327,876)	(11,396)
-	-	12,123,670	173,286
-	155,887	838,752	16,340
-	155,887	2,634,546	178,230
(2,957,975)	4,073,903	16,148,557	2,978,507
7,824,119	30,001,454	89,734,194	14,365,238
\$ 4,866,144	\$ 34,075,357	\$ 105,882,751	\$ 17,343,745

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	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	\$ 8,487,667	\$ 4,202,831	\$ 3,110,276
Adjustments to reconcile income (loss) to net cash flows from operating activities			
Nonoperating income (loss)	12,351	(781,228)	(237,681)
Depreciation	5,775,814	2,114,588	3,373,975
Depreciation charged to other accounts	944,298	-	-
Change in assets and liabilities			
Accounts receivable	(907,611)	65,513	(10,918)
Other current assets	(142,610)	-	-
Accrued revenue	-	77,628	-
Due from other governmental units	-	-	-
Due from other funds	432,416	(157,328)	(20,600)
Inventories	12,466	-	-
Prepaid items and other assets	-	(40,309)	(65,555)
Accounts payable	54,043	-	(36,117)
Accrued liabilities	-	(48,343)	1,164,400
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	56,584	-
Customer Deposits	-	-	-
Accrued compensated absences	183,995	889,358	-
Due to other funds	1,090,863	-	-
Other post-employment benefits	74,796	-	-
Pension related deferrals and liabilities	(21,525)	(22,195)	(135,091)
Unearned revenue	-	-	-
	\$ 15,996,963	\$ 6,357,099	\$ 7,142,689
NET CASH FLOWS FROM OPERATING ACTIVITIES			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 3,926,490	\$ 19,251,259	\$ 7,901,875
Restricted cash and investments - statement of net position	41,548,002	3,895,698	440,766
Less: Noncash equivalents	(10,022,840)	-	-
	\$ 35,451,652	\$ 23,146,957	\$ 8,342,641
CASH AND CASH EQUIVALENTS - END OF YEAR			
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Municipality, customer and developer financed additions to utility plant	\$ 2,311,000	\$ 359,779	\$ 7,362,331
Special assessments levied to customers or revised	-	811,766	275,369
Interest capitalized	-	-	-
Increase (decrease) in fair value of investments	14,292	-	-
Debt refinanced	-	-	-
Refunding debt issued	-	-	-
Net premium, discount and issuance costs on refunding	-	-	-
Net premium, discount and issuance costs on refunding	-	(327,009)	-

Business-type Activities - Enterprise Funds			Governmental
Transit Utility	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
\$ (42,929,281)	\$ 496,644	\$ (26,631,863)	\$ (5,120,186)
28,054	114,119	(864,385)	956,461
6,426,535	2,587,113	20,278,025	6,895,824
-	-	944,298	-
(259,332)	(217,028)	(1,329,376)	(52,229)
-	-	(142,610)	-
-	-	77,628	-
-	55,824	55,824	195,491
-	-	254,488	-
85,514	(4,958)	93,022	(84,521)
34,428	1,676	(69,760)	523,607
(406,228)	(32,265)	(420,567)	157,386
709,043	-	1,825,100	-
(22,352)	-	(22,352)	-
-	205,784	262,368	3,092,421
-	39,679	39,679	-
-	203,245	1,276,598	92,432
-	(262,292)	828,571	-
588,484	71,745	735,025	56,298
(125,855)	(48,187)	(352,853)	(24,449)
(33,356)	26,706	(6,650)	-
<u>\$ (35,904,346)</u>	<u>\$ 3,237,805</u>	<u>\$ (3,169,790)</u>	<u>\$ 6,688,535</u>
\$ 3,226,504	\$ 34,075,357	\$ 68,381,485	\$ 17,343,745
1,639,640	-	47,524,106	1,368,942
-	-	(10,022,840)	(1,368,942)
<u>\$ 4,866,144</u>	<u>\$ 34,075,357</u>	<u>\$ 105,882,751</u>	<u>\$ 17,343,745</u>
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (1,349,973)
\$ -	\$ -	\$ -	\$ 1,314,480
\$ -	\$ -	\$ -	\$ 35,493
\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of December 31, 2015

	<u>Agency Funds</u>	<u>Investment Trust</u>
ASSETS		
Cash and investments	\$ 233,924,085	\$ 3,514,756
Taxes receivable	<u>142,964,578</u>	<u>-</u>
Total Assets	<u>376,888,663</u>	<u>3,514,756</u>
LIABILITIES		
Due to other governmental units	<u>376,888,663</u>	<u>-</u>
NET POSITION		
Held in trust for pool participants	<u>-</u>	<u>3,514,756</u>
TOTAL NET POSITION	<u><u>\$ -</u></u>	<u><u>\$ 3,514,756</u></u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
INVESTMENT TRUST FUND
For the Year Ended December 31, 2015

	Fiduciary Fund Type
	<u>Investment Trust</u>
ADDITIONS	
Investments from school	\$ 478,663,096
Investment income	<u>380,772</u>
Net increase in net position from additions	479,043,868
DEDUCTIONS	
Distributions to school	<u>(478,831,783)</u>
Total Increase	212,085
NET POSITION - Beginning	<u>3,302,671</u>
NET POSITION - ENDING	<u><u>\$ 3,514,756</u></u>

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2015

	CDA	Nonmajor Component Units	Totals
ASSETS			
Cash and investments	\$ 3,976,866	\$ 10,272,752	\$ 14,249,618
Receivables			
Accounts (net)	692,649	26,527	719,176
Special assessments	-	270,305	270,305
Accrued interest	146,395	-	146,395
Long-term loans	59,878	-	59,878
Pledge receivable	-	937,765	937,765
Due from other governmental units	259,678	-	259,678
Inventories	-	73,365	73,365
Prepaid items	1,512,878	23,862	1,536,740
Lease receivable from primary government	8,782,085	-	8,782,085
Beneficial interest in assets held by MCF	-	4,461,491	4,461,491
Other assets	481,164	-	481,164
Restricted Assets			
Cash and investments	3,696,344	-	3,696,344
Net pension asset	392,124	-	392,124
Other	535,797	-	535,797
Capital assets			
Land	12,517,243	-	12,517,243
Construction in progress	208,539	-	208,539
Capital assets being depreciated	107,170,756	26,119	107,196,875
Less: Accumulated depreciation	<u>(50,104,956)</u>	<u>(23,654)</u>	<u>(50,128,610)</u>
Total Assets	<u>90,327,440</u>	<u>16,068,532</u>	<u>106,395,972</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>403,938</u>	-	<u>403,938</u>
Total Deferred Outflows of Resources	<u>403,938</u>	-	<u>403,938</u>
LIABILITIES			
Accounts payable	500,273	130,880	631,153
Accrued liabilities	1,469,599	95,531	1,565,130
Due to primary government	796,655	-	796,655
Current maturities of long-term debt	10,466,743	-	10,466,743
Current maturities of compensated absences	112,077	-	112,077
Advance from primary government	8,539,424	-	8,539,424
Revenue bonds payable	8,480,000	-	8,480,000
Mortgage notes	1,119,193	-	1,119,193
Other loans	3,911,346	-	3,911,346
Unamortized premium/(discount)	146,327	-	146,327
Compensated absences	448,314	-	448,314
Other post-employment benefits	210,655	-	210,655
Other liabilities	<u>687,112</u>	-	<u>687,112</u>
Total Liabilities	<u>36,887,718</u>	<u>226,411</u>	<u>37,114,129</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	932,825	278,119	1,210,944
Pension related amounts	<u>85</u>	-	<u>85</u>
Total Deferred Inflows of Resources	<u>932,910</u>	<u>278,119</u>	<u>1,211,029</u>
NET POSITION			
Net investment in capital assets	42,047,073	2,465	42,049,538
Restricted for:			
Debt service	418,904	-	418,904
Library	-	2,325,173	2,325,173
Parks	-	2,859,776	2,859,776
Pensions	392,124	-	392,124
Unrestricted	<u>10,052,649</u>	<u>10,376,588</u>	<u>20,429,237</u>
TOTAL NET POSITION	<u>\$ 52,910,750</u>	<u>\$ 15,564,002</u>	<u>\$ 68,474,752</u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended December 31, 2015

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position		
					CDA	Nonmajor Component Units	Totals
CDA	\$ 24,487,126	\$ 7,094,056	\$ 15,494,718	\$ 1,787,642	\$ (110,710)	\$ -	\$ (110,710)
Nonmajor Component Units	<u>4,345,469</u>	<u>1,877,953</u>	<u>3,560,392</u>	<u>-</u>	<u>-</u>	<u>1,092,876</u>	<u>1,092,876</u>
Total Component Units	<u>\$ 28,832,595</u>	<u>\$ 8,972,009</u>	<u>\$ 19,055,110</u>	<u>\$ 1,787,642</u>	<u>(110,710)</u>	<u>1,092,876</u>	<u>982,166</u>
General Revenues							
					362,918	(88,645)	274,273
					519,705	-	519,705
					<u>38,935</u>	<u>6,392</u>	<u>45,327</u>
					<u>921,558</u>	<u>(82,253)</u>	<u>839,305</u>
					810,848	1,010,623	1,821,471
					<u>52,099,902</u>	<u>14,553,379</u>	<u>66,653,281</u>
					<u>\$ 52,910,750</u>	<u>\$ 15,564,002</u>	<u>\$ 68,474,752</u>

See accompanying notes to financial statements.

CITY OF MADISON

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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

Community Development Authority of the City of Madison

The basic financial statements include the Community Development Authority (“CDA”) of the City of Madison as a major component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor of Madison. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. See Note IV. J. As a component unit, the CDA’s financial statements have been presented as a discrete column in the financial statements. The CDA presented in the basic financial statements includes four component units. These component units are limited liability companies which are used to promote and finance redevelopment of certain CDA properties. The information presented is for the fiscal year ended December 31, 2015. 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.

Business Improvement District

The basic financial statements include the Business Improvement District (“BID”) as a nonmajor component unit. The BID is a legally separate organization. The board of the District is appointed by the mayor of the City of Madison and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID, and also create a potential financial benefit to or burden on the City. See Note IV. J. As a component unit, the BID’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2015. The BID does not issue separate financial statements.

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 nonmajor component unit. OBS is a legally separate organization. The board of OBS consists of nine members, of which five are elected by the Board of Directors for five-year terms. The President, Past President, Treasurer, and the Director of the Olbrich Botanical Gardens, are ex officio Directors of OBS (with voting powers). OBS was created to manage long-term funds, bequests and designated funds for the perpetuity of the Gardens. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. J. As a component unit, the OBS’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the year ended December 31, 2015. Separately issued financial statements of OBS may be obtained from OBS’s office at the Olbrich Botanical Gardens, 3330 Atwood Avenue, Madison, WI 53704.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Madison Public Library Foundation

The basic financial statements include the Madison Public Library Foundation (“Foundation”) as a component unit. The Foundation is a legally separate organization. The board of the Foundation is composed of thirteen trustees, all are appointed by the Madison Public Library Foundation Board of Directors. The purpose of the Foundation is to provide support to the City of Madison library system. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. J. As a component unit, the Foundation’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2015. Separately issued financial statements of the Madison Public Library Foundation may be obtained from the Foundation’s office.

Madison Parks Foundation

The basic financial statements include the Madison Parks Foundation (“MPF”) as a component unit. MPF is a legally separate organization. The board of MPF is composed of twenty-one trustees; nineteen of the trustees are appointed by the MPF Board of Directors; the remaining two are appointed by the Chairman of the Park Commission. The purpose of the MPF is to provide support to the City of Madison parks. See Note IV.J. As a component unit, MPF’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2015. Separately issued financial statements of the Madison Parks Foundation may be obtained from MPF’s office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

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

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 outlays, including the acquisition or construction of equipment and/or major capital facilities and other capital assets.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

The City reports the following major enterprise funds:

Major Enterprise Funds

- Water Utility – accounts for operations of the water system
- Sewer Utility – accounts for operations of the sewer system
- Stormwater Utility – accounts for operations of the stormwater system
- Transit Utility – accounts for operations of the transit system

The City reports the following nonmajor governmental and enterprise funds:

Nonmajor Governmental Funds

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

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

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

- Endowments and Donations

Nonmajor Enterprise Funds

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

- Parking Utility
- Convention Center
- Golf Courses

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Tax Collection Fund
- Board of Education
- Board of Health
- Metropolitan Unified Fiber Network Consortium

Investment trust funds are arrangements in which legally separate governments commingle or pool their resources in an investment portfolio for the benefit of all participants.

- Madison School District Investment Trust

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

Government-Wide Financial Statements

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

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

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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, 2015, there were \$1,663,700 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

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

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

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

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

Custodial Credit Risk

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

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

Credit Risk

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

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

Interest Rate Risk

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

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

The City has an agreement with the Madison Metropolitan School District (MMSD) to combine a portion of available funds of both entities for investment purposes. Interest earnings are distributed monthly based on each entity's relative share of invested funds. This agreement also provides that the City may fund short-term cash deficits of the MMSD. At December 31, 2015, the MMSD had a balance of \$3,514,756 which is reported in the Investment Trust fund.

See Note IV. A. for further information.

2. Receivables

Property Tax

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

Property tax calendar – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	March 31, 2016
Third installment due	May 31, 2016
Fourth installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

Allowances

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

2. Receivables (cont.)

Due To/From Advances

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

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

Loans Receivable

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

It is the City’s policy to record unavailable revenue for the net amount of the receivable balance in the fund statements. As loans are repaid, revenue is recognized for the principal and interest payments. New loans are made and any unspent loan repayments at year end are presented as restricted fund balance in the fund statements.

3. Inventories and Prepaid Items

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

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

Fund Financial Statements

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

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

The City and the CDA have approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year approved by the City is approximately \$57,105,000 made up of four issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$199,523,114, made up of seven issues.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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	\$ 191,853,752
Construction in progress	53,660,621
Land improvements	26,054,283
Buildings	172,089,252
Machinery and equipment	59,088,856
Intangible assets	13,474,521
Infrastructure	835,978,928
Less: accumulated depreciation	<u>(395,045,780)</u>
Combined Adjustment for Capital Assets	<u>\$ 957,154,433</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	\$ 315,614,981
Compensated absences	40,594,507
Accrued interest	2,721,214
Unamortized debt premium and discount	22,702,104
Disability benefits	391,331
Other postemployment benefits	22,981,086
Police and fire pension	394,407
Capital leases	<u>5,506,585</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 410,906,215</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, library special revenue fund, and the CDBG special revenue fund. Budgets have not been formally adopted for other governmental 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.

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

The City's cash and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balance	Associated Risks
Demand deposits and non-negotiable CD's	\$ 82,434,618	\$ 90,282,838	Custodial credit
U.S. agencies implicitly guaranteed	180,368,360	180,368,360	Credit, custodial credit, concentration of credit, interest rate, investments highly sensitive to interest rate changes
U.S. agencies explicitly guaranteed	9,939,659	9,939,659	Custodial credit, interest rate, investments highly sensitive to interest rate changes
U.S. treasuries	6,410,109	6,410,109	Custodial credit, interest rate, investments highly sensitive to interest rate changes
Corporate notes and municipal bonds	19,808,515	19,808,515	Credit, custodial credit, concentration of credit, interest rate, investments highly sensitive to interest rate changes
Mutual funds – U.S. treasuries	315,331	315,331	N/A
Mutual funds – money market	164,541,843	164,541,843	Credit
Mutual funds – stocks	1,085,295	1,085,295	N/A
LGIP	59,155,679	59,155,679	Credit
Collateralized investment contract	1,000,000	1,000,000	Credit, concentration of credit
Deposit with WMMIC	1,676,962	1,676,962	Credit, interest rate
Hartford Life – pooled funds	1,262,924	1,262,924	Credit, interest rate
Petty cash	171,219	-	N/A
Total Cash and Investments	\$ 528,170,514	\$ 535,847,515	
Reconciliation to financial statements			
Per statement of net position	\$ 227,427,231		
Per statement of net position – restricted	58,340,779		
Per statement of net position – fiduciary funds	237,438,841		
Per statement of net position – applicable component units:			
CDA	6,876,555		
Less: Component units of CDA	(1,952,867)		
BID	39,975		
Total Cash and Investments	\$ 528,170,514		

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015, the banks had pledged various government securities in the amount of \$130,000,000 to secure the City's deposits.

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

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, certificates of deposit (CD) held at Banker's Bank are covered by SIPC up to \$400,000 per CD after application of FDIC coverage of \$250,000. \$4,625,000 of the City's investments are covered by SIPC.

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, 2015, the City's deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ <u>150,016</u>
Uninsured and Uncollateralized	\$ <u>150,016</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, 2015, the City's investments were exposed to custodial credit risk as follows:

U.S. agencies – implicitly guaranteed	\$ 180,368,360
U.S. agencies – explicitly guaranteed	9,939,659
U.S. treasuries	6,410,109
Corporate notes and municipal bonds	<u>19,808,515</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 216,526,643</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015, the City's investments were rated as follows:

Investment Type	Moody's Investor Services	Standard & Poor's	Fair Value
Corporate notes and municipal bonds	A1	A	\$ 289,505
	A1	A+	4,947
	A1	AA	4,978
	A1	AA+	522,217
	A2	A	15,044
	A2	A-	115,791
	A3	A	5,571
	A3	A-	79,777
	A3	BBB+	4,993
	AA1	AA	4,966
	AA1	AA+	644,952
	AA1	AAA	250,648
	AA1		2,444,697
	AA2	AA	197,038
	AA2	AA-	73,262
	AA2	AA+	1,016,360
	AA2		353,702
	AA3	AA-	798,661
	AA3		99,945
	AAA	AAA	653,369
	AAA		9,404,946
	BAA1	A-	5,626
	BAA1	AA-	4,985
	BAA1	BBB	47,524
	BAA1	BBB+	24,952
	BAA2	BBB	31,178
	BAA2	BBB+	10,315
BAA3	BBB	5,077	
BAA3	BBB-	4,116	
	A+	150,482	
	AA	402,331	
	AA+	261,560	
U.S. agencies (implicitly guaranteed)	AA1		3,536,514
	AAA	AA+	174,369,742
	AAA	AAA	488,084
		AA+	1,974,020
Mutual funds – money market	AAA	AAA	48,479

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

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

Corporate notes and municipal bonds	\$ 1,875,000
Local Government Investment Pool	59,155,679
Collateralized investment contract	1,000,000
Wisconsin Municipal Mutual Insurance Company	1,676,962
Hartford Life	1,262,924
Mutual funds – money market	<u>164,493,364</u>
 Total	 <u>\$ 427,814,283</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, 2015, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. Agencies – implicitly guaranteed	11.59%
Federal Farm Credit Bank	U.S. Agencies – implicitly guaranteed	7.54%
Federal Home Loan Mortgage Corporation	U.S. Agencies – implicitly guaranteed	14.04%
Fannie Mae	U.S. Agencies – implicitly guaranteed	6.52%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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, 2015, the City's investments were as follows:

Investment Type	Fair Value	Maturity- N/A	Less than 3 months thru 3/31/16	3 months- 6 months thru 6/30/16	6 months- 1 year thru 12/31/16	1-5 years thru 12/31/20	6-20 years thru 12/31/35	More than 20 years* after 1/1/36
U.S. agencies – implicitly guaranteed	\$ 180,368,360	\$ -	\$ -	\$ 1,275,803	\$ 7,815,280	\$ 145,291,711	\$25,749,469	\$ 236,097
U.S. agencies – explicitly guaranteed	9,939,659	-	3,038	1,820,525	5,029,097	2,921,444	165,555	-
U.S. treasuries	6,410,109	-	-	50,580	20,040	1,242,973	5,096,516	-
Corporate notes and municipal bonds	19,808,515	-	2,476,628	572,450	1,535,876	14,722,417	501,144	-
Deposit in WMMIC	1,676,962	1,676,962	-	-	-	-	-	-
Hartford Life – pooled funds	1,262,924	1,262,924	-	-	-	-	-	-
Totals	<u>\$ 219,466,529</u>	<u>\$ 2,939,886</u>	<u>\$ 2,479,666</u>	<u>\$ 3,719,358</u>	<u>\$ 14,400,293</u>	<u>\$ 164,178,545</u>	<u>\$ 31,512,684</u>	<u>\$ 236,097</u>

*Investments with maturities greater than 20 years are also considered Investments Highly Sensitive to Interest Rate Charges.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	\$ 18,872,885
Capital projects fund	18,637,728
All other nonmajor governmental and internal service funds	21,600,857

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

Uncollectibles related to water utility	\$ 100,406
Uncollectibles related to transit utility	<u>23,183</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 123,589</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	\$ 2,410,460
Allowance for uncollectible court receivable	16,295,438
Allowance for other uncollectible	43,565
Capital Projects	
Allowance for uncollectible loans	274,062
Nonmajor Funds	
Allowance for uncollectible loans	35,623,575

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

B. RECEIVABLES (cont.)

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 227,842,959	\$ 227,842,959
TIF loan equity payment	16,736,000	-	16,736,000
Interest on investments	312,767	-	312,767
Loans	4,711,670	-	4,711,670
Ambulance receivable	2,678,048	-	2,678,048
Prepaid revenue	-	1,759,729	1,759,729
Other	5,723,711	-	5,723,711
Special assessments	17,917,150	-	17,917,150
Cemetery	-	600,105	600,105
Leases	5,506,585	-	5,506,585
Impact fees	640,274	-	640,274
Municipal court receivable	235,863	-	235,863
CDBG loans	14,928,871	-	14,928,871
Accrued interest on loans	1,105,800	-	1,105,800
Revolving loans	7,258,470	-	7,258,470
Grant revenue	-	1,130,144	1,130,144
	<u>\$ 77,755,209</u>	<u>\$ 231,332,937</u>	<u>\$ 309,088,146</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 77,755,209</u>	<u>\$ 231,332,937</u>	<u>\$ 309,088,146</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- | | |
|---------------------------------|--|
| Principal and Interest | – Used solely for the purpose of paying principal and interest on the bonds or parity bonds. |
| Bond Reserve | – Used solely for the purpose of paying principal and interest on the bonds or parity bonds whenever the balance in the redemption principal and interest account is insufficient for that purpose. |
| Depreciation | – Used for the payment of principal and interest on the bonds and parity bonds whenever the balance in the redemption account is insufficient for that purpose, to remedy any deficiency in the redemption account, or to make extraordinary repairs or improvements to the utility. |
| Operation and Maintenance | – The water utility, parking utility and City insurance reserve established an operation and maintenance reserve used to remedy any deficiency in the operation account, make extraordinary repairs or replacements, or pay principal and interest on the bonds or parity bonds. |
| Construction | – Used to report bond proceeds restricted for use in construction. |
| Retiree Health Insurance Escrow | – The transit utility established an escrow account to be used for contributions toward health insurance premiums in accordance with the Teamsters Local 695 union contract. |

Impact Fee Account

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

Net Pension Asset

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

Following is a list of cash and investments restricted assets at December 31, 2015:

	Restricted Assets
Principal and interest	\$ 8,759,929
Bond reserve account	18,405,076
Bond depreciation account	750,000
Operation and maintenance	150,000
Construction	17,819,461
Retiree health insurance escrow	1,639,640
Impact fees	8,317,183
Grants deposit	1,130,548
Insurance deposit	1,368,942
Total Restricted Assets	\$ 58,340,779

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

Investment in Wisconsin Municipal Mutual Insurance Company	\$ 3,815,820
Net pension asset	38,573,852
Total Other Restricted Assets	\$ 42,389,672

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

	Restricted Assets
General operating fund	\$ 1,953,417
Monona Shores fund	62,466
Nonmajor funds	210,514
Component units of CDA	1,469,947
Total Cash and Investments	\$ 3,696,344

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

Parkside project escrow accounts at WHEDA	\$ 418,904
CDA 95-1 replacement reserve	116,893
Net pension asset	392,124
Total Other Restricted Assets	\$ 927,921

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 189,875,018	\$ 8,975,121	\$ (6,996,387)	\$ 191,853,752
Land – internal service	2,490,358	-	-	2,490,358
Construction in progress	60,622,237	29,043,374	(36,004,990)	53,660,621
Construction in progress – internal service	283,195	88,011	-	371,206
Total Capital Assets Not Being Depreciated	<u>253,270,808</u>	<u>38,106,506</u>	<u>(43,001,377)</u>	<u>248,375,937</u>
Capital assets being depreciated				
Land improvements	22,052,297	4,001,986	-	26,054,283
Land improvements – internal service	71,990	-	-	71,990
Buildings and improvements	147,919,410	24,169,842	-	172,089,252
Buildings and improvements – internal service	2,729,155	-	-	2,729,155
Machinery and equipment	51,788,416	8,535,032	(1,234,592)	59,088,856
Machinery and equipment – internal service	68,908,222	9,868,579	(1,503,023)	77,273,778
Intangible assets	11,755,178	1,719,343	-	13,474,521
Intangible assets – internal service	119,525	-	-	119,525
Roads	699,311,395	18,547,717	(2,273,338)	715,585,774
Bridges	32,520,761	6,015,173	-	38,535,934
Street lighting	30,513,737	935,073	(808,931)	30,639,879
Traffic signals	18,480,810	1,272,684	(283,938)	19,469,556
Fiber	8,401,724	15,677	-	8,417,401
Bike path	20,316,452	3,013,932	-	23,330,384
Total Capital Assets Being Depreciated	<u>1,114,889,072</u>	<u>78,095,038</u>	<u>(6,103,822)</u>	<u>1,186,880,288</u>
Total Capital Assets at Historical Cost	<u>1,368,159,880</u>	<u>116,201,544</u>	<u>(49,105,199)</u>	<u>1,435,256,225</u>
Less: Accumulated depreciation for				
Land improvements	(5,531,402)	(1,851,717)	-	(7,383,119)
Land improvements – internal service	(55,193)	(4,799)	-	(59,992)
Buildings and improvements	(55,681,911)	(5,822,063)	5,313	(61,498,661)
Buildings and improvements – internal service	(1,891,102)	(96,332)	-	(1,987,434)
Machinery and equipment	(38,071,682)	(4,832,024)	1,182,926	(41,720,780)
Machinery and equipment – internal service	(50,730,235)	(6,794,693)	1,237,943	(56,286,985)
Intangible assets	(5,479,578)	(1,242,337)	7,289	(6,714,626)
Intangible assets – internal service	(119,525)	-	-	(119,525)
Roads	(234,053,927)	(16,113,112)	1,406,223	(248,760,816)
Bridges	(4,919,340)	(506,746)	-	(5,426,086)
Street lighting	(11,621,004)	(777,473)	166,546	(12,231,931)
Traffic signals	(6,170,283)	(574,775)	126,266	(6,618,792)
Fiber	(795,819)	(460,232)	-	(1,256,051)
Bike path	(2,964,462)	(470,456)	-	(3,434,918)
Total Accumulated Depreciation	<u>(418,085,463)</u>	<u>(39,546,759)</u>	<u>4,132,506</u>	<u>(453,499,716)</u>
Net Capital Assets Being Depreciated	<u>696,803,609</u>			<u>733,380,572</u>
Net Capital Assets	<u>\$ 950,074,417</u>			<u>\$ 981,756,509</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Depreciation expenses were charged to functions as follows:

Governmental Activities	
General government	\$ 1,992,552
Public safety	2,677,855
Public works and transportation	21,426,104
Planning and development	181,491
Culture and recreation	6,372,933
Fleet services – internal service	6,895,824
Total	<u>\$ 39,546,759</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 55,125,738	\$ 5,675,157	\$ (749,047)	\$ 60,051,848
Construction in progress	30,920,747	46,903,952	(43,962,573)	33,862,126
Total Capital Assets Not Being Depreciated	86,046,485	52,579,109	(44,711,620)	93,913,974
Capital assets being depreciated				
Land improvements	12,252,752	-	-	12,252,752
Buildings and improvements	100,254,409	75,943	-	100,330,352
Machinery and equipment	96,817,226	7,842,322	(4,450,885)	100,208,663
Intangible assets	23,149	278,041	-	301,190
Infrastructure	189,078,962	10,742,655	(423,115)	199,398,502
Source of supply	9,904,513	988,340	(94,928)	10,797,925
Pumping	11,466,762	10,027,825	(899,790)	20,594,797
Water treatment	2,270,175	1,783,682	(14,753)	4,039,104
Transmission and distribution	202,934,785	30,791,032	(1,593,245)	232,132,572
Completed construction not classified	31,242,256	-	(28,941,474)	2,300,782
Administration and general	22,420,245	1,261,337	(273,359)	23,408,223
Collection system	126,919,087	7,972,099	(821,589)	134,069,597
Collection system pumping	3,412,811	33,480	(32,839)	3,413,452
Total Capital Assets Being Depreciated	808,997,132	71,796,756	(37,545,977)	843,247,911
Total Capital Assets at Historical Cost	895,043,617	124,375,865	(82,257,597)	937,161,885

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	\$ (10,318,572)	\$ (305,890)	\$ -	\$ (10,624,462)
Buildings and improvements	(59,677,738)	(2,444,769)	-	(62,122,507)
Machinery and equipment	(56,992,659)	(6,895,186)	4,382,915	(59,504,930)
Intangible assets	(16,205)	(259,658)	-	(275,863)
Infrastructure	(34,929,681)	(2,626,938)	159,273	(37,397,346)
Source of supply	(5,165,240)	(230,540)	104,421	(5,291,359)
Pumping	(6,976,812)	(599,281)	768,583	(6,807,510)
Water treatment	(476,128)	(117,947)	16,229	(577,846)
Transmission and distribution	(43,621,691)	(4,420,124)	1,674,757	(46,367,058)
Completed construction not classified	(891,907)	(303,476)	-	(1,195,383)
Administration and general	(10,860,954)	(1,210,947)	280,475	(11,791,426)
Collection system	(22,655,388)	(2,009,760)	465,070	(24,200,078)
Collection system pumping	(1,709,681)	(68,726)	18,527	(1,759,880)
Total Accumulated Depreciation	(254,292,656)	(21,493,242)	7,870,250	(267,915,648)
Net Capital Assets Being Depreciated	554,704,476			575,332,263
Net Capital Assets	\$ 640,750,961			\$ 669,246,237

Depreciation expense was charged to functions as follows:

Business-type Activities

Water utility	\$ 5,775,814
Sewer utility	2,114,588
Stormwater utility	3,373,975
Parking utility	716,347
Transit utility	6,426,535
Convention center	1,659,697
Golf courses	211,069
Total Business-type Activities Depreciation Expense	\$ 20,278,025
Total Accumulated Depreciation Additions	\$ 21,493,242

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage and cost of removal. Accumulated depreciation deletions may exceed capital asset deletions due to cost of removal.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	\$ 12,038,951	\$ 518,292	\$ (40,000)	\$ 12,517,243
Construction in progress	151,339	57,200	-	208,539
Total Capital Assets Not Being Depreciated	12,190,290	575,492	(40,000)	12,725,782
Capital assets being depreciated				
Land improvements	1,459,974	134,294	-	1,594,268
Buildings and improvements	95,132,569	7,727,975	(407,492)	102,453,052
Intangible assets	43,937	-	-	43,937
Machinery and equipment	2,777,889	336,779	(35,169)	3,079,499
Total Capital Assets Being Depreciated	99,414,369	8,199,048	(442,661)	107,170,756
Total Capital Assets at Historical Cost	111,604,659	8,774,540	(482,661)	119,896,538
Less: Accumulated depreciation for				
Land improvements	(892,378)	(61,553)	-	(953,931)
Buildings and improvements	(44,184,568)	(2,806,265)	352,634	(46,638,199)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,318,559)	(185,748)	35,418	(2,468,889)
Total Accumulated Depreciation	(47,439,442)	(3,053,566)	388,052	(50,104,956)
Net Capital Assets	\$ 64,165,217			\$ 69,791,582

Depreciation expense was charged as follows:

CDA (Housing)	\$ 3,053,566
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CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts in the balance sheet:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	Capital projects	\$ 399,333	\$ -
General	Golf	41,048	-
General	Insurance	1,160,931	1,160,931
Capital projects	Fleet	2,969,186	2,969,186
Water utility	Capital projects	939,562	-
Sewer utility	Capital projects	1,340,190	-
Sewer utility	Water utility	3,378,145	-
Stormwater utility	Water utility	1,350,142	-
Stormwater utility	Capital projects	449,490	-
Total Major Funds		12,028,027	4,130,117
Other restricted funds	Capital projects	42,364	-
Other restricted funds	Water utility	313,509	-
Total Nonmajor Funds		355,873	-
Totals		\$ 12,383,900	\$ 4,130,117
General	CDA – Component unit	\$ 796,655	\$ -

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

The debt service fund has advanced amounts to various enterprise funds and component units to fund the repayment of long-term liabilities. Repayment schedules have been established and interest is being charged based on the repayment schedules. In addition, advances between other funds occur based on internal financing needs.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	Water utility	\$ 3,060,000	\$ 2,295,000
Debt service	Water utility	1,086,465	1,004,965
Debt service	Convention center	400,566	370,518
Debt service	Golf courses	114,688	106,085
Debt service	Transit utility	3,353,456	3,101,902
Capital projects	Revolving loans	533,186	533,186
Capital projects	Water utility	438,992	438,992
Totals		<u>\$ 8,987,353</u>	<u>\$ 7,850,648</u>
General – primary government	CDA – component unit	\$ 238,000	\$ 238,000
Debt service – primary government	CDA – component unit	8,301,424	7,732,208
Totals		<u>\$ 8,539,424</u>	<u>\$ 7,970,208</u>

A repayment schedule has been established for all the advances.

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund receivables and payables		
Governmental activities	Business-type activities	\$ 354,557
Less: Business-type activities	Governmental activities	(2,729,242)
Advances		
Governmental activities	Business-type activities	8,454,167
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	7,981,356
Total Government-wide Financial Statements		<u>\$ 14,060,838</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	City Insurance	\$ 45,135	Operating Costs
General	Convention Center	338,200	PILOT
General	Golf Courses	210,868	PILOT
General	Other Grants	1,112,170	Operating Costs
General	Other Restricted	6,697,823	Operating Costs
General	Parking Utility	1,552,378	PILOT
General	Permanent	200,478	Operating Costs
General	Water Utility	6,049,329	PILOT
Library	Other Restricted	20,000	Operating Costs
Debt Service	Capital Projects	123,320	Close Projects
Debt Service	CDBG	9,537	Debt
Debt Service	Fleet Services	147,604	Debt
Debt Service	General	37,669,343	Debt
Debt Service	Other Restricted	427,795	Debt
Debt Service	Library	2,577,190	Debt
Debt Service	Revolving Loans	50,000	Debt
Debt Service	Capital Projects	266,172	Debt
Debt Service	Capital Projects	7,940,091	Debt
Capital Projects	City Insurance	38,256	Operating Costs
Capital Projects	General	4,627,822	Project Costs
Capital Projects	Other Restricted	2,747,632	Transfer Revenue
Capital Projects	Library	680,351	Project Costs
Capital Projects	Other Restricted	281,088	Project Costs
Capital Projects	Parking Utility	11,949	Project Costs
Capital Projects	Sewer Utility	53,492	Project Costs
Capital Projects	Stormwater Utility	5,694	Project Costs
Capital Projects	Water Utility	39,551	Project Costs
Capital Projects	Permanent	8,384	Project Costs
Water Utility	Sewer Utility	178,577	Operating Costs
Sewer Utility	Other Restricted	1,073,293	Project Costs
Sewer Utility	City Insurance	20,798	Operating Costs
Stormwater Utility	City Insurance	196,052	Operating Costs
Stormwater Utility	Sewer Utility	30,912	Operating Costs
Transit Utility	General	<u>12,971,677</u>	Operating Costs
Total Major Funds		<u>88,402,961</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Other Restricted	Capital Projects	\$ 143,794	Proceeds
Other Grants	General	36,574	Operating Costs
Fleet Services	City Insurance	262,849	Operating Costs
City Insurance	General	500,000	Program Costs
Convention Center	City Insurance	10,229	Operating Costs
Convention Center	Other Restricted	<u>4,210,713</u>	Operating Costs
Total Nonmajor Funds		<u>5,164,159</u>	
Total - Fund Financial Statements		93,567,120	
Less: Fund eliminations		(103,788,421)	
Less: Transfer capital assets from governmental activities to utilities		<u>(1,329,223)</u>	
Total		<u>\$ (11,550,524)</u>	
Transferred To			
Governmental activities	Business-type activities	\$ 8,261,461	
Business-type activities	Governmental activities	<u>(19,811,985)</u>	
Total Government-Wide Statement of Activities		<u>\$ (11,550,524)</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, 2015

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 294,792,021	\$ 73,501,244	\$ (52,678,284)	\$ 315,614,981	\$ 48,808,226
General obligation debt – internal service	25,847,745	8,901,894	(5,889,922)	28,859,717	4,796,081
Add/Subtract Amounts For:					
Premium/Discount on debt	21,567,721	4,865,460	(3,731,077)	22,702,104	-
Sub-totals	<u>342,207,487</u>	<u>87,268,598</u>	<u>(62,299,283)</u>	<u>367,176,802</u>	<u>53,604,307</u>
Other Liabilities					
Vested compensated absences	41,008,154	1,475,978	(1,889,625)	40,594,507	3,703,981
Vested compensated absences – internal service	903,364	104,126	-	1,007,490	201,498
Worker’s comp disability and death benefits	507,372	-	(116,041)	391,331	61,135
Other post-employment benefits	20,010,664	5,127,357	(2,156,935)	22,981,086	-
Other post-employment benefits – internal service	584,385	119,311	(63,013)	640,683	-
Police and firemen’s pension	467,374	-	(72,967)	394,407	119,467
Capital leases	6,061,585	-	(555,000)	5,506,585	625,000
Total Other Liabilities	<u>69,542,898</u>	<u>6,826,772</u>	<u>(4,853,581)</u>	<u>71,516,089</u>	<u>4,711,081</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 411,750,385</u>	<u>\$ 94,095,370</u>	<u>\$ (67,152,864)</u>	<u>\$ 438,692,891</u>	<u>\$ 58,315,388</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 35,129,619	\$ 8,862,836	\$ (6,631,389)	\$ 37,361,066	\$ 6,090,771
Revenue bonds	172,495,000	41,610,000	(8,450,000)	205,655,000	8,725,000
Add Amounts for:					
Premium on debt	6,264,783	2,545,929	(683,709)	8,127,003	-
Sub-totals	<u>213,889,402</u>	<u>53,018,765</u>	<u>(15,765,098)</u>	<u>251,143,069</u>	<u>14,815,771</u>
Other Liabilities:					
Vested compensated absences	7,934,262	4,062,146	(1,401,927)	10,594,481	2,538,498
Other post-employment benefits	4,812,008	1,440,267	(705,242)	5,547,033	-
Capital leases	4,020,500	-	(745,000)	3,275,500	765,000
Total Other Liabilities	<u>16,766,770</u>	<u>5,502,413</u>	<u>(2,852,169)</u>	<u>19,417,014</u>	<u>3,303,498</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 230,656,172</u>	<u>\$ 58,521,178</u>	<u>\$ (18,617,267)</u>	<u>\$ 270,560,083</u>	<u>\$ 18,119,269</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
COMPONENT UNIT – CDA					
Bonds and Notes Payable:					
Revenue bonds	\$ 11,170,000	\$ -	\$ 1,300,000	\$ 9,870,000	\$ 1,390,000
Mortgage note	4,771,480	-	351,110	4,420,370	3,301,177
Other loans/notes	3,890,060	5,914,992	118,140	9,686,912	5,775,566
Add/Subtract Amounts for					
Premium/discount on debt	205,327	-	59,000	146,327	-
Sub-totals	<u>20,036,867</u>	<u>5,914,992</u>	<u>1,828,250</u>	<u>24,123,609</u>	<u>10,466,743</u>
Other Liabilities:					
Vested compensated absences	515,253	148,189	103,051	560,391	112,077
Other post-employment benefits	198,160	30,565	18,070	210,655	-
Total Other Liabilities	<u>713,413</u>	<u>178,754</u>	<u>121,121</u>	<u>771,046</u>	<u>112,077</u>
Total Component Unit – CDA Long-Term Liabilities	<u>\$ 20,750,280</u>	<u>\$ 6,093,746</u>	<u>\$ 1,949,371</u>	<u>\$ 24,894,655</u>	<u>\$ 10,578,820</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, 2015, was \$1,184,283,423. Total general obligation debt at year end was:

Outstanding	\$ 381,835,764
Joint venture G.O. debt	<u>559,236</u>
 Total	 <u>\$ 382,395,000</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-15
General obligation notes	10-1-06	10-1-16	5.25%	\$ 3,600,000	\$ 360,000
General obligation notes	10-15-08	10-15-18	3.50 – 4.30	58,000,000	17,400,000
General obligation notes – Build America Bonds	10-1-09	10-1-19	2.00 – 4.30	53,925,000	21,560,000
General obligation notes	10-1-09	10-1-19	0.90 – 4.35	8,210,000	3,280,000
General obligation notes – RZED Bonds	10-19-10	10-1-20	0.90 – 3.75	8,040,000	4,020,000
General obligation notes – Build America Bonds	10-19-10	10-1-20	2.00 – 3.75	25,080,000	20,900,000
General obligation refunding bonds	10-19-10	10-1-24	0.55 – 4.00	24,205,000	18,730,000
General obligation notes	10-19-10	10-1-20	0.65 – 3.50	6,080,000	3,030,000
General obligation notes	10-19-10	10-1-16	3.00 – 4.00	44,245,000	2,520,000
General obligation notes	10-1-11	10-1-21	3.00 – 5.00	67,005,000	40,200,000
General obligation notes	10-1-11	10-1-21	0.45-2.70	13,130,000	7,870,000
General obligation notes	3-6-12	7-1-26	0.00	1,500,000	1,450,000
General obligation notes	10-1-12	10-1-22	2.00 – 4.00	39,655,000	27,755,000
General obligation notes	10-1-12	10-1-22	0.40 – 2.125	12,240,000	8,565,000
General obligation bonds	10-1-12	10-1-32	1.50 – 4.00	15,210,000	12,920,000
General obligation notes	10-1-13	10-1-23	1.50 – 4.00	57,265,000	45,805,000
General obligation notes	10-1-13	10-1-23	2.00 – 3.40	4,245,000	3,385,000
General obligation notes	10-1-14	10-1-24	2.00 – 5.00	51,655,000	46,485,000
General obligation notes	10-1-14	10-1-24	2.00 – 3.05	5,395,000	4,855,000
General obligation notes	10-22-15	10-1-25	3.00	65,565,000	65,565,000
General obligation notes	10-22-15	10-1-25	1.75 – 2.75	13,345,000	13,345,000
General obligation bonds	10-22-15	10-1-35	2.375 – 3.75	12,395,000	12,395,000
Sub-Totals – General Obligation					<u>382,395,000</u>
Less: Business-type Activities General Obligation Debt					(37,361,066)
Less: Joint Venture General Obligation Debt					<u>(559,236)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 344,474,698</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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
2016	\$ 53,604,307	\$ 11,606,988	\$ 6,090,771	\$ 1,344,467
2017	51,249,338	10,034,471	5,676,016	1,153,826
2018	47,479,217	8,307,171	5,260,517	949,245
2019	42,255,389	6,595,438	4,868,264	744,992
2020	36,866,205	5,059,183	4,229,713	554,423
2021-2025	101,305,242	9,729,116	11,235,785	881,872
2026-2030	7,100,000	1,305,700	-	-
2031-2035	4,615,000	349,500	-	-
Totals	<u>\$ 344,474,698</u>	<u>\$ 52,987,567</u>	<u>\$ 37,361,066</u>	<u>\$ 5,628,825</u>

Revenue Debt

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

	Sewer	Water
Original indebtedness		
Sewer	\$ 43,475,000	
Water		\$ 195,385,000
Years issued	2008-2014	2007-2015
Proceeds used for	Sewer plant	Water plant
Source of revenue	Landfill remediation and sewer charges	Water charges
Payable through	2027	2036
Percent of net revenues required to pay remaining debt service	45%	79%
Total principal and interest remaining	41,133,532	236,483,004
Principal and interest paid for the current year	3,896,645	11,130,189
Total customer net revenues for current year	6,473,904	14,220,047

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2015 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-15</u>
<u>Water Utility</u>					
Revenue bonds	12-1-07	1-1-28	4.00 – 4.75%	\$ 27,185,000	\$ 18,825,000
Revenue bonds	12-9-09	1-1-30	3.00 – 5.00	47,065,000	41,075,000
Revenue bonds – Build America Bonds	11-10-10	1-1-31	0.90 – 5.25	13,250,000	11,055,000
Revenue bonds	12-22-11	1-1-32	2.00 – 4.00	19,370,000	17,140,000
Revenue bonds	12-19-12	1-1-33	2.00 – 4.00	21,095,000	19,415,000
Revenue bonds	12-18-13	1-1-34	3.00 – 5.00	24,335,000	23,490,000
Revenue bonds	12-17-15	1-1-36	3.00 – 5.00	41,610,000	<u>41,610,000</u>
				Total Water Utility	<u>172,610,000</u>
<u>Sewer Utility</u>					
Revenue bonds	12-1-08	12-1-23	3.00 – 4.85	11,195,000	6,870,000
Revenue bonds – Build America Bonds	12-29-10	12-1-25	0.80 – 4.90	13,135,000	9,120,000
Revenue bonds	11-15-12	12-1-27	2.00 – 3.00	9,500,000	7,855,000
Revenue bonds	12-1-14	12-1-29	2.50 – 5.00	9,645,000	<u>9,200,000</u>
				Total Sewer Utility	<u>33,045,000</u>
Total Business-type Activities Revenue Debt					<u><u>\$ 205,655,000</u></u>

Community Development Authority – Component Unit

The CDA has pledged future lease revenues to repay lease revenue bonds issued in 1999 through 2013. Proceeds from the bonds provided financing for various projects of the City of Madison. The bonds are payable solely from lease revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 78% of net revenues. Total principal and interest remaining to be paid on the bonds is \$12,051,653. Principal and interest paid for the current year and total revenues were \$1,894,670 and \$1,929,658, respectively.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-15</u>
Lease revenue bonds	4-1-99	10-1-22	5.50 – 7.10%	\$ 10,870,000	\$ 6,070,000
Lease revenue bonds	1-1-13	3-1-20	3.00	5,245,000	<u>3,800,000</u>
Total Revenue Debt – Component Unit – Enterprise					<u><u>\$ 9,870,000</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Component Unit Revenue Debt	
	Principal	Interest	Principal	Interest
2016	\$ 8,725,000	\$ 7,356,592	\$ 1,390,000	\$ 533,170
2017	10,820,000	7,727,289	1,445,000	466,770
2018	11,195,000	7,301,505	1,485,000	395,495
2019	11,440,000	6,839,507	1,635,000	320,025
2020	11,730,000	6,344,409	1,755,000	234,787
2021-2025	63,350,000	23,371,250	2,160,000	231,406
2026-2030	59,090,000	10,654,341	-	-
2031-2035	26,495,000	2,320,982	-	-
2036	2,810,000	45,661	-	-
Totals	<u>\$ 205,655,000</u>	<u>\$ 71,961,536</u>	<u>\$ 9,870,000</u>	<u>\$ 2,181,653</u>

Mortgage Note – Component Unit – Community Development Authority

The housing mortgage notes will be paid by revenues derived by the Community Development Authority. Mortgage notes at December 31, 2015, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12-31-15
Community Development Authority					
Housing mortgage note	8-12-77	12-1-18	6.75%	\$ 3,085,241	\$ 589,905
Housing mortgage note	6-1-92	6-1-22	4.00	2,283,492	586,368
Housing mortgage note	5-17-01	5-1-31	N/A	213,067	213,067
Housing mortgage note	5-9-01	6-1-16	7.86	3,900,000	3,031,030
Total Mortgage Notes					<u>\$ 4,420,370</u>

Years	Component Unit Mortgage Notes	
	Principal	Interest
2016	\$ 3,301,177	\$ 174,306
2017	286,623	39,540
2018	285,542	22,012
2019	91,083	11,701
2020	94,794	7,990
2021-2025	216,886	4,694
2026-2030	133,165	-
2031	11,100	-
Totals	<u>\$ 4,420,370</u>	<u>\$ 260,243</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

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

Other Loans/Notes

Component Unit – Community Development Authority

The following loans are payable to the City of Madison (related to Madison Mutual Housing Association property acquired by the CDA in 1996, Romnes Apartments, Truax Park Redevelopment, and Burr Oaks Apartments), Wisconsin Housing and Economic Development Authority (WHEDA), Impact C.I.L., LLC, U.S. Bank National Association and Johnson Bank.

City of Madison		
Section 17 loans	\$	85,000
Capital revolving fund		371,000
CDBG home loan		385,000
Affordable housing trust loan		751,668
Promissory note		60,000
HOME loan		252,000
WHEDA WRAP note		146,871
Impact C.I.L, LLC		1,125,383
Johnson Bank		846,998
U.S. Bank National Association		5,662,992
Total	\$	9,686,912

<u>Years</u>	Other Loans/Notes	
	Principal	Interest
2016	\$ 5,758,773	\$ 29,348
2017	887,883	28,133
2018	68,333	-
2019	68,333	-
2020	68,333	-
2021-2025	488,536	-
2026	68,338	-
Total	\$ 7,408,529	\$ 57,481

The City of Madison loans (other than the affordable housing trust loan), WHEDA note, and Impact C.I.L., LLC are not included in the debt service requirement schedules. These debts are subject to various redemption provisions.

Capital Leases

Refer to Note IV. G.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

On October 22, 2015, the City issued \$8,889,208 in general obligation notes with an average coupon rate of 3.00% to refund \$8,970,000 of outstanding notes with an average coupon rate of 4-5%. 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 \$9,508,200 from 2016 through 2017. The cash flow requirements on the refunding notes are \$9,127,538 from 2016 through 2017. 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 \$375,654.

Prior-Year Defeasance of Debt

In 2009, the water utility defeased \$38,745,000 of the 2002, 2003, 2005, and 2006 bonds by placing the proceeds of the 2009 A and 2009 B bonds in an irrevocable trust to provide for all future debt service payments on the 2001, 2002, 2003, 2005, and 2006 bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the water utility's financial statements. The bonds are callable on January 1, 2016. At December 31, 2015, \$10,185,000 of the bonds outstanding are considered defeased.

G. LEASE DISCLOSURES

The City as Lessee

The City leases various office space under lease agreements with expiration dates extending to December 2023. The following is a schedule by years of the future minimum rental payments required under these leases as of December 31, 2015:

<u>Year Ending December 31,</u>	
2016	\$ 1,098,435
2017	714,341
2018	662,053
2019	361,124
2020	346,944
2021-2023	<u>649,375</u>
Total Minimum Payments Required	<u>\$ 3,832,272</u>

Total rental expenses/expenditures under the above leases were \$1,364,109 in 2015.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. LEASE DISCLOSURES (cont.)

The City as Lessor

The City leases all or portions of certain properties under several lease agreements with expiration dates extending to September 2113. The cost and net book value of the properties leased is \$13,781,373 and \$12,945,448, respectively.

The following is a schedule by years of future minimum rentals under these leases as of December 31, 2015:

<u>Year Ending December 31,</u>	
2016	\$ 676,220
2017	506,160
2018	404,581
2019	300,782
2020	216,743
2021-2025	660,207
2026-2030	593,466
2031-2035	517,372
2036-2040	503,381
2041-2045	481,819
2046-2050	474,489
2051-2055	441,748
2056-2060	391,384
2061-2065	335,647
2066-2070	319,075
2071-2075	319,075
2076-2080	313,323
2081-2085	232,546
2086-2090	115,117
2091-2095	111,994
2096-2100	87,577
2101-2105	87,577
2106-2110	83,629
2111-2113	13,458
Total Future Minimum Rentals	<u>\$ 8,187,370</u>

Total rental revenues under the aforementioned leases were \$917,072 in 2015.

In 1999, the Community Development Authority (CDA) borrowed \$10,870,000 in taxable redevelopment lease revenue bonds, series 1999C. The CDA is leasing a parking structure purchased with these revenue bonds to the City. The annual lease payments to be paid are the same as the CDA's annual debt service payments on the bonds. The transaction is being recorded as a capital lease.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. LEASE DISCLOSURES (cont.)

The City as Lessor (cont.)

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

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

Governmental Activities	
1999 issue	<u>\$ 5,506,585</u>
Business-type Activities	
2013 issue	<u>\$ 3,275,500</u>

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

	Governmental Activities	
	1999 Issue	
	Principal	Interest
2016	\$ 625,000	\$ 430,645
2017	700,000	386,895
2018	745,000	337,895
2019	870,000	285,000
2020	970,000	223,013
2021	1,075,000	153,900
2022	521,585	37,163
Totals	<u>\$ 5,506,585</u>	<u>\$ 1,854,511</u>
	Business-type Activities	
	2013 Issue	
	Principal	Interest
2016	\$ 765,000	\$ 102,525
2017	745,000	79,875
2018	740,000	57,600
2019	765,000	35,025
2020	260,500	11,775
Totals	<u>\$ 3,275,500</u>	<u>\$ 286,800</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 194,344,110
Construction in progress	54,031,827
Other capital assets, net of accumulated depreciation	733,380,572
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(272,321,987)
Less: Unamortized premium and discount	(22,702,104)
Total Investment in Capital Assets	<u>686,732,418</u>
Restricted	
Debt service	15,028,581
Loan programs	28,453,556
Library	1,468,979
Park purposes	307,837
Impact fees	8,957,458
Other grants	914,305
Other restricted special revenue funds	3,751,509
TID activities	37,285,043
Trust purposes – expendable	3,300,972
Trust purposes – nonexpendable	522,102
Pensions	30,529,475
Total Restricted	<u>130,519,817</u>
Unrestricted	<u>24,198,147</u>
Total Governmental Activities Net Position	<u>\$ 841,450,382</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General Fund	Library	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Fund Balances						
Nonspendable:						
Advances to other funds	\$ 2,295,000	\$ -	\$ -	\$ -	\$ -	\$ 2,295,000
Advances to component units	238,000	-	-	-	-	238,000
Noncurrent receivables	2,892,064	-	-	-	-	2,892,064
Noncurrent interfunds	1,160,931	-	-	-	-	1,160,931
Prepaid items	2,143,038	113,994	-	-	-	2,257,032
Trust activities	-	-	-	-	522,102	522,102
Restricted for:						
Library	-	667,404	-	-	687,581	1,354,985
Grants activities	-	-	-	-	421,573	421,573
Loans	-	-	-	-	3,095,131	3,095,131
Debt service	-	-	19,021,835	-	6,485,179	25,507,014
Parks	-	-	-	-	307,837	307,837
Impact fees	-	-	-	-	8,317,183	8,317,183
TID activities	-	-	-	29,638,663	-	29,638,663
Landfill	-	-	-	-	162,059	162,059
Trust activities	-	-	-	-	4,107,674	4,107,674
Other	-	-	-	-	670,811	670,811
Committed for:						
Room tax	-	-	-	-	884,927	884,927
Loans	-	-	-	-	3,667,450	3,667,450
Assigned to:						
Capital projects	-	-	-	19,028,843	-	19,028,843
Encumbrances	634,257	-	-	-	-	634,257
Compensated absences	4,989,908	-	-	-	-	4,989,908
2016 budget	550,000	-	-	-	-	550,000
Premium stabilization	1,262,924	-	-	-	-	1,262,924
MSC foundation	1,220	-	-	-	-	1,220
Parks pool	41,600	-	-	-	-	41,600
Unassigned (deficit)	38,428,656	-	-	-	-	38,428,656
Totals	\$ 54,637,598	\$ 781,398	\$ 19,021,835	\$ 48,667,506	\$ 29,329,507	\$ 152,437,844

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 60,051,848
Construction in progress	33,862,126
Other capital assets, net of accumulated depreciation	575,332,263
Less: Related long-term debt outstanding	(246,293,567)
Plus: Unspent capital related debt proceeds	33,354,328
Less: Unamortized premium and loss	(6,411,985)
Total Invested in Capital Assets, Net of Related Debt	<u>449,895,013</u>
Restricted	
Debt service	8,934,419
Equipment replacement	900,000
Pension	8,044,377
Total Restricted	<u>17,878,796</u>
Unrestricted	<u>67,862,809</u>
Total Business-type Activities Net Position	<u>\$ 535,636,618</u>

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements.

The water utility net position has been restated to adjust for expenses incurred in prior periods that were included in construction work in progress (CWIP) in error. The prior period adjustment is necessary to recognize the expenses in the period the costs were incurred.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

I. RESTATEMENT OF NET POSITION (cont.)

The details of the restatement are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Utility</u>
Net Position – December 31, 2014 (as reported)	\$ 782,581,009	\$ 507,736,850	\$ 111,486,220	\$ 109,023,895	\$ 192,015,796
Add: Net pension asset	48,772,115	12,851,229	2,171,084	728,885	572,514
Add: Deferred outflows related to pensions	12,339,683	3,251,450	549,299	184,413	144,850
Less: Close out of 2013 CWIP charges to expense	-	(1,407,229)	(1,407,229)	-	-
Less: Close out of 2014 CWIP charges to expense	-	(14,731)	(14,731)	-	-
Net Position – December 31, 2014 (as restated)	<u>\$ 843,692,807</u>	<u>\$ 522,417,569</u>	<u>\$ 112,784,643</u>	<u>\$ 109,937,193</u>	<u>\$ 192,733,160</u>
		<u>Nonmajor Enterprise Funds</u>	<u>Governmental Activities – Internal Service Funds</u>	<u>CDA</u>	
Net Position – December 31, 2014 (as reported)	\$ 32,580,681	\$ 69,396,150	\$ (223,651)	\$ 51,314,973	
Add: Net pension asset	7,340,032	2,038,714	662,551	626,436	
Add: Deferred outflows related to pensions	1,857,079	515,809	167,630	158,493	
Less: Close out of 2013 CWIP charges to expense	-	-	-	-	
Less: Close out of 2014 CWIP charges to expense	-	-	-	-	
Net Position – December 31, 2014 (as restated)	<u>\$ 41,777,792</u>	<u>\$ 71,950,673</u>	<u>\$ 606,530</u>	<u>\$ 52,099,902</u>	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS

This report contains the Community Development Authority (CDA) of the City of Madison, which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID) of the City of Madison; the Olbrich Botanical Society and Olbrich Botanical Society Foundation; the Madison Public Library Foundation; and the Madison Parks Foundation which are included as component units. Financial information is discretely presented in the government-wide financial statements. Financial information of the major and combined nonmajor component units is also presented.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

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 \$39,975.

Olbrich Botanical Society and Olbrich Botanical Society Foundation

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

a. Summary of Significant Accounting Policies

Principles of Consolidation

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-320. Under ASC 958-320, the Society is required to report information regarding its financial position and activities according to the three classes of net position:

Unrestricted Net Position – Net position that is not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net position for specific purposes, projects, or investments.

Temporarily Restricted Net Position – Net position whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently Restricted Net Position – Net position that has been restricted by donors to be maintained by the Society in perpetuity.

Cash and Cash Equivalents

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

Investments

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

Estimates

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Income Taxes

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

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

Inventories

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

Contributions

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are considered available for unrestricted dues unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net position is reclassified as unrestricted net position and reported in the statement of activities as net position released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

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

Membership Dues

Membership dues are considered to be contributions and are recognized as support in the period received. Dues are non-refundable.

Functional Allocation of Expenses

The costs of the Society's programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Sales Tax

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

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense, including gifts-in-kind was \$194,152 for the year ended December 31, 2015.

b. Relationship Between the Society and the City of Madison

The Society and the City of Madison Parks Division work together for the benefit of Olbrich Gardens, which is owned by the City of Madison (the City). The Society donates all capital assets it purchases to the City. There were no development costs incurred or donated in 2015. The City provides free use of space in the Olbrich building for the offices and gift shop of the Society in exchange for certain administrative functions. The Society had a receivable from the City in the amount of \$20,384 at December 31, 2015, for funds the City collected on its behalf.

c. Investments

Investments at December 31, 2015 consisted of the following:

Mutual funds	\$	2,897,811
Common stocks		2,240,866
Cash and cash equivalents		<u>343,439</u>
Investments	\$	<u>5,482,116</u>

Investment income for 2015 consisted of the following:

Interest and dividends	\$	120,298
Unrealized and realized gain		(210,507)
Madison Community Foundation (MCF) Activity		(1,421)
Investment advisory fees		<u>(29,843)</u>
Investment Income	\$	<u>(121,473)</u>

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

c. Investments (cont.)

Fair Value Measurements

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

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

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

The following table summarizes those assets measured at fair value as of December 31, 2015:

	2015			
	Fair Value	Level One	Level Two	Level Three
Equity mutual funds	\$ 1,059,462	\$ 1,059,462	\$ -	\$ -
Fixed income mutual funds	1,838,349	1,838,349	-	-
Common stocks	2,240,866	2,240,866	-	-
Money market funds	343,439	-	343,439	-
Beneficial interest in assets held by MCF	50,370	-	-	50,370
Total	\$ 5,532,486	\$ 5,138,677	\$ 343,439	\$ 50,370

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

c. Investments (cont.)

Fair Value Measurements (cont.)

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

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

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

Money market funds: Valued daily at the net asset value of the shares held at the end of the year.

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

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

The following table presents the Society's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level Three) as of December 31, 2015:

Beginning Balance	\$	43,953
Contributions		13,250
Investment income		590
Realized gain		621
Unrealized loss		(2,035)
Distributions		(5,412)
Expenses and fees		<u>(597)</u>
Ending Balance	\$	<u>50,370</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

d. Retirement Plan

All employees are eligible to participate in the Olbrich Botanical Society 401(k) Retirement Plan after six months of employment and upon attaining the age of 21. The Society may make matching contributions at its discretion. Participants are fully vested in their contributions to the Plan. Participants become vested in the Society’s matching contributions over a five-year graduated scale. The Society’s contributions to the Plan were \$16,957 in 2015.

e. Unconditional Promises to Give

Unconditional promises to give are expected to be collected as follows at December 31, 2015:

Receivable in less than one year	\$ 164,267
Receivable in one to five years	<u>236,333</u>
Total Unconditional Promises to Give	460,600
Less 2.5% discount to net present value	<u>(8,094)</u>
 Total Unconditional Promises to Give, Net	 <u><u>\$ 392,506</u></u>

f. Donated Services

The value of donated services included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2015 are as follows:

	<u>Special Events</u>	<u>Public Relations</u>	<u>Membership Development</u>	<u>Garden Conservatory Development</u>	<u>Education</u>	<u>Fundraising and Development</u>	<u>Management and General</u>
Advertising and promotion	\$ 10,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Event supplies	9,850	144,014	-	1,194	-	-	-
Art design	-	-	3,850	-	-	500	-
Garden maintenance	-	-	-	6,533	-	-	-
Supporting services	<u>4,711</u>	<u>5,759</u>	<u>-</u>	<u>19,195</u>	<u>13,960</u>	<u>-</u>	<u>5,613</u>
Totals	<u><u>\$ 24,606</u></u>	<u><u>\$ 149,773</u></u>	<u><u>\$ 3,850</u></u>	<u><u>\$ 26,922</u></u>	<u><u>\$ 13,960</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 5,613</u></u>

The Society recognizes contribution support for certain services received at the fair value of those services. The total amount of those services was \$225,224 in 2015. The Society also recognized contribution support for donated materials received at the fair value of these materials. The total amount of those materials was \$56,900 in 2015.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

f. Donated Services (cont.)

Additionally, the Society received approximately 27,884 hours of volunteer time provided by approximately 1,312 individuals during 2015 who gave their time to the Society's programs and fundraising campaigns. No amounts have been recorded in the consolidated financial statements because the recognition criteria under generally accepted accounting principles were not met.

g. Net Position

The Society's board of directors has chosen to place the following designations on unrestricted net position at December 31, 2015:

Olbrich Botanical Society Foundation

Designated for education	\$ 30,796
Designated for orchid fund	31,897
Designated for general stewardship fund	761,432
Board designated endowment	3,182,998
Total Foundation	<u>4,007,123</u>

Designated for agency endowment at MCF	50,370
Undesignated	1,110,762
Total Society	<u>1,161,132</u>

Total Unrestricted Net Position	<u><u>\$ 5,168,255</u></u>
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Permanently restricted net position at December 31, 2015 consists of the following:

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

g. Net Position (cont.)

Temporarily restricted net position at December 31, 2015 is available for the following purposes:

Olbrich Botanical Society Foundation	
Stewardship Fund Garden for the Future	\$ 359,055
Stewardship Fund Land Bank	201,173
Total Foundation	<u>560,228</u>
 Olbrich Botanical Society	
Horticulture	18,331
Education	9,770
Conservatory	11,613
Unconditional promises to give	7,600
Capital Campaign	591,793
Other	35,417
Total Society	<u>674,524</u>
Temporarily Restricted Net Position	<u>\$ 1,234,752</u>

Temporarily restricted net position was released from donor restrictions and expended for the following programs during 2015:

Horticulture	\$ 6,002
Education	-
Time restrictions	15,637
Other	<u>34,741</u>
Net Position Released from Restrictions	<u>\$ 56,380</u>

h. Concentration of Credit Risk

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

i. Endowment Fund for Olbrich Gardens

In 2006, the Society received notification of a \$300,000 contribution from the Bolz Family Foundation that established the Bolz Family Endowment Fund for Olbrich Botanical Gardens (Fund) at the Madison Community Foundation (MCF). The Fund is donor advised and is an asset of MCF. The fair value of the Fund at MCF was \$237,807 at December 31, 2015. The Society has the option to take an annual distribution that represents 4.75% of the average value of the assets over a rolling twelve-quarter period. The Society received a distribution from the fund of \$23,528 during 2015.

j. Agency Endowment

The Society established an agency endowment at Madison Community Foundation (MCF). The Society recognizes the fair value of donations as contributions when received. When the Society transfers the funds to MCF it recognizes the transfer as a decrease in cash and an increase in an asset called “beneficial interest in assets held by Madison Community Foundation.” The Society acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by MCF. The Society has the option to take an annual distribution that represents 4.75% of the average value of the assets in the Fund over the previous twelve quarters.

Balance – beginning of year	\$	43,953
Agency Investment		
Contributions		13,250
Investment income		590
Realized gain		621
Unrealized gain (loss)		(2,035)
Distributions		(5,412)
Expenses and fees		(597)
		<hr/>
Balance – End of Year	\$	<u>50,370</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

k. Endowment and Other Restrictions on Net Position

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

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

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

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

The following table shows the composition of endowment net position by restriction as of December 31, 2015 for those endowments under the control of the Society:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 262,805	\$ 262,805
Board-designated endowment funds	<u>3,182,998</u>	<u>-</u>	<u>-</u>	<u>3,182,998</u>
Totals	<u>\$ 3,182,998</u>	<u>\$ -</u>	<u>\$ 262,805</u>	<u>\$ 3,445,803</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

k. Endowment and Other Restrictions on Net Position (cont.)

The endowment related activities for the year ending December 31, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning balance	\$ 3,467,687	\$ -	\$ 262,805	\$ 3,730,492
Investment income (loss)	(84,501)	-	-	(84,501)
Contributions	-	-	-	-
Amounts appropriated for expenditure	<u>(200,188)</u>	<u>-</u>	<u>-</u>	<u>(200,188)</u>
Ending Balance	<u>\$ 3,182,998</u>	<u>\$ -</u>	<u>\$ 262,805</u>	<u>\$ 3,445,803</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported as unrestricted net position. There were no such deficiencies as of December 31, 2015.

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

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Society has a policy of appropriating for distribution all investment income that the permanently restricted funds earned for use as the endowment originally intended.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

k. Endowment and Other Restrictions on Net Position (cont.)

Each fiscal year, the Foundation may distribute a portion of the Foundation's net position. The distribution amount for any given year shall be determined by the board. In 2015, the board approved an appropriation of \$216,040 for 2016 which consists of 4.5% of the average of the investment balance for the preceding twelve quarters with the last quarter being September 2015.

l. Commitments

The Society has begun a capital campaign with an initial goal of raising \$5 million and has committed \$1 million from its operating reserves toward this fundraising goal.

m. Subsequent Events

Management has evaluated subsequent events through April 6, 2016, the date which the consolidated financial statements were available for issue. No events have occurred that would influence the reader's opinion of the consolidated financial statements for the year ended December 31, 2015.

n. Related Party Transactions

For the year ended December 31, 2015, the Society received contributions from related parties of \$430,000. Unconditional promises to give include \$300,000 due from related parties for the capital campaign at December 31, 2015.

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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Basis of Presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the Foundation is required to report information regarding its financial position and activities according to three classes of net position: Unrestricted net position, temporarily restricted net position, and permanently restricted net position. Temporarily restricted net position is when use has been restricted or limited by donors to a specific time period or purpose. Permanently restricted net position is where use has been restricted by donors to be maintained in perpetuity.

Board-designated net position includes net position set aside for the purpose of future expenditures specifically identified by the Board of Directors. Board-designated net position is not considered to be restricted.

Unconditional 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. Unconditional promises to give as of December 31, 2015 are collectible within one to five years. Accounts no longer considered collectible by management are written off.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily restricted net position, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

Interest, dividends, gains and losses on investments are reported as an increase or decrease in unrestricted net position unless explicitly restricted by donors.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation of equipment is computed on the straight-line method based on an estimated useful life of five years.

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>2015</u>
Monroe Street Library League	\$ 10,373
Friends of Lakeview Library	<u>26,877</u>
Totals	<u>\$ 37,250</u>

Certificates of Deposit

Certificates of deposit that mature in 12 months or less are classified as current assets on the statements of financial position. The certificates bear interest at a rate of .25% for the year ended December 31, 2015, and will mature in 2016, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Website Development Costs

Included in furniture and equipment are capitalized website development costs of \$14,793 as of December 31, 2015, that 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.

Amortization expense included with depreciation expense totaled \$4,931 for the year ended December 31, 2015. Accumulated amortization was \$12,328 as of December 31, 2015.

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 costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Income Tax 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.

Estimates

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

Subsequent Events

These financial statements have not been updated for subsequent events occurring after March 29, 2016, which is the date these financial statements were available to be issued. The Foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

b. Unconditional Promises to Give

Unconditional promises to give at December 31, 2015 consisted of the following:

Central Branch Capital Campaign	\$ 324,811
Pinney Branch Capital Campaign	174,673
Book Festival	9,750
Art Projects	5,000
Ex Libris	7,500
Lunch for Libraries	13,750
Other	<u>2,775</u>
Total Unconditional Promises to Give	538,259
Less: Allowance for uncollectible promises to give	(20,000)
Less: Discounts to net present value	<u>(3000)</u>
Unconditional Promises to Give – Net	<u>\$ 515,259</u>

At December 31, 2015, \$444,275 of unconditional promises to give are receivable in less than one year and \$93,984 of unconditional promises to give are receivable in one to five years. Promises to give receivable in more than one year are discounted at 3.25%.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

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

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

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

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

The change in the agency endowments is summarized as follows:

Balance – beginning of year	\$ 4,448,687
Transfers in	113,264
Withdrawals	(139,293)
Net investment loss	<u>(75,365)</u>
Balance – End of Year	<u>\$ 4,347,293</u>

Included in net investment loss are investment fees totaling \$50,180 as of December 31, 2015.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

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

The balances of the individual agency endowments at December 31, 2015 were:

Elizabeth Moon Proctor Scholarship and Professional Development Fund	\$ 49,239
Madison Library Foundation Endowment Fund	3,518,845
Print Books Purchase Fund	93,671
Judy P. Olson Book Kit Fund	12,621
Lakeview Branch Endowment Fund	67,924
Monroe Endowment Fund	19,729
Pinney Branch Endowment Fund	18,374
Hawthorne Branch Endowment Fund	17,474
South Madison Branch Endowment Fund	173,682
Sequoia Branch Endowment Fund	250,293
Central Endowment	26,611
Ashman Endowment	9,690
Meadowridge Endowment	<u>89,140</u>
Total Agency Endowments	<u>\$ 4,347,293</u>

d. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2015 are as follows:

	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
MCF Pass thru fund	\$ 5,148	\$ -	\$ -	\$ 5,148
Beneficial interest in assets held at MCF	4,347,293	-	-	4,347,293
Unconditional promises to give, long-term, net	<u>70,984</u>	<u>-</u>	<u>70,984</u>	<u>-</u>
Totals	<u>\$ 4,423,425</u>	<u>\$ -</u>	<u>\$ 70,984</u>	<u>\$ 4,352,441</u>

The Foundation has funds held in an MCF pass thru fund. These assets represent donations or pledge payments via a stock transfer. MCF has agreed to accept these donations on behalf of the Foundation. MCF sells the stock on the date it is received and remits the cash proceeds to the Foundation. The MCF pass thru fund is not actively traded and significant other observable inputs are not available. Thus, the fair value of the pass thru fund is measured at the proportional share of the underlying assets as reported to the Foundation by MCF.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

d. Fair Value Measurements (cont.)

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 amount reported for unconditional promises to give, long-term, net approximates fair value based on the net present value of pledges receivable using the discount rate as described above in Note b.

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

Beginning balance	\$ 1,014
Administrative fees	90,158
Stock donations	(85,266)
Distributions	<u>(758)</u>
Ending Balance	<u>\$ 5,148</u>

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

Beginning balance	\$ 4,448,687
Net investment loss	(75,365)
Transfers in	113,264
Withdrawals	<u>(139,293)</u>
Ending Balance	<u>\$ 4,347,293</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

e. Furniture and Equipment

Furniture and equipment at December 31, 2015 consisted of the following:

Computer equipment	\$ 21,924
Office equipment	4,195
Accumulated depreciation	<u>(23,654)</u>
Furniture and Equipment – Net	<u><u>\$ 2,465</u></u>

Depreciation expense for 2015 was \$5,506.

f. Grants Payable

Grants payable at December 31, 2015 were \$26,000 and represent board designated grants owed to Teen Digital Creation Platform, Increase Materials and Programming to Underrepresented Library Populations, Youth Computer Coding Class, and Community Shippers and Organizing.

g. Net Position

The Foundation's board of directors has chosen to place the following limitations on unrestricted net position:

Operating Reserve	\$ 450,501
Madison Public Library Foundation Endowment Fund	3,518,845
Judy P. Olson Book Discussion Kit Endowment Fund	12,621
Program Venture Fund	175,000
Other, Board Designated	1,600
Undesignated	<u>339,749</u>
Unrestricted Net Position	<u><u>\$ 4,498,316</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

g. Net Position (cont.)

Temporarily restricted net position include assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net position are available for the following purposes as of December 31:

Ashman Branch	\$	1,608
Ashman Capital Campaign		1,897
Book Festival		18,058
Central Branch		19,755
Central Capital Campaign		477,423
Friends of Lakeview Library		26,877
General Library		17,088
Hawthorne Branch		1,298
Hawthorne Endowment		16,894
Lakeview Branch		18,353
Lakeview Endowment		68,674
Meadowridge Branch		7,782
Meadowridge Capital Campaign		40,001
Monroe Branch		12,521
Monroe Endowment		10,373
Monroe Library League		2,202
Other- Ex Libris 2016		7,500
Pinney Branch		3,860
Pinney Capital Campaign		789,003
Pinney Endowment		17,924
Proctor Endowment		2,880
Sequoia Branch		3,491
Sequoia Endowment		27,246
South Madison Branch		2,538
South Madison Endowment		<u>14,729</u>
Temporarily Restricted Net Position	\$	<u>1,609,975</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

g. Net Position (cont.)

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.

Permanently restricted net position at December 31, 2015 consisted of the following:

Ashman Branch Endowment Fund	\$ 10,850
Central Branch Endowment Fund	27,910
Elizabeth Moon Proctor Scholarship and Professional Development Fund	47,446
Meadowridge Branch Endowment Fund	91,765
Monroe Branch Endowment Fund	17,550
Print Books Endowment Fund	110,766
Sequoia Endowment	240,677
South Madison Branch Endowment Fund	<u>168,234</u>
Permanently Restricted Net Position	<u>\$ 715,198</u>

h. Endowment

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

h. Endowment (cont.)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net position were \$17,095 as of December 31, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred during 2015.

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

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

Endowment net position composition by type of net position as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 148,607	\$ 715,198	\$ 863,805
Board-designated endowment funds	3,531,466	-	-	3,531,466
Total Funds	\$ 3,531,466	\$ 148,607	\$ 715,198	\$ 4,395,271

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

h. Endowment (cont.)

Changes in endowment net position for the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net position – beginning of year	\$ 3,662,422	\$ 174,510	\$ 654,812	\$ 4,491,744
Contributions	49,494	2,112	60,386	111,992
Net investment loss	(60,833)	(12,962)	-	(73,795)
Amounts appropriated for expenditure	(119,617)	(15,053)	-	(134,670)
Endowment Net Position – End of Year	\$ 3,531,466	\$ 148,607	\$ 715,198	\$ 4,395,271

i. Mohaupt Fund for the Sequoya Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoya Branch Library, which is held and managed by the Madison Community Foundation. The Mohaupt Fund is a component fund of MCF, and since MCF has variance power, it is not included in Madison Public Library Foundation, Inc.'s financial statements. Any distributions from the Mohaupt Fund will help fund Madison Public Library Foundation's charitable and exempt purposes. Distributions from the Mohaupt Fund were \$4,038 during 2015. The Mohaupt Fund had a fair value of \$80,401 as of December 31, 2015.

j. Pension Plan

The Foundation started a 401(k) defined contribution pension plan during 2011. The 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 2015 was \$8,636.

k. Lease Commitments

The Foundation entered into an operating lease for office space from the City of Madison which expires on July 31, 2015. 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, 2015

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

J. COMPONENT UNITS (cont.)

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

Madison Parks Foundation, Inc (MPF)

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

a. Summary of Significant Accounting Policies

Basis of Presentation

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

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

Unrestricted Net Position — Net position that is not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net position for specific purposes, projects, or investments.

Temporarily Restricted Net Position — Net position whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently Restricted Net Position — Net position that have been restricted by donors to be maintained by the Foundation in perpetuity.

Cash and Cash Equivalents

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

Investments

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on previous collectability, no allowance for doubtful accounts has been established.

Promises to Give

Professional standards required that unconditional promises to give be recorded as receivables and revenues and required the Foundation to distinguish between contributions received for each net position category in accordance with donor-imposed restrictions.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net position, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position are reclassified to unrestricted net position and reported in the state of activities as net position released from restrictions.

Expense Allocation

Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on number of employees per program. The costs of providing the various programs and other activities can be found in the statement of activities.

Income Tax Status

The Foundation is an exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for tax years before 2012.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

a. Summary of Significant Accounting Policies (cont.)

Income Tax Status (cont.)

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.

Estimates

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

Subsequent Events

These financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 25, 2016, the date of the financial statements were available.

b. Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash equivalents and investments. The Foundation maintains its cash equivalents with one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the Foundation's cash balances at financial institutions may exceed federal depository insurance coverage and management considers this to be a normal business risk. At December 31, 2015, 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.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

b. Concentration of Credit Risk and Market Risk (cont.)

The Foundation maintains its investments at a brokerage. These investments are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At December 31, 2015, the Foundation held investments of \$1,534,576 which was not covered by SIPC insurance.

c. Investments

The investments consist of cash and marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The Foundation's investments are comprised of the following as of December 31, 2015:

	Market	Cost
Cash	\$ 87,754	\$ 87,754
Equities	1,287,883	1,285,464
Fixed income	582,489	608,609
Real estate	67,879	65,314
Commodities	8,571	9,000
Totals	\$ 2,034,576	\$ 2,056,141

Investment income from these investments for the year ended December 31, 2015 is summarized as follows:

	2015
Interest and dividends	\$ 38,147
Net realized and unrealized losses	(52,995)
Investment expense	(13,584)
Total	\$ (28,432)

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

d. Fair Value Measurement

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.

<u>December 31, 2015</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Cash	\$ 87,754	\$ 87,754
Equities	1,287,883	1,287,883
Fixed income	582,489	582,489
Exchange-Traded Funds		
Real estate	67,879	67,879
Commodities	<u>8,571</u>	<u>8,571</u>
Totals	<u>\$ 2,034,576</u>	<u>\$ 2,034,576</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Foundation.

Level 1 Fair Value Measurements

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

e. Beneficial Interests in Agency Endowment

According to professional standards, the Foundation recognizes the fair value of donations as contributions when received and when the Foundation transfers the funds to Madison Community Foundation ("MCF") it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in agency endowment. The Foundation acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Fund and normally makes an annual distribution to the Foundation that represents five percent of the average value of the assets in the Fund over the previous twelve quarters. The purpose of the distributions is to enable the Foundation to carry out its charitable and exempt purposes. The activity in the Fund at MCF was as follows for the year ended December 31, 2015:

	2015
Balance – January 1, 2015	\$ 64,974
Agency endowment return	
Investment income (loss)	706
Realized gain (loss)	788
Unrealized gain (loss)	(1,900)
Expense and fees	(740)
Balance – December 31, 2015	\$ 63,828

f. Restricted Net Position

Temporarily restricted net position is available for the following purposes:

Time and purpose restrictions	\$ 776,039
Donated funds from City of Madison	433,602
Total	\$ 1,209,641

Permanently restricted net position consists of the following:

City Endowment	\$ 63,828
MCF Endowment	88,750
Total	\$ 152,578

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

g. Cooperative Agreement

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

The Madison Parks Foundation Coordinator (the "Coordinator") was a position created by the City under the agreement to assist the Foundation with expanding its fundraising efforts to promote additional philanthropic opportunities benefiting Madison parks. The position is an interim position that will last no longer than four years, or whenever an Executive Director is hired by the Foundation, whichever comes first. The Coordinator reports directly to the City and is subject to all City rules of employment. Under the agreement, the Foundation is responsible for the reimbursement back to the City for the Coordinator's wages and benefits. In 2015, total wages and benefits reimbursed by the Foundation to the City totaled \$88,379. The Foundation owed the City \$87,126 for these expenses.

In recognition of the Foundation's increasing role and commitment to the City's parks, the City and the Foundation agreed that the City will provide the Foundation with in-kind contributions and services, which include office space, the use of equipment, and office technology services. The estimated value of these contributions was \$5,000 in 2015.

h. Pledges Receivable

The Foundation has received an unconditional pledge from a corporate entity. Contributions are recorded at fair value in the period during which the unconditional pledge is received. The fair value of pledges to be received in one year or more is estimated by discounting pledges at an appropriate rate commensurate with the risk involved, typically 2%. Amortization of the discount is recorded as additional private support.

The following is a summary of pledges receivable as of December 31, 2015, by expected period of payment:

	<u>2015</u>
Amounts expected to be collected in:	
Less than one year	<u>\$ 30,000</u>
Total	<u><u>\$ 30,000</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

J. COMPONENT UNITS (cont.)

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

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

i. Endowment

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

	Permanently Restricted	Total
Endowment net position, Beginning of year	\$ -	\$ -
Investment return:		
Investment Income (Loss)	(1,753)	(1,753)
Contributions	90,503	90,503
Amounts appropriated for expenditure	-	-
Endowment Net Position, End of Year	\$ 88,750	\$ 88,750

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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.

General Information About the Pension Plan

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.

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$15,783,365 in contributions from the City and the CDA.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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

At December 31, 2015, the City and CDA reported an asset of \$38,573,852 and \$392,124, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City and 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, 2014, the City and CDA’s proportion was 1.58638589%, which was an increase of 0.00744335% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City and CDA combined recognized pension expense of \$14,697,878.

At December 31, 2015, the City and 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	\$ 5,648,854	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	18,869,208	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	8,335
Employer contributions subsequent to the measurement date	15,575,364	-
Totals	\$ 40,093,426	\$ 8,335

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

\$15,575,364 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, 2016. 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	Deferred Inflows of Resources
2016	\$ 6,005,172	\$ 1,900
2017	6,005,172	1,900
2018	6,005,172	1,900
2019	6,005,172	1,900
2020	497,374	735

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City and CDA's proportionate share of the net pension asset to changes in the discount rate. The following presents the City and CDA's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what its proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City/CDA's proportionate share of the net pension asset (liability)	(\$109,929,732)	\$38,965,976	\$156,557,789

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the City and CDA reported a payable to the pension plan of \$2,858,665, 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 2015 was \$72,967. The present value of estimated future payments based on past service is \$394,407 and is included in the statement of net position.

B. RISK MANAGEMENT

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

Self Insurance

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Claims Liability

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 14,907,453	\$ 15,122,651
Current year claims and changes in estimates	3,479,373	4,517,334
Claim payments	(3,264,175)	(1,484,179)
Unpaid Claims – End of Year	\$ 15,122,651	\$ 18,155,806

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 Genesis insurance. In addition, the City's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

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

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

The City's share of this corporation is 41.65% 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, 2015

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Wisconsin Municipal Mutual Insurance Company (WMMIC)

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2015, WMMIC was owned by eighteen 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, 2015. This is a quota share reinsurance agreement with General Reinsurance Corporation (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$15,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

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

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

C. COMMITMENTS AND CONTINGENCIES

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In January of 2013, the Transit and Parking Commission approved a contract with Gillig Corp. for the purchase of up to 80 buses over a five year period. As of December 31, 2015, 35 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.

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 \$391,331 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	\$	7,609,199
Nonmajor Funds		1,694,547

D. OTHER POSTEMPLOYMENT BENEFITS

The City sponsors a single-employer defined benefit healthcare plan, (the Retiree Health Plan). The Plan provides healthcare coverage to eligible retired City employees and their spouses, which covers both active and retired members. The Plan is affiliated with the Wisconsin Public Employer's Group Health Insurance – Dane County service area plan, a purchasing plan administered by the State of Wisconsin. Benefit provisions are established through collective bargaining agreements. The Retiree Health Plan does not issue a publicly available financial report.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City contributes to the premiums for eligible police and fire employees who retire before age 55, but not before age 50. The contributions for these employees continues until age 55, as defined by the union contract. Retirees are responsible for the premiums after that time. The City will contribute, on behalf of eligible police and police supervisors, up to 105% (90% effective November 1, 2007) of the appropriate premium rates of the lowest bidder among the health care providers offered, but not exceeding \$850 per month. The City will contribute, on behalf of eligible fire employees and fire supervisors, up to 105% of the appropriate premium rates of the lowest bidder among the health care providers offered. The City will contribute, on behalf of eligible teamsters, up to 105% of the appropriate premium rates of the lowest bidder among the health care providers offered for a maximum of five years or until the retiree is eligible for Medicare, whichever is earlier. The contributions for eligible teamsters will not be adjusted annually, the City's contribution will remain at the rate determined in the year of retirement, and the retiree is responsible for any difference in rates.

For fiscal year 2015, the City contributed \$2,944,435 to the plan. Plan members receiving benefits contributed \$2,373,856, or approximately 45% of the total premiums, through their required contributions.

The City contributes to defined benefit postemployment benefit plans for fire, laborers and teamsters union employees, Voluntary Employee Beneficiary Association (VEBA). 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 in an amount determined annually with the wage increase negotiated. The City will deposit \$303,000 annually into an escrow account for contributions towards health premiums for eligible teamsters employees. The unions are responsible for administering the respective plans. The firefighters discontinued their VEBA for 2010. The 2015 contributions to laborers and teamsters were \$246,146 and \$410,427, respectively.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year:

Annual required contribution	\$ 7,227,619
Interest on net OPEB obligation	1,149,698
Adjustment to the ARC	<u>(1,568,483)</u>
Annual OPEB Cost	6,808,834
Contributions made	<u>(2,944,435)</u>
Increase in net OPEB obligation	3,864,399
Net OPEB Obligation – Beginning of Year	<u>25,548,850</u>
Net OPEB Obligation – End of Year	<u>\$ 29,413,249*</u>

* Includes OPEB obligation for Public Health for Madison and Dane County, (PHMDC), which is the City's joint venture.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 6,808,834	43.2%	\$ 29,413,249
2014	6,713,573	45.9%	25,548,850
2013	6,728,009	45.8%	21,922,357

The funded status of the plan as of December 31, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 57,433,140
Actuarial value of plan assets	<u>(1,639,640)</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 55,793,500</u>
Funded ratio (actuarial value of plan assets/AAL)	2.9%
Covered payroll (active plan members)	\$ 176,696,162
UAAL as a percentage of covered payroll	31.6%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

E. RELATED PARTIES

Related Parties – Primary Government

The City had the following related party transactions during 2015.

<u>Name</u>	<u>Committee</u>	<u>Affiliated Organization</u>	<u>Amount</u>
Lauren Lofton	Community Development Authority	Foley and Lardner	\$ 90,164
Kim Genich	Community Services Committee	Dane County Parent Council	449,887
Judith Wilcox	Board of Health for Madison and Dane County	Center for Resilient Cities	50,899
Rebecca Kemble	Common Council	Union Cab of Madison Cooperative	15,695
Frank Staniszewski	Economic Development Committee	Madison Development Corporation	685,198
Natalie Erdman	City of Madison Employee	Project Home LLC	169,644
Stephanie Franklin	City of Madison Employee	Madison Parks Foundation	891,011
		Total	<u>\$2,352,498</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 which includes similar facilities for Dane County. The building is owned jointly by the City and the county. The county acts as the fiscal agent for operating costs of the building. Such occupancy expenses are paid to Dane County and have been recorded as operating costs in the applicable City department.

G. COOPERATIVE BOUNDARY PLANS

On November 8, 2002, the Town of Madison, City of Fitchburg and City of Madison executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the cities, the town, and existing town property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 20 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 30, 2022, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the City of Madison, City of Fitchburg, and Town of Madison Cooperative Plan can be obtained at the Town of Madison.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

G. COOPERATIVE BOUNDARY PLANS (cont.)

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 \$4,788,705 to the PHMDC for 2015. 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, 2015 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, 2015

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. The member organizations are required to pay initial fees of \$530,250.

Fiscal information of the association as of December 31, 2015 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. SUBSEQUENT EVENT

The city council approved an increase in stormwater and sewer utility rates effective April 1, 2016.

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 202,350,032	\$ 202,350,032	\$ 203,330,056	\$ 980,024
Intergovernmental	35,776,460	35,776,460	35,724,727	(51,733)
Licenses and permits	6,998,500	6,998,500	6,712,323	(286,177)
Fines and forfeitures	7,335,000	7,410,000	7,012,225	(397,775)
Charges for services	8,743,000	8,743,000	10,187,921	1,444,921
Investment income	1,485,000	1,485,000	1,179,285	(305,715)
Miscellaneous	3,596,000	3,596,000	3,058,529	(537,471)
Total Revenues	<u>266,283,992</u>	<u>266,358,992</u>	<u>267,205,066</u>	<u>846,074</u>
EXPENDITURES				
Current				
General Government				
Common council	496,759	506,059	460,523	45,536
Mayor	1,303,806	1,398,806	1,337,744	61,062
Municipal court	-	33,200	25,409	7,791
Attorney	2,669,815	2,669,815	2,685,921	(16,106)
Assessor	2,374,582	2,386,600	2,329,524	57,076
Clerk	1,307,597	1,307,597	1,290,595	17,002
Treasurer	575,370	696,838	676,474	20,364
Finance	3,311,157	3,371,157	3,414,876	(43,719)
Information technology	5,903,059	5,903,059	5,589,272	313,787
Human resources	1,789,278	1,835,978	1,972,843	(136,865)
Department of Civil Rights	1,461,951	1,461,951	1,239,863	222,088
Total General Government	<u>21,193,374</u>	<u>21,571,060</u>	<u>21,023,044</u>	<u>548,016</u>
Public Safety				
Fire	47,908,990	48,475,024	48,259,876	215,148
Police	66,313,359	66,753,492	66,333,735	419,757
Public health	4,788,705	4,788,705	4,788,705	-
Total Public Safety	<u>119,011,054</u>	<u>120,017,221</u>	<u>119,382,316</u>	<u>634,905</u>
Public Works and Transportation				
Engineering	3,790,476	3,810,476	3,558,216	252,260
Streets	25,258,893	25,956,391	24,102,913	1,853,478
Transit utility	12,974,926	12,974,926	12,971,678	3,248
Traffic engineering	5,663,564	5,792,864	6,534,690	(741,826)
Total Public Works and Transportation	<u>47,687,859</u>	<u>48,534,657</u>	<u>47,167,497</u>	<u>1,367,160</u>

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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND (cont.)
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (cont.)				
Planning and Development				
Office of the director of planning	\$ 621,222	\$ 645,722	\$ 757,347	\$ (111,625)
Planning	4,382,363	4,599,655	4,530,472	69,183
Building inspection	4,341,631	4,341,631	4,172,915	168,716
Community development	9,171,847	9,476,387	9,750,311	(273,924)
Economic development	1,152,259	1,339,309	1,238,540	100,769
CDA housing operations	196,244	196,244	196,244	-
Total Planning and Development	<u>19,865,566</u>	<u>20,598,948</u>	<u>20,645,829</u>	<u>(46,881)</u>
Culture and Recreation				
Parks	14,800,865	15,197,529	15,252,378	(54,849)
Total Culture and Recreation	<u>14,800,865</u>	<u>15,197,529</u>	<u>15,252,378</u>	<u>(54,849)</u>
Miscellaneous				
Unallocated employee benefits	548,732	548,732	1,406,387	(857,655)
Miscellaneous	7,423,701	7,450,869	6,278,928	1,171,941
Total Miscellaneous	<u>7,972,433</u>	<u>7,999,601</u>	<u>7,685,315</u>	<u>314,286</u>
Debt Service	<u>37,669,343</u>	<u>37,669,343</u>	<u>37,669,343</u>	<u>-</u>
Total Expenditures	<u>268,200,494</u>	<u>271,588,359</u>	<u>268,825,722</u>	<u>2,762,637</u>
Net Change in Fund Balances	(1,916,502)	(5,229,367)	(1,620,656)	3,608,711
FUND BALANCES - Beginning of Year	<u>56,258,254</u>	<u>56,258,254</u>	<u>56,258,254</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 54,341,752</u>	<u>\$ 51,028,887</u>	<u>\$ 54,637,598</u>	<u>\$ 3,608,711</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,453,334	\$ 15,453,334	\$ 15,453,334	\$ -
Intergovernmental	97,810	230,500	158,479	(72,021)
Public charges for services	1,228,530	1,228,530	1,177,571	(50,959)
Miscellaneous	31,500	131,300	326,485	195,185
Total Revenues	<u>16,811,174</u>	<u>17,043,664</u>	<u>17,115,869</u>	<u>72,205</u>
EXPENDITURES				
Current				
Culture and recreation	13,344,491	13,922,963	13,417,512	505,451
Capital Outlay	956,036	973,336	295,486	677,850
Total Expenditures	<u>14,300,527</u>	<u>14,896,299</u>	<u>13,712,998</u>	<u>1,183,301</u>
Excess of revenues over expenditures	<u>2,510,647</u>	<u>2,147,365</u>	<u>3,402,871</u>	<u>1,255,506</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	66,542	66,542	20,000	(46,542)
Transfers out	(2,577,189)	(2,577,189)	(3,257,541)	(680,352)
Total Other Financing Sources (Uses)	<u>(2,510,647)</u>	<u>(2,510,647)</u>	<u>(3,237,541)</u>	<u>(726,894)</u>
Net Change in Fund Balances	-	(363,282)	165,330	528,612
FUND BALANCES - Beginning of Year	<u>616,068</u>	<u>616,068</u>	<u>616,068</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 616,068</u>	<u>\$ 252,786</u>	<u>\$ 781,398</u>	<u>\$ 528,612</u>

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

CITY OF MADISON

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/15	\$ 1,639,640	\$ 57,433,140	\$ 55,793,500	2.9%	\$ 176,696,162	31.6%
12/31/14	1,661,992	58,378,139	56,716,147	2.8%	165,796,254	34.2%
12/31/13	1,719,867	57,430,619	55,710,752	3.0%	160,967,237	34.6%

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

CITY OF MADISON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (CITY/CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

Fiscal Year Ending	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Asset	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
12/31/15	1.58638589%	\$ 38,965,976	\$ 180,555,530	21.58%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CITY/CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

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
12/31/15	\$ 15,575,364	\$ 15,575,364	-	\$ 185,482,133	8.40%

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

CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

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	\$ 253,356,468
Add: Operating Transfers In	16,206,381
Less: Operating Transfers Out	<u>(2,357,783)</u>
Total Revenues – Budgetary Basis	<u>\$ 267,205,066</u>
Total Expenditures – GAAP Basis	\$ 215,378,089
Add: Operating Transfers Out	55,805,416
Less: Operating Transfers In	<u>(2,357,783)</u>
Total Expenditures – Budgetary Basis	<u>\$ 268,825,722</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 \$634,257. Budgets are adopted at the agency level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

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, 2015

	Special Revenue			
	Community Development Block Grant	Revolving Loans	Other Grants	Other Restricted Funds
ASSETS				
Cash and investments	\$ 2,440,482	\$ 1,678,277	\$ 936,472	\$ 10,978,708
Room taxes receivable	-	-	-	3,142,540
Accounts receivable	-	-	130,568	-
Accrued revenue	-	-	9,944	640,557
Accrued interest	-	289,001	-	-
Long-term loans receivable	14,928,871	7,258,470	-	2,124,759
Due from other funds	-	-	-	355,873
Due from other governmental units	2,925,697	-	754,844	40,140
Restricted cash and investments	1,130,548	-	-	8,317,183
TOTAL ASSETS	\$ 21,425,598	\$ 9,225,748	\$ 1,831,828	\$ 25,599,760
LIABILITIES				
Accounts payable	\$ 524,460	\$ 10,000	\$ 38,902	\$ 425,180
Deposits	-	-	-	26,835
Advance from other funds	-	533,186	-	-
Total Liabilities	524,460	543,186	38,902	452,015
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	17,810,954	7,547,471	492,732	2,752,212
Unearned revenues	1,130,144	-	1,284,425	-
Total Deferred Inflows of Resources	18,941,098	7,547,471	1,777,157	2,752,212
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,960,040	1,135,091	15,769	17,843,156
Committed	-	-	-	4,552,377
Total Fund Balances	1,960,040	1,135,091	15,769	22,395,533
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 21,425,598	\$ 9,225,748	\$ 1,831,828	\$ 25,599,760

Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 16,033,939	\$ 3,821,189	\$ 19,855,128
3,142,540	-	3,142,540
130,568	-	130,568
650,501	-	650,501
289,001	2,638	291,639
24,312,100	-	24,312,100
355,873	-	355,873
3,720,681	-	3,720,681
9,447,731	-	9,447,731
<u>\$ 58,082,934</u>	<u>\$ 3,823,827</u>	<u>\$ 61,906,761</u>
\$ 998,542	\$ 753	\$ 999,295
26,835	-	26,835
533,186	-	533,186
<u>1,558,563</u>	<u>753</u>	<u>1,559,316</u>
28,603,369	-	28,603,369
2,414,569	-	2,414,569
<u>31,017,938</u>	<u>-</u>	<u>31,017,938</u>
-	522,102	522,102
20,954,056	3,300,972	24,255,028
4,552,377	-	4,552,377
<u>25,506,433</u>	<u>3,823,074</u>	<u>29,329,507</u>
<u>\$ 58,082,934</u>	<u>\$ 3,823,827</u>	<u>\$ 61,906,761</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Community Development Block Grant	Revolving Loans	Other Grants	Other Restricted Funds
REVENUES				
Taxes	-	\$ -	\$ -	\$ 13,819,792
Intergovernmental	\$ 3,693,919	-	1,371,530	341,293
Public charges for services	2,427,894	715,913	-	7,926,919
Licenses and permits	-	-	-	263,593
Investment income	235,087	79,498	1,528	131,270
Miscellaneous	17,710	-	1	321,302
Total Revenues	<u>6,374,610</u>	<u>795,411</u>	<u>1,373,059</u>	<u>22,804,169</u>
EXPENDITURES				
Current				
General government	-	-	-	3,214,524
Public safety	-	-	603,193	507,628
Public works	-	-	-	714,036
Planning and development	6,288,963	559,987	-	414,131
Culture and recreation	-	-	-	428,300
Debt Service				
Interest and fiscal charges	-	-	-	2,192
Total Expenditures	<u>6,288,963</u>	<u>559,987</u>	<u>603,193</u>	<u>5,280,811</u>
Excess (deficiency) of revenues over expenditures	<u>85,647</u>	<u>235,424</u>	<u>769,866</u>	<u>17,523,358</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	1,050,000
Sale of capital assets	-	-	-	3,816
Transfers in	-	-	36,574	143,794
Transfers out	(9,537)	(50,000)	(1,112,170)	(15,458,344)
Total Other Financing Sources (Uses)	<u>(9,537)</u>	<u>(50,000)</u>	<u>(1,075,596)</u>	<u>(14,260,734)</u>
Net Change in Fund Balances	76,110	185,424	(305,730)	3,262,624
FUND BALANCE - Beginning of Year	<u>1,883,930</u>	<u>949,667</u>	<u>321,499</u>	<u>19,132,909</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,960,040</u>	<u>\$ 1,135,091</u>	<u>\$ 15,769</u>	<u>\$ 22,395,533</u>

Total Nonmajor Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
\$ 13,819,792	\$ -	\$ 13,819,792
5,406,742	-	5,406,742
11,070,726	69,386	11,140,112
263,593	-	263,593
447,383	90,511	537,894
339,013	-	339,013
<u>31,347,249</u>	<u>159,897</u>	<u>31,507,146</u>
3,214,524	-	3,214,524
1,110,821	-	1,110,821
714,036	11,976	726,012
7,263,081	-	7,263,081
428,300	354,673	782,973
2,192	-	2,192
<u>12,732,954</u>	<u>366,649</u>	<u>13,099,603</u>
<u>18,614,295</u>	<u>(206,752)</u>	<u>18,407,543</u>
1,050,000	-	1,050,000
3,816	-	3,816
180,368	-	180,368
(16,630,051)	(208,862)	(16,838,913)
<u>(15,395,867)</u>	<u>(208,862)</u>	<u>(15,604,729)</u>
3,218,428	(415,614)	2,802,814
<u>22,288,005</u>	<u>4,238,688</u>	<u>26,526,693</u>
<u>\$ 25,506,433</u>	<u>\$ 3,823,074</u>	<u>\$ 29,329,507</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CDBG For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,812,854	\$ 6,099,796	\$ 3,693,919	\$ (2,405,877)
Public charges for services	1,668,500	1,668,500	2,427,894	759,394
Investment income	200,000	200,000	235,087	35,087
Miscellaneous	-	-	17,710	17,710
Total Revenues	<u>7,681,354</u>	<u>7,968,296</u>	<u>6,374,610</u>	<u>(1,593,686)</u>
EXPENDITURES				
Current				
Planning and development	<u>7,664,517</u>	<u>8,353,913</u>	<u>6,288,963</u>	<u>2,064,950</u>
Total Expenditures	<u>7,664,517</u>	<u>8,353,913</u>	<u>6,288,963</u>	<u>2,064,950</u>
Excess (deficiency) of revenues over expenditures	<u>16,837</u>	<u>(385,617)</u>	<u>85,647</u>	<u>471,264</u>
OTHER FINANCING USES				
Transfers out	<u>(16,837)</u>	<u>(16,837)</u>	<u>(9,537)</u>	<u>7,300</u>
Total Other Financing Uses	<u>(16,837)</u>	<u>(16,837)</u>	<u>(9,537)</u>	<u>7,300</u>
Net Change in Fund Balances	-	(402,454)	76,110	478,564
FUND BALANCE - Beginning of Year	<u>1,883,930</u>	<u>1,883,930</u>	<u>1,883,930</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,883,930</u>	<u>\$ 1,481,476</u>	<u>\$ 1,960,040</u>	<u>\$ 478,564</u>

ENTERPRISE FUNDS

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

Parking Utility – Accounts for operations of the parking system.

Convention Center – Accounts for operations of the Monona Terrace Convention Center.

Golf Courses – Accounts for operations of the golf courses.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2015

	Parking Utility	Convention Center	Golf Courses	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 30,371,635	\$ 3,703,722	\$ -	\$ 34,075,357
Accounts receivable	8,227	456,476	-	464,703
Inventories	-	153,348	-	153,348
Prepaid items	62,326	53,779	6,578	122,683
Total Current Assets	<u>30,442,188</u>	<u>4,367,325</u>	<u>6,578</u>	<u>34,816,091</u>
Capital Assets				
Land	4,851,550	25,254	803,832	5,680,636
Construction work in progress	354,983	1,472,318	18,486	1,845,787
Land improvements	691,055	69,033	4,625,670	5,385,758
Buildings	29,399,549	57,491,084	709,689	87,600,322
Machinery and equipment	4,757,748	1,896,998	1,617,627	8,272,373
Intangibles	278,041	23,149	-	301,190
Accumulated depreciation	(29,314,929)	(27,707,944)	(6,010,999)	(63,033,872)
Net Capital Assets	<u>11,017,997</u>	<u>33,269,892</u>	<u>1,764,305</u>	<u>46,052,194</u>
Restricted net pension asset	588,907	571,789	115,461	1,276,157
Total Assets	<u>42,049,092</u>	<u>38,209,006</u>	<u>1,886,344</u>	<u>82,144,442</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	629,700	578,509	118,617	1,326,826
Total Deferred Outflows of Resources	<u>629,700</u>	<u>578,509</u>	<u>118,617</u>	<u>1,326,826</u>
LIABILITIES				
Current Liabilities				
Accounts payable	187,378	460,035	14,627	662,040
Accrued liabilities	143,846	162,211	13,962	320,019
Due to other funds	-	-	41,048	41,048
Deposits	1,904	989,092	42,391	1,033,387
Current portion of general obligation long-term debt	-	19,998	-	19,998
Current portion of capital lease	-	765,000	-	765,000
Current portion of advances from other funds	-	30,048	8,603	38,651
Current portion of accrued compensated absences	214,979	154,029	22,193	391,201
Total Current Liabilities	<u>548,107</u>	<u>2,580,413</u>	<u>142,824</u>	<u>3,271,344</u>
Long-Term Debt Net of Current Maturities				
General obligation long-term debt	-	159,985	-	159,985
Capital lease	-	2,510,500	-	2,510,500
Advances from other funds	-	370,518	106,085	476,603
Accrued compensated absences	859,914	616,128	88,771	1,564,813
Other post-employment benefits	364,828	299,692	39,723	704,243
Total Long-Term Obligations	<u>1,224,742</u>	<u>3,956,823</u>	<u>234,579</u>	<u>5,416,144</u>
Total Liabilities	<u>1,772,849</u>	<u>6,537,236</u>	<u>377,403</u>	<u>8,687,488</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	1,407	61,676	-	63,083
Pension related amounts	126	122	25	273
Total Deferred Inflows of Resources	<u>1,533</u>	<u>61,798</u>	<u>25</u>	<u>63,356</u>
NET POSITION				
Net investment in capital assets	11,017,997	29,814,409	1,764,305	42,596,711
Restricted for pension	588,907	571,789	115,461	1,276,157
Unrestricted (deficit)	<u>29,297,506</u>	<u>1,802,283</u>	<u>(252,233)</u>	<u>30,847,556</u>
TOTAL NET POSITION	<u>\$ 40,904,410</u>	<u>\$ 32,188,481</u>	<u>\$ 1,627,533</u>	<u>\$ 74,720,424</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2015

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 13,660,478	\$ 4,686,368	\$ 3,052,335	\$ 21,399,181
Total Operating Revenues	<u>13,660,478</u>	<u>4,686,368</u>	<u>3,052,335</u>	<u>21,399,181</u>
OPERATING EXPENSES				
Operation and maintenance	8,211,415	7,513,580	2,590,429	18,315,424
Depreciation	716,347	1,659,697	211,069	2,587,113
Total Operating Expenses	<u>8,927,762</u>	<u>9,173,277</u>	<u>2,801,498</u>	<u>20,902,537</u>
Operating Income (Loss)	<u>4,732,716</u>	<u>(4,486,909)</u>	<u>250,837</u>	<u>496,644</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	155,581	13	293	155,887
Interest expense	-	(138,665)	(4,214)	(142,879)
Gain on sale of assets	37,488	945	-	38,433
Miscellaneous revenues	5,763	95,279	13,077	114,119
Total Nonoperating Revenues (Expenses)	<u>198,832</u>	<u>(42,428)</u>	<u>9,156</u>	<u>165,560</u>
Income (Loss) Before Transfers	<u>4,931,548</u>	<u>(4,529,337)</u>	<u>259,993</u>	<u>662,204</u>
TRANSFERS				
Transfers in	-	4,220,942	-	4,220,942
Transfers out	(1,564,327)	(338,200)	(210,868)	(2,113,395)
Net Transfers	<u>(1,564,327)</u>	<u>3,882,742</u>	<u>(210,868)</u>	<u>2,107,547</u>
Change in Net Position	3,367,221	(646,595)	49,125	2,769,751
NET POSITION - Beginning of Year - as restated	<u>37,537,189</u>	<u>32,835,076</u>	<u>1,578,408</u>	<u>71,950,673</u>
NET POSITION - END OF YEAR	<u>\$ 40,904,410</u>	<u>\$ 32,188,481</u>	<u>\$ 1,627,533</u>	<u>\$ 74,720,424</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2015

	Parking Utility	Convention Center	Golf Courses	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 13,773,016	\$ 4,540,374	\$ 3,065,412	\$ 21,378,802
Customer deposits received	-	33,918	5,761	39,679
Paid to suppliers for goods and services	(3,359,970)	(2,597,236)	(1,306,730)	(7,263,936)
Paid to employees for services	(4,644,262)	(4,766,697)	(1,505,781)	(10,916,740)
Net Cash Flows From Operating Activities	<u>5,768,784</u>	<u>(2,789,641)</u>	<u>258,662</u>	<u>3,237,805</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(27,374)	(7,838)	(35,212)
Transfers in	-	4,220,942	-	4,220,942
Transfers out	(1,564,327)	(338,200)	(210,868)	(2,113,395)
Net Cash Flows From Noncapital Financing Activities	<u>(1,564,327)</u>	<u>3,855,368</u>	<u>(218,706)</u>	<u>2,072,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(765,017)	-	(765,017)
Interest paid	-	(146,115)	(4,214)	(150,329)
Acquisition and construction of capital assets	(394,271)	(84,905)	(36,035)	(515,211)
Proceeds from sale of property	37,488	945	-	38,433
Net Cash Flows From Capital and Related Financing Activities	<u>(356,783)</u>	<u>(995,092)</u>	<u>(40,249)</u>	<u>(1,392,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	155,581	13	293	155,887
Net Cash Flows From Investing Activities	<u>155,581</u>	<u>13</u>	<u>293</u>	<u>155,887</u>
Net Change in Cash and Cash Equivalents	4,003,255	70,648	-	4,073,903
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>26,368,380</u>	<u>3,633,074</u>	<u>-</u>	<u>30,001,454</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 30,371,635</u>	<u>\$ 3,703,722</u>	<u>\$ -</u>	<u>\$ 34,075,357</u>

	Parking Utility	Convention Center	Golf Courses	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ 4,732,716	\$ (4,486,909)	\$ 250,837	\$ 496,644
Adjustments to reconcile income (loss) to net cash flows from operating activities				
Non-operating income	5,763	95,279	13,077	114,119
Depreciation	716,347	1,659,697	211,069	2,587,113
Change in assets and liabilities				
Accounts receivable	49,544	(266,572)	-	(217,028)
Due from other governmental units	55,824	-	-	55,824
Inventories	-	(4,958)	-	(4,958)
Prepaid items	925	1,009	(258)	1,676
Accounts payable	(64,950)	27,095	5,590	(32,265)
Accrued compensated absences	155,524	24,024	23,697	203,245
Post employment retirement benefit	43,999	30,207	(2,461)	71,745
Due to other funds	-	-	(262,292)	(262,292)
Unearned revenues	1,407	25,299	-	26,706
Pension related deferrals and liabilities	(39,647)	(5,608)	(2,932)	(48,187)
Customer deposits	-	33,918	5,761	39,679
Other current liabilities	111,332	77,878	16,574	205,784
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 5,768,784</u>	 <u>\$ (2,789,641)</u>	 <u>\$ 258,662</u>	 <u>\$ 3,237,805</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	<u>\$ 30,371,635</u>	<u>\$ 3,703,722</u>	<u>\$ -</u>	<u>\$ 34,075,357</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 30,371,635</u>	 <u>\$ 3,703,722</u>	 <u>\$ -</u>	 <u>\$ 34,075,357</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

None

INTERNAL SERVICE FUNDS

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

Fleet Services – Accounts for the purchase and preparation of fleet equipment used by City agencies, the provision of in-house repairs, and the purchase of outside repair and maintenance services.

City Insurance - Accounts for payment of property and liability claims on a self-insured basis or for purchase of insurance coverage from Wisconsin Municipal Mutual Insurance Co. (WMMIC) or from other carriers.

Worker's Compensation - Accounts for workers' compensation claims on a self-insured basis.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2015

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 3,295,703	\$ -	\$ 14,048,042	\$ 17,343,745
Accounts receivable	90,878	406,846	-	497,724
Inventories	1,095,214	-	-	1,095,214
Prepaid items	42,744	2,655	1,313	46,712
Total Current Assets	<u>4,524,539</u>	<u>409,501</u>	<u>14,049,355</u>	<u>18,983,395</u>
Restricted Assets				
Cash and investments	-	496,960	871,982	1,368,942
Net pension asset	414,731	-	-	414,731
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted Assets	<u>414,731</u>	<u>4,312,780</u>	<u>871,982</u>	<u>5,599,493</u>
Capital Assets				
Land	2,490,358	-	-	2,490,358
Construction work in progress	371,206	-	-	371,206
Land improvements	71,990	-	-	71,990
Buildings	2,729,155	-	-	2,729,155
Machinery and equipment	77,273,778	-	-	77,273,778
Intangible assets	119,525	-	-	119,525
Accumulated depreciation	<u>(58,453,936)</u>	<u>-</u>	<u>-</u>	<u>(58,453,936)</u>
Net Capital Assets	<u>24,602,076</u>	<u>-</u>	<u>-</u>	<u>24,602,076</u>
Total Assets	<u>29,541,346</u>	<u>4,722,281</u>	<u>14,921,337</u>	<u>49,184,964</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	424,138	10,428	5,421	439,987
Total Deferred Outflows of Resources	<u>424,138</u>	<u>10,428</u>	<u>5,421</u>	<u>439,987</u>
LIABILITIES				
Accounts payable	125,706	718	280,566	406,990
Accrued liabilities	330,853	5,455	4,925	341,233
Due to other funds	2,969,186	1,160,931	-	4,130,117
Claims payable	-	3,548,234	14,607,572	18,155,806
Current portion of general obligation long-term debt	4,796,081	-	-	4,796,081
Current portion of accrued compensated absences	181,115	11,564	8,819	201,498
Total Current Liabilities	<u>8,402,941</u>	<u>4,726,902</u>	<u>14,901,882</u>	<u>28,031,725</u>
Long-Term Obligations Net of Current Liabilities				
General obligation long-term debt	24,063,636	-	-	24,063,636
Accrued compensated absences	724,459	46,257	35,276	805,992
Other post-employment benefits	640,683	-	-	640,683
Total Long-Term Obligations	<u>25,428,778</u>	<u>46,257</u>	<u>35,276</u>	<u>25,510,311</u>
Total Liabilities	<u>33,831,719</u>	<u>4,773,159</u>	<u>14,937,158</u>	<u>53,542,036</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	88	-	-	88
Total Deferred Outflows of Resources	<u>88</u>	<u>-</u>	<u>-</u>	<u>88</u>
NET POSITION (DEFICIT)				
Net investment in capital assets (deficit)	(962,239)	-	-	(962,239)
Restricted for pension	414,731	-	-	414,731
Unrestricted (deficit)	<u>(3,318,815)</u>	<u>(40,450)</u>	<u>(10,400)</u>	<u>(3,369,665)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (3,866,323)</u>	<u>\$ (40,450)</u>	<u>\$ (10,400)</u>	<u>\$ (3,917,173)</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 15,464,274	\$ 977,539	\$ 3,694,791	\$ 20,136,604
Total Operating Revenues	<u>15,464,274</u>	<u>977,539</u>	<u>3,694,791</u>	<u>20,136,604</u>
OPERATING EXPENSES				
Operation and maintenance	9,597,642	3,659,097	5,104,227	18,360,966
Depreciation	<u>6,895,824</u>	<u>-</u>	<u>-</u>	<u>6,895,824</u>
Total Operating Expenses	<u>16,493,466</u>	<u>3,659,097</u>	<u>5,104,227</u>	<u>25,256,790</u>
Operating Income (Loss)	<u>(1,029,192)</u>	<u>(2,681,558)</u>	<u>(1,409,436)</u>	<u>(5,120,186)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	16,340	-	16,340
Interest expense	(951,571)	-	-	(951,571)
Gain on sale of assets	533,327	-	-	533,327
Miscellaneous revenues	<u>183,376</u>	<u>655,373</u>	<u>117,712</u>	<u>956,461</u>
Total Nonoperating Revenues (Expenses)	<u>(234,868)</u>	<u>671,713</u>	<u>117,712</u>	<u>554,557</u>
Income (Loss) Before Transfers	<u>(1,264,060)</u>	<u>(2,009,845)</u>	<u>(1,291,724)</u>	<u>(4,565,629)</u>
TRANSFERS				
Transfers in	262,849	500,000	-	762,849
Transfers out	<u>(147,604)</u>	<u>(573,319)</u>	<u>-</u>	<u>(720,923)</u>
Net Transfers	<u>115,245</u>	<u>(73,319)</u>	<u>-</u>	<u>41,926</u>
Change in Net Position	(1,148,815)	(2,083,164)	(1,291,724)	(4,523,703)
NET POSITION (DEFICIT) - Beginning of Year - as restated	<u>(2,717,508)</u>	<u>2,042,714</u>	<u>1,281,324</u>	<u>606,530</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (3,866,323)</u>	<u>\$ (40,450)</u>	<u>\$ (10,400)</u>	<u>\$ (3,917,173)</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 15,571,018	\$ 1,841,169	\$ 3,824,142	\$ 21,236,329
Paid to suppliers for goods and services	(6,159,665)	(1,706,505)	(2,808,819)	(10,674,989)
Paid to employees for services	(3,465,589)	(254,362)	(152,854)	(3,872,805)
Net Cash Flows From Operating Activities	<u>5,945,764</u>	<u>(119,698)</u>	<u>862,469</u>	<u>6,688,535</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Negative cash implicitly financed	2,969,186	188,073	-	3,157,259
Transfers in	262,849	500,000	-	762,849
Transfers out	(147,604)	(573,319)	-	(720,923)
Net Cash Flows From Noncapital Financing Activities	<u>3,084,431</u>	<u>114,754</u>	<u>-</u>	<u>3,199,185</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(4,539,949)	-	-	(4,539,949)
Interest paid	(976,724)	-	-	(976,724)
Long-term debt issued	7,587,414	-	-	7,587,414
Acquisition and construction of capital assets	(9,158,184)	-	-	(9,158,184)
Net Cash Flows From Capital and Related Financing Activities	<u>(7,087,443)</u>	<u>-</u>	<u>-</u>	<u>(7,087,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Marketable securities sold (purchased)	-	(11,396)	173,286	161,890
Investment income	-	16,340	-	16,340
Net Cash Flows From Investing Activities	<u>-</u>	<u>4,944</u>	<u>173,286</u>	<u>178,230</u>
Net Change in Cash and Cash Equivalents	1,942,752	-	1,035,755	2,978,507
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,352,951</u>	<u>-</u>	<u>13,012,287</u>	<u>14,365,238</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,295,703</u>	<u>\$ -</u>	<u>\$ 14,048,042</u>	<u>\$ 17,343,745</u>

	Fleet Services	City Insurance	Worker's Compensation	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES				
Loss from operations	\$ (1,029,192)	\$ (2,681,558)	\$ (1,409,436)	\$ (5,120,186)
Adjustments to reconcile operating loss to net cash flows from operating activities				
Nonoperating income	183,376	655,373	117,712	956,461
Depreciation	6,895,824	-	-	6,895,824
Change in assets and liabilities				
Accounts receivable	-	(63,868)	11,639	(52,229)
Due from other governmental units	(76,634)	272,125	-	195,491
Inventories	(84,521)	-	-	(84,521)
Prepaid items	6,366	518,553	(1,312)	523,607
Accounts payable	(41,377)	718	198,045	157,386
Accrued compensated absences	2,211	57,821	32,400	92,432
Post employment retirement benefit	56,298	-	-	56,298
Pension related deferrals and liabilities	(8,600)	(10,428)	(5,421)	(24,449)
Other current liabilities	42,013	1,131,566	1,918,842	3,092,421
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 5,945,764</u>	 <u>\$ (119,698)</u>	 <u>\$ 862,469</u>	 <u>\$ 6,688,535</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 3,295,703	\$ -	\$ 14,048,042	\$ 17,343,745
Restricted cash and investments - statement of net position	-	496,960	871,982	1,368,942
Less: Noncash equivalents	-	(496,960)	(871,982)	(1,368,942)
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 3,295,703</u>	 <u>\$ -</u>	 <u>\$ 14,048,042</u>	 <u>\$ 17,343,745</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Debt refinanced	\$ (1,349,973)	\$ -	\$ -	
Refunding debt issued	\$ 1,314,480	\$ -	\$ -	
Net premium, discount and issuance costs on refunding	\$ 35,493	\$ -	\$ -	

FIDUCIARY FUNDS

AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund – Accounts for the tax roll collected, which includes Dane County, Madison Area Technical College and overlapping School Districts.

Board of Education – Accounts for Bassett Trust Fund monies.

Board of Health – Accounts for Department of Public Health for Madison and Dane County monies.

Metropolitan Unified Fiber Network Consortium – Accounts for Metropolitan Unified Fiber Network Consortium monies

CITY OF MADISON

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2015

	<u>Tax Collection Fund</u>	<u>Board of Education</u>	<u>Board of Health</u>	<u>Metropolitan Unified Fiber Network Consortium</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 227,534,529	\$ 445,358	\$ 5,568,103	\$ 376,095	\$ 233,924,085
Taxes receivable	<u>142,964,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,964,578</u>
TOTAL ASSETS	<u>\$ 370,499,107</u>	<u>\$ 445,358</u>	<u>\$ 5,568,103</u>	<u>\$ 376,095</u>	<u>\$ 376,888,663</u>
LIABILITIES					
Due to other governmental units	<u>\$ 370,499,107</u>	<u>\$ 445,358</u>	<u>\$ 5,568,103</u>	<u>\$ 376,095</u>	<u>\$ 376,888,663</u>
TOTAL LIABILITIES	<u>\$ 370,499,107</u>	<u>\$ 445,358</u>	<u>\$ 5,568,103</u>	<u>\$ 376,095</u>	<u>\$ 376,888,663</u>

CITY OF MADISON

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
TAX COLLECTION FUND				
Assets				
Cash and investments	\$ 237,834,323	\$ 227,534,529	\$ 237,834,323	\$ 227,534,529
Taxes receivable	116,028,428	142,964,578	116,028,428	142,964,578
TOTAL ASSETS	\$ 353,862,751	\$ 370,499,107	\$ 353,862,751	\$ 370,499,107
Liabilities				
Due to other governmental units	\$ 353,862,751	\$ 370,499,107	\$ 353,862,751	\$ 370,499,107
TOTAL LIABILITIES	\$ 353,862,751	\$ 370,499,107	\$ 353,862,751	\$ 370,499,107
BOARD OF EDUCATION				
Assets				
Cash and investments	\$ 443,019	\$ 2,339	\$ -	\$ 445,358
TOTAL ASSETS	\$ 443,019	\$ 2,339	\$ -	\$ 445,358
Liabilities				
Due to other governmental units	\$ 443,019	\$ 2,339	\$ -	\$ 445,358
TOTAL LIABILITIES	\$ 443,019	\$ 2,339	\$ -	\$ 445,358
BOARD OF HEALTH				
Assets				
Cash and investments	\$ 4,145,129	\$ 1,422,974	\$ -	\$ 5,568,103
TOTAL ASSETS	\$ 4,145,129	\$ 1,422,974	\$ -	\$ 5,568,103
Liabilities				
Due to other governmental units	\$ 4,145,129	\$ 1,422,974	\$ -	\$ 5,568,103
TOTAL LIABILITIES	\$ 4,145,129	\$ 1,422,974	\$ -	\$ 5,568,103
METROPOLITAN UNIFIED FIBER NETWORK CONSORTIUM				
Assets				
Cash and investments	\$ 228,529	\$ 147,566	\$ -	\$ 376,095
TOTAL ASSETS	\$ 228,529	\$ 147,566	\$ -	\$ 376,095
Liabilities				
Due to other governmental units	\$ 228,529	\$ 147,566	\$ -	\$ 376,095
TOTAL LIABILITIES	\$ 228,529	\$ 147,566	\$ -	\$ 376,095
TOTAL AGENCY				
Assets				
Cash and investments	\$ 242,651,000	\$ 229,107,408	\$ 237,834,323	\$ 233,924,085
Taxes receivable	116,028,428	142,964,578	116,028,428	142,964,578
TOTAL ASSETS	\$ 358,679,428	\$ 372,071,986	\$ 353,862,751	\$ 376,888,663
Liabilities				
Due to other governmental units	\$ 358,679,428	\$ 372,071,986	\$ 353,862,751	\$ 376,888,663
TOTAL LIABILITIES	\$ 358,679,428	\$ 372,071,986	\$ 353,862,751	\$ 376,888,663

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
As of December 31, 2015

	Business Improvement District	Olbrich Society and Foundation	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
ASSETS					
Cash and investments	\$ 39,975	\$ 6,188,145	\$ 1,995,929	\$ 2,048,703	\$ 10,272,752
Receivables					
Accounts	4,500	22,027	-	-	26,527
Special assessments	270,305	-	-	-	270,305
Pledge receivable	-	392,506	515,259	30,000	937,765
Inventories	-	73,365	-	-	73,365
Prepaid items	20	14,009	8,899	934	23,862
Beneficial interest in assets held by MCF	-	50,370	4,347,293	63,828	4,461,491
Capital assets	-	-	26,119	-	26,119
Accumulated depreciation	-	-	(23,654)	-	(23,654)
Total Assets	<u>314,800</u>	<u>6,740,422</u>	<u>6,869,845</u>	<u>2,143,465</u>	<u>16,068,532</u>
LIABILITIES					
Accounts payable	\$ 11,897	\$ 71,296	\$ 37,951	\$ 9,736	\$ 130,880
Accrued liabilities	-	-	8,405	87,126	95,531
Total Liabilities	<u>11,897</u>	<u>71,296</u>	<u>46,356</u>	<u>96,862</u>	<u>226,411</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	<u>274,805</u>	<u>3,314</u>	-	-	<u>278,119</u>
Total Deferred Inflows of Resources	<u>274,805</u>	<u>3,314</u>	-	-	<u>278,119</u>
NET POSITION					
Net investment in capital assets	-	-	2,465	-	2,465
Restricted for:					
Library	-	-	2,325,173	-	2,325,173
Parks	-	1,497,557	-	1,362,219	2,859,776
Unrestricted	<u>28,098</u>	<u>5,168,255</u>	<u>4,495,851</u>	<u>684,384</u>	<u>10,376,588</u>
TOTAL NET POSITION	<u>\$ 28,098</u>	<u>\$ 6,665,812</u>	<u>\$ 6,823,489</u>	<u>\$ 2,046,603</u>	<u>\$ 15,564,002</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For the Year Ended December 31, 2015

	Business Improvement District	Olbrich Society and Foundation	Madison Public Library Foundation	Madison Parks Foundation	Total Nonmajor Component Units
OPERATING REVENUES					
Special assessments	\$ 266,936	\$ -	\$ -	\$ -	\$ 266,936
Charges for services	89,891	1,479,780	-	34,301	1,603,972
Grants and donations	40,904	1,114,246	1,317,614	1,087,628	3,560,392
Miscellaneous	7,045	-	-	-	7,045
Total Operating Revenues	<u>404,776</u>	<u>2,594,026</u>	<u>1,317,614</u>	<u>1,121,929</u>	<u>5,438,345</u>
OPERATING EXPENSES					
Operation and maintenance	<u>402,805</u>	<u>2,206,654</u>	<u>1,246,981</u>	<u>489,029</u>	<u>4,345,469</u>
Total Operating Expenses	<u>402,805</u>	<u>2,206,654</u>	<u>1,246,981</u>	<u>489,029</u>	<u>4,345,469</u>
Operating income	<u>1,971</u>	<u>387,372</u>	<u>70,633</u>	<u>632,900</u>	<u>1,092,876</u>
NONOPERATING REVENUES					
Investment income (loss)	711	(121,473)	61,690	(29,573)	(88,645)
Miscellaneous revenues	-	6,392	-	-	6,392
Total Nonoperating Revenue	<u>711</u>	<u>(115,081)</u>	<u>61,690</u>	<u>(29,573)</u>	<u>(82,253)</u>
Change in Net Position	2,682	272,291	132,323	603,327	1,010,623
NET POSITION - Beginning of Year	<u>25,416</u>	<u>6,393,521</u>	<u>6,691,166</u>	<u>1,443,276</u>	<u>14,553,379</u>
NET POSITION – END OF YEAR	<u>\$ 28,098</u>	<u>\$ 6,665,812</u>	<u>\$ 6,823,489</u>	<u>\$ 2,046,603</u>	<u>\$ 15,564,002</u>

CITY OF MADISON

STATEMENT OF NET POSITION AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2015

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 39,975	\$ -	\$ 39,975
Receivables			
Accounts receivable	4,500	-	4,500
Special assessments	270,305	-	270,305
Prepaid items	20	-	20
TOTAL ASSETS	<u>\$ 314,800</u>	<u>\$ -</u>	<u>\$ 314,800</u>
LIABILITIES			
Accounts payable	\$ 11,897	\$ -	\$ 11,897
Total Liabilities	<u>11,897</u>	<u>-</u>	<u>11,897</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	274,805	-	274,805
Total Deferred Outflows of Resources	<u>274,805</u>	<u>-</u>	<u>274,805</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned	28,098	(28,098)	-
Total Fund Balance	<u>28,098</u>	<u>(28,098)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 314,800</u>		
Net Position			
Unrestricted		<u>28,098</u>	<u>28,098</u>
TOTAL NET POSITION		<u>\$ 28,098</u>	<u>\$ 28,098</u>

CITY OF MADISON

STATEMENT OF NET POSITION AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2015

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 39,975	\$ -	\$ 39,975
Receivables			
Accounts receivable	4,500	-	4,500
Special assessments	270,305	-	270,305
Prepaid items	20	-	20
TOTAL ASSETS	<u>\$ 314,800</u>	<u>\$ -</u>	<u>\$ 314,800</u>
LIABILITIES			
Accounts payable	\$ 11,897	\$ -	\$ 11,897
Total Liabilities	<u>11,897</u>	<u>-</u>	<u>11,897</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	274,805	-	274,805
Total Deferred Outflows of Resources	<u>274,805</u>	<u>-</u>	<u>274,805</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned	28,098	(28,098)	-
Total Fund Balance	<u>28,098</u>	<u>(28,098)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 314,800</u>		
Net Position			
Unrestricted		<u>28,098</u>	<u>28,098</u>
TOTAL NET POSITION		<u>\$ 28,098</u>	<u>\$ 28,098</u>

CITY OF MADISON

STATEMENT OF ACTIVITIES AND GOVERNMENTAL COMPONENT UNIT
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUSINESS IMPROVEMENT DISTRICT
 For the Year Ended December 31, 2015

	Business Improvement District	Adjustments	Statement of Activities
REVENUES			
Special assessments	\$ 266,936	\$ -	\$ 266,936
Charges for services	89,891	-	89,891
Investment income	711	-	711
Grants and donations	40,904	-	40,904
Miscellaneous	7,045	-	7,045
Total Revenues	<u>405,487</u>	<u>-</u>	<u>405,487</u>
EXPENDITURES/EXPENSES			
Current			
Planning and development	<u>402,805</u>	<u>-</u>	<u>402,805</u>
Excess (deficiency) of revenues over expenditures	2,682	(2,682)	-
Change in net position	-	2,682	2,682
FUND BALANCE/NET POSITION			
Beginning of Year	<u>25,416</u>	<u>-</u>	<u>25,416</u>
END OF YEAR	<u>\$ 28,098</u>	<u>\$ -</u>	<u>\$ 28,098</u>

CITY OF MADISON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - ACTUAL AND BUDGET
 BUSINESS IMPROVEMENT DISTRICT
 For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ 266,936	\$ 266,936	\$ -
Charges for services	100,312	89,891	(10,421)
Investment income	800	711	(89)
Grants and donations	43,350	40,904	(2,446)
Miscellaneous	7,820	7,045	(775)
Total Revenues	<u>419,218</u>	<u>405,487</u>	<u>(13,731)</u>
EXPENDITURES			
Audit fees	2,020	2,000	20
Management fees	163,980	140,797	23,183
Miscellaneous	4,050	589	3,461
Advertising/marketing	63,470	59,677	3,793
Maps	28,700	28,838	(138)
Map distribution	2,250	1,759	491
Trolley	5,100	5,982	(882)
Planters	43,422	43,422	-
Winter light program	18,000	16,799	1,201
Ambassadors	47,060	46,184	876
Gift certificates	3,500	2,304	1,196
BID website	7,000	7,720	(720)
Parking passes	3,120	3,380	(260)
Postage	4,200	3,109	1,091
TOS programming	42,000	40,245	1,755
Other	6,762	-	6,762
Total Expenditures	<u>444,634</u>	<u>402,805</u>	<u>41,829</u>
Net Change in Fund Balance	(25,416)	2,682	28,098
FUND BALANCE - Beginning of Year	<u>25,416</u>	<u>25,416</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 28,098</u>	<u>\$ 28,098</u>

CITY OF MADISON

SEWER REMEDIATION REVENUE BOND COVENANT For the Year Ended December 31, 2015

OPERATING REVENUES

Charges for sewer services \$ 32,845,454

OPERATING EXPENSES

Operation and maintenance for sewer service 26,528,035

Depreciation for sewer 2,114,588

Total Operating Expenses 28,642,623

Sewer Net Operating Income 4,202,831

NONOPERATING REVENUES

Investment income 344,709

OTHER ADJUSTMENTS

Depreciation for sewer 2,114,588

NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE 6,662,128

Landfill remediation net revenues (188,224)

NET SEWER AND LANDFILL REVENUES AVAILABLE FOR DEBT SERVICE \$ 6,473,904

Sewer revenue bonds are backed by sewer rates and landfill remediation fees.

CAPITAL PROJECTS FUND

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

Special Assessments Improvements – Accounts for long-term receivables associated with the city's Special Assessment Improvement Program.

TIF Districts – Accounts for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing.

Other Capital Projects – Accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure.

CITY OF MADISON

SCHEDULE OF BALANCE SHEET - CAPITAL PROJECTS
As of December 31, 2015

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
ASSETS					
Cash and investments	\$ 4,306,381	\$ 39,904,859	\$ 10,026,961	\$ -	\$ 54,238,201
Taxes receivable	4,619,516	17,986,524	-	-	22,606,040
Accounts receivable	-	-	190,521	-	190,521
Special assessments	16,486,752	-	-	-	16,486,752
Accrued interest	-	816,517	-	-	816,517
Long-term loans receivable	11,181	1,323,278	-	-	1,334,459
Due from other governmental units	89,809	-	1,786,750	-	1,876,559
Due from other funds	-	-	13,223,012	(10,253,826)	2,969,186
Advances to other funds	972,178	-	-	-	972,178
Leases receivable	-	5,506,585	-	-	5,506,585
Inventories	-	-	1,014,203	-	1,014,203
TOTAL ASSETS	\$ 26,485,817	\$ 65,537,763	\$ 26,241,447	\$ (10,253,826)	\$ 108,011,201
LIABILITIES					
Accounts payable	\$ 790	\$ 12,370	\$ 10,726,836	\$ -	\$ 10,739,996
Due to other governmental units	18,081	-	-	-	18,081
Due to other funds	3,170,939	10,253,826	-	(10,253,826)	3,170,939
Total Liabilities	3,189,810	10,266,196	10,726,836	(10,253,826)	13,929,016
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	17,928,332	7,646,380	1,385,935	-	26,960,647
Unearned revenues	467,508	17,986,524	-	-	18,454,032
Total Deferred Inflows of Resources	18,395,840	25,632,904	1,385,935	-	45,414,679
FUND BALANCES					
Restricted	-	29,638,663	-	-	29,638,663
Assigned	4,900,167	-	14,128,676	-	19,028,843
Total Fund Balances	4,900,167	29,638,663	14,128,676	-	48,667,506
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 26,485,817	\$ 65,537,763	\$ 26,241,447	\$ (10,253,826)	\$ 108,011,201

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS
For the Year Ended December 31, 2015

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
REVENUES					
Taxes	\$ -	\$ 13,759,032	\$ -	\$ -	\$ 13,759,032
Special assessments	6,510,649	-	-	-	6,510,649
Intergovernmental	-	629,030	5,740,701	-	6,369,731
Public charges for services	-	119,131	935,907	-	1,055,038
Investment income	322,312	196,932	(19,742)	-	499,502
Miscellaneous	-	531,957	1,131,662	-	1,663,619
Total Revenues	<u>6,832,961</u>	<u>15,236,082</u>	<u>7,788,528</u>	<u>-</u>	<u>29,857,571</u>
EXPENDITURES					
Current					
General government	-	-	3,385,493	-	3,385,493
Public safety	-	-	515,364	-	515,364
Public works	-	-	10,503,656	-	10,503,656
Planning and development	68,661	-	411,659	-	480,320
Culture and recreation	-	-	2,180,993	-	2,180,993
Capital Outlay	-	18,224,220	56,133,895	-	74,358,115
Debt Service					
Principal retirement	-	555,000	-	-	555,000
Interest and fiscal charges	-	494,401	-	-	494,401
Total Expenditures	<u>68,661</u>	<u>19,273,621</u>	<u>73,131,060</u>	<u>-</u>	<u>92,473,342</u>
Excess (deficiency) of revenues over expenditures	<u>6,764,300</u>	<u>(4,037,539)</u>	<u>(65,342,532)</u>	<u>-</u>	<u>(62,615,771)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	13,345,000	52,407,278	-	65,752,278
Premium on debt issued	-	135,436	-	-	135,436
Sale of capital assets	-	1	1,288,001	-	1,288,002
Transfers in	-	-	12,451,546	(3,957,327)	8,494,219
Transfers out	(4,223,499)	(7,940,090)	(267,115)	3,957,327	(8,473,377)
Total Other Financing Sources (Uses)	<u>(4,223,499)</u>	<u>5,540,347</u>	<u>65,879,710</u>	<u>-</u>	<u>67,196,558</u>
Net Change in Fund Balances	2,540,801	1,502,808	537,178	-	4,580,787
FUND BALANCE - Beginning of Year	<u>2,359,366</u>	<u>28,135,855</u>	<u>13,591,498</u>	<u>-</u>	<u>44,086,719</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,900,167</u>	<u>\$ 29,638,663</u>	<u>\$ 14,128,676</u>	<u>\$ -</u>	<u>\$ 48,667,506</u>

CITY OF MADISON

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

Table 1

CITY OF MADISON

NET POSITION BY COMPONENT
Last Ten Fiscal Years

<u>Functions/Programs</u>	Fiscal Year			
	2015	2014	2013	2012
Governmental Activities				
Net investment in capital assets	\$ 686,732,418	\$ 697,100,797	\$ 669,740,170	\$ 648,240,698
Restricted	130,519,817	96,845,672	102,065,176	116,189,017
Unrestricted (deficit)	<u>24,198,147</u>	<u>(11,365,460)</u>	<u>(15,122,827)</u>	<u>(15,294,186)</u>
Total Governmental Activities Net Position	<u>841,450,382</u>	<u>782,581,009</u>	<u>756,682,519</u>	<u>749,135,529</u>
Business-type Activities				
Net investment capital assets	449,895,013	439,940,358	425,067,257	424,324,445
Restricted	17,878,796	9,239,578	7,321,422	6,237,712
Unrestricted	<u>67,862,809</u>	<u>58,556,914</u>	<u>51,792,342</u>	<u>43,824,494</u>
Total Business-type Activities Net Position	<u>535,636,618</u>	<u>507,736,850</u>	<u>484,181,021</u>	<u>474,386,651</u>
Primary Government				
Net investment capital assets	1,136,627,431	1,137,041,155	1,094,807,427	1,072,565,143
Restricted	148,398,613	106,085,250	109,386,598	122,426,729
Unrestricted	<u>92,060,956</u>	<u>47,191,454</u>	<u>36,669,515</u>	<u>28,530,308</u>
Total Primary Government Net Position	<u>\$ 1,377,087,000</u>	<u>\$ 1,290,317,859</u>	<u>\$ 1,240,863,540</u>	<u>\$ 1,223,522,180</u>

Source: City of Madison Finance Department

CITY OF MADISON

NET POSITION BY COMPONENT Last Ten Fiscal Years

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 629,377,433	\$ 590,604,246	\$ 566,794,764	\$ 589,911,530	\$ 582,792,111	\$ 543,227,427
136,122,589	106,311,824	106,795,490	102,647,126	103,178,315	96,336,701
(9,322,438)	26,308,915	28,739,587	14,742,776	16,082,243	23,057,690
756,177,584	723,224,985	702,329,841	707,301,432	702,052,669	662,621,818
420,562,727	409,528,718	396,537,846	370,675,278	362,338,308	344,747,804
5,577,351	4,845,148	10,156,220	24,158,259	24,682,802	18,665,386
31,725,610	29,511,183	18,597,330	16,370,914	15,777,717	21,571,753
457,865,688	443,885,049	425,291,396	411,204,451	402,798,827	384,984,943
1,049,940,160	1,000,132,964	963,332,610	960,586,808	945,130,419	887,975,231
141,699,940	111,156,972	116,951,710	126,805,385	127,861,117	115,002,087
22,403,172	55,820,098	47,336,917	31,113,690	31,859,960	44,629,443
\$ 1,214,043,272	\$ 1,167,110,034	\$ 1,127,621,237	\$ 1,118,505,883	\$ 1,104,851,496	\$ 1,047,606,761

Table 2

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year			
	2015	2014	2013	2012
Primary Government				
Expenses				
Governmental Activities				
General government	\$ 32,364,752 ¹	\$ 2,121,656	\$ 2,255,651	\$ 1,958,254
Administration	-	22,848,442	20,687,499	21,669,949
Public safety	127,693,407	115,721,627	113,255,320	112,216,449
Public works and transportation	76,018,961	73,923,377	81,105,591	74,174,346
Public facilities	-	-	-	-
Planning and development	48,069,978	67,065,104	57,401,249	49,614,211
Culture and recreation	40,131,614 ²	17,345,247	14,714,621	11,117,422
Interest and fiscal charges	8,521,134	8,527,351	11,180,783	9,513,832
Total Governmental Activities Expenses	<u>332,799,846</u>	<u>307,552,804</u>	<u>300,600,714</u>	<u>280,264,463</u>
Business-type Activities				
Water	26,845,428	25,954,120	25,549,223	22,947,444
Sewer	32,799,172	30,879,641	29,045,341	26,668,531
Stormwater	13,176,054	12,341,348	11,978,662	10,534,871
Parking utility	9,070,059	9,326,944	9,023,631	8,793,504
Transit	61,721,601	61,402,871	58,787,093	57,339,818
Convention center	9,311,942	10,252,087	10,093,985	9,175,872
Golf courses	2,835,591	2,861,549	2,909,508	2,312,548
Total Business-type Activities Expenses	<u>155,759,847</u>	<u>153,018,560</u>	<u>147,387,443</u>	<u>137,772,588</u>
Total Primary Government Expenses	<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>	<u>\$ 447,988,157</u>	<u>\$ 418,037,051</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General government/Administration	\$ 1,327,316 ¹	\$ 3,044,967	\$ 3,099,468	\$ 2,820,507
Public safety	15,283,825	13,034,385	13,457,460	12,399,734
Public works and transportation	3,337,537	12,098,555	8,237,731	6,636,579
Planning and development	10,717,502	3,455,614	3,522,503	2,707,851
Culture and recreation	3,189,570 ²	592,074	561,459	517,407
Operating Grants and Contributions	18,037,173	13,328,609	15,023,919	12,846,011
Capital Grants and Contributions	24,293,877	41,419,302	30,504,459	27,111,813
Total Governmental Activities Program Revenues	<u>76,186,800</u>	<u>86,973,506</u>	<u>74,406,999</u>	<u>65,039,902</u>
Business-type Activities				
Charges for Services				
Water	29,513,563	29,866,020	28,922,282	29,945,988
Sewer	32,845,454	33,241,202	30,909,466	30,558,613
Stormwater	14,586,406	14,423,757	13,723,265	13,287,899
Parking utility	13,660,478	13,361,272	12,320,855	11,494,828
Transit	18,045,485	18,010,975	17,468,166	16,515,060
Convention center	4,686,368	4,359,290	4,595,060	4,263,591
Golf courses	3,052,335	2,652,013	2,676,118	2,136,428

(Continued on Page 155)

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 1,628,722	\$ 3,031,324	\$ 4,684,496	\$ 4,267,988	\$ 4,236,032	\$ 9,392,623
18,430,102	15,616,895	17,922,211	17,676,747	15,302,124	14,587,056
112,037,179	110,164,913	99,968,369	99,942,227	95,408,275	84,798,025
65,272,682	69,860,451	67,619,640	55,837,916	50,562,349	43,918,076
-	-	542,149	614,871	417,051	468,070
59,025,231	60,099,632	60,768,968	73,243,931	59,495,322	45,921,582
10,280,021	8,693,307	12,703,878	12,312,649	12,155,464	12,989,161
9,642,365	10,528,055	9,974,803	9,810,633	8,845,241	9,463,968
<u>276,316,302</u>	<u>277,994,577</u>	<u>274,184,514</u>	<u>273,706,962</u>	<u>246,421,858</u>	<u>221,538,561</u>
23,378,337	22,103,679	21,208,394	20,188,551	18,818,443	16,699,460
27,106,624	25,036,162	27,064,610	23,822,227	21,801,684	21,005,970
10,286,533	9,507,140	10,480,943	8,803,596	7,515,068	7,404,717
8,740,316	8,298,771	8,432,887	8,791,576	8,172,718	7,729,816
58,094,848	56,286,549	55,297,721	53,665,850	51,013,867	49,902,676
9,078,108	9,280,186	8,864,403	9,604,296	9,167,594	8,935,092
2,262,318	2,090,489	2,073,999	2,348,127	2,386,624	2,295,816
<u>138,947,084</u>	<u>132,602,976</u>	<u>133,422,957</u>	<u>127,224,223</u>	<u>118,875,998</u>	<u>113,973,547</u>
\$ 415,263,386	\$ 410,597,553	\$ 407,607,471	\$ 400,931,185	\$ 365,297,856	\$ 335,512,108
\$ 4,815,287	\$ 2,453,263	\$ 2,305,517	\$ 2,257,139	\$ 2,332,635	\$ 2,260,072
12,075,521	12,508,667	11,380,373	10,964,762	10,938,357	11,129,609
6,909,956	5,994,781	8,396,892	5,249,073	8,370,425	7,866,696
2,231,039	2,151,830	2,996,539	4,289,283	6,359,008	5,742,201
1,363,708	1,949,805	2,076,320	2,172,699	2,208,702	2,174,578
13,288,699	11,740,758	11,287,052	17,001,057	10,616,849	12,004,360
34,014,931	34,462,428	21,594,063	26,311,975	45,071,858	43,568,840
<u>74,699,141</u>	<u>71,261,532</u>	<u>60,036,756</u>	<u>68,245,988</u>	<u>85,897,834</u>	<u>84,746,356</u>
28,100,283	26,682,887	21,949,406	20,306,548	18,583,654	17,673,078
29,977,230	27,652,056	23,640,454	22,218,261	23,163,639	21,674,322
12,826,835	11,536,491	10,413,924	9,318,178	8,405,471	6,789,154
11,173,228	11,043,036	10,103,591	9,721,331	10,048,848	9,569,612
16,178,584	15,364,470	14,311,144	13,225,340	12,362,526	11,284,612
4,145,295	4,163,608	3,894,682	4,606,747	4,363,491	3,993,834
2,007,156	2,077,855	2,216,566	2,145,929	2,197,255	2,219,535

Table 2 (Cont.)

	Fiscal Year			
	2015	2014	2013	2012
Program Revenues (Continued from Page 153)				
Business-type Activities				
Operating Grants and Contributions	\$ 27,087,906	\$ 26,399,858	\$ 25,915,025	\$ 25,697,964
Capital Grants and Contributions	<u>13,694,134</u>	<u>18,075,551</u>	<u>7,746,128</u>	<u>8,431,763</u>
Total Business-type Activities Program Revenues	<u>157,172,129</u>	<u>160,389,938</u>	<u>144,276,365</u>	<u>142,332,134</u>
Total Primary Government Program Revenues	\$ <u>233,358,929</u>	\$ <u>247,363,444</u>	\$ <u>218,683,364</u>	\$ <u>207,372,036</u>
Net (Expense)/Revenue				
Governmental activities	\$ (256,613,046)	\$ (220,579,298)	\$ (226,193,715)	\$ (215,224,561)
Business-type activities	<u>1,412,282</u>	<u>7,371,378</u>	<u>(3,111,078)</u>	<u>4,559,546</u>
Total Primary Government Net (Expense)/Revenue	\$ <u>(255,200,764)</u>	\$ <u>(213,207,920)</u>	\$ <u>(229,304,793)</u>	\$ <u>(210,665,015)</u>
Governmental Activities				
Taxes				
Property taxes, levied for general purposes	\$ 188,040,216	\$ 182,858,993	\$ 179,480,708	\$ 174,282,292
Property taxes, levied for the library	15,453,334	14,513,083	13,839,511	12,136,283
Property taxes, levied for TIF districts	13,759,032	11,939,533	10,134,337	9,272,236
Other taxes	15,261,034	13,606,870	12,240,012	11,376,162
Intergovernmental revenues not restricted, to specific programs	24,058,453	25,723,753	24,711,209	24,911,463
Investment income	2,804,384	4,914,140	(673,893)	3,520,843
Miscellaneous	5,193,375	4,605,664	4,402,902	7,323,422
Gain on sale of assets	1,351,317	3,659,078	1,944,748	1,476,149
Transfers, internal	<u>(11,550,524)</u>	<u>(15,343,326)</u>	<u>(12,338,829)</u>	<u>(10,555,966)</u>
Total Governmental Activities General Revenues	<u>254,370,621</u>	<u>246,477,788</u>	<u>233,740,705</u>	<u>233,742,884</u>
Business-type Activities				
Investment income	838,752	878,504	393,470	576,275
Miscellaneous	498,258	490,977	1,951,480	466,458
Gain on forgiveness of debt	-	-	-	-
Gain (loss) on sale of assets	(1,080,767)	370,450	(1,778,331)	362,718
Transfers, internal	<u>11,550,524</u>	<u>15,343,326</u>	<u>12,338,829</u>	<u>10,555,966</u>
Total Business-type Activities General Revenues	<u>11,806,767</u>	<u>17,083,257</u>	<u>12,905,448</u>	<u>11,961,417</u>
Total Primary Government General Revenue	\$ <u>266,177,388</u>	\$ <u>263,561,045</u>	\$ <u>246,646,153</u>	\$ <u>245,704,301</u>
Change in Net Position, Before Special and Extraordinary Items				
Governmental activities	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ 18,518,323
Business-type activities	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>
Total Primary Government Change in Net Position, Before Special and Extraordinary Items	\$ <u>10,976,624</u>	\$ <u>50,353,125</u>	\$ <u>17,341,360</u>	\$ <u>35,039,286</u>
Special and Extraordinary Items				
Governmental activities				
Special item - loan allowances	-	-	-	<u>(25,560,378)</u>
Change in Net Position, After Special and Extraordinary Items				
Governmental activities	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990	\$ (7,042,055)
Business-type activities	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>	<u>16,520,963</u>
Total Primary Government Change in Net Position, After Special and Extraordinary Items	\$ <u>10,976,624</u>	\$ <u>50,353,125</u>	\$ <u>17,341,360</u>	\$ <u>9,478,908</u>

Source: City of Madison Finance Department

¹ - Administration is now included within General government.² - Parks is now included within Culture and recreation.

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 26,941,035	\$ 27,101,036	\$ 26,134,472	\$ 25,542,393	\$ 23,970,612	\$ 23,182,850
<u>11,061,134</u>	<u>14,566,485</u>	<u>19,023,645</u>	<u>13,182,200</u>	<u>18,812,482</u>	<u>18,042,911</u>
<u>142,410,780</u>	<u>140,187,924</u>	<u>131,687,884</u>	<u>120,266,927</u>	<u>121,907,978</u>	<u>114,429,908</u>
<u>\$ 217,109,921</u>	<u>\$ 211,449,456</u>	<u>\$ 191,724,640</u>	<u>\$ 188,512,915</u>	<u>\$ 207,805,812</u>	<u>\$ 199,176,264</u>
\$ (201,617,161)	\$ (206,733,045)	\$ (214,147,758)	\$ (205,460,974)	\$ (160,524,024)	\$ (136,792,205)
<u>3,463,696</u>	<u>7,584,948</u>	<u>(1,735,073)</u>	<u>(6,957,296)</u>	<u>3,031,980</u>	<u>456,361</u>
<u>\$ (198,153,465)</u>	<u>\$ (199,148,097)</u>	<u>\$ (215,882,831)</u>	<u>\$ (212,418,270)</u>	<u>\$ (157,492,044)</u>	<u>\$ (136,335,844)</u>
\$ 167,260,333	\$ 161,524,371	\$ 153,277,841	\$ 141,633,208	\$ 133,037,064	\$ 126,514,702
12,383,292	12,165,259	11,798,733	11,113,220	9,966,911	9,476,299
10,664,746	10,578,010	8,988,283	18,673,852	16,485,423	13,782,406
11,011,045	10,097,061	9,211,882	10,201,505	9,873,167	8,563,750
26,922,649	25,954,536	27,426,172	27,270,698	25,593,145	24,792,538
6,790,404	4,145,004	6,244,778	7,926,950	13,753,209	13,408,204
8,515,647	12,604,300	7,009,475	7,298,982	9,516,784	7,365,605
305,290	-	-	-	-	417,814
<u>(9,283,646)</u>	<u>(9,440,352)</u>	<u>(14,780,997)</u>	<u>(13,408,678)</u>	<u>(10,109,860)</u>	<u>(9,642,254)</u>
<u>234,569,760</u>	<u>227,628,189</u>	<u>209,176,167</u>	<u>210,709,737</u>	<u>208,115,843</u>	<u>194,679,064</u>
701,957	632,378	785,961	1,599,920	2,012,291	1,992,371
309,416	51,455	63,056	342,737	274,096	218,804
-	-	-	11,585	-	-
221,924	884,520	192,004	-	130,582	75,190
<u>9,283,646</u>	<u>9,440,352</u>	<u>14,780,997</u>	<u>13,408,678</u>	<u>10,109,860</u>	<u>9,642,254</u>
<u>10,516,943</u>	<u>11,008,705</u>	<u>15,822,018</u>	<u>15,362,920</u>	<u>12,526,829</u>	<u>11,928,619</u>
<u>\$ 245,086,703</u>	<u>\$ 238,636,894</u>	<u>\$ 224,998,185</u>	<u>\$ 226,072,657</u>	<u>\$ 220,642,672</u>	<u>\$ 206,607,683</u>
\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)	\$ 5,248,763	\$ 47,591,819	\$ 57,886,859
<u>13,980,639</u>	<u>18,593,653</u>	<u>14,086,945</u>	<u>8,405,624</u>	<u>15,558,809</u>	<u>12,384,980</u>
<u>\$ 46,933,238</u>	<u>\$ 39,488,797</u>	<u>\$ 9,115,354</u>	<u>\$ 13,654,387</u>	<u>\$ 63,150,628</u>	<u>\$ 70,271,839</u>
-	-	-	-	-	-
\$ 32,952,599	\$ 20,895,144	\$ (4,971,591)	\$ 5,248,763	\$ 47,591,819	\$ 57,886,859
<u>13,980,639</u>	<u>18,593,653</u>	<u>14,086,945</u>	<u>8,405,624</u>	<u>15,558,809</u>	<u>12,384,980</u>
<u>\$ 46,933,238</u>	<u>\$ 39,488,797</u>	<u>\$ 9,115,354</u>	<u>\$ 13,654,387</u>	<u>\$ 63,150,628</u>	<u>\$ 70,271,839</u>

Table 3

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

	Fiscal Year									
	2015	2014	2013	2012	2011 ¹	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653	\$ 9,145,781	\$ 9,231,767	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	7,479,909	8,877,458	13,064,529	14,065,149	14,803,973	-	-	-	-	-
Unassigned	38,428,656	39,157,966	38,581,069	42,820,297	39,891,934	-	-	-	-	-
Reserved	-	-	-	-	-	11,016,262	16,464,954	13,565,714	12,408,518	8,969,452
Unreserved	-	-	-	-	-	33,728,720	27,778,580	32,574,346	32,964,631	34,967,435
Total General Fund	\$ 54,637,598	\$ 56,258,254	\$ 59,792,251	\$ 66,031,227	\$ 63,927,674	\$ 44,744,982	\$ 44,243,534	\$ 46,140,060	\$ 45,373,149	\$ 43,936,887
All Other Governmental Funds										
Nonspendable	\$ 636,096	\$ 909,569	\$ 819,224	\$ 780,307	\$ 753,980	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	73,582,930	80,105,535	87,534,586	92,993,807	84,978,274	-	-	-	-	-
Committed	4,552,377	3,103,793	3,620,218	3,554,712	3,529,971	-	-	-	-	-
Assigned	19,028,843	9,211,062	11,133,474	10,039,158	5,688,602	-	-	-	-	-
Unassigned (deficit)	-	(1,300,500)	(1,785,658)	(1,930,941)	(3,182,091)	-	-	-	-	-
Reserved	-	-	-	-	-	83,242,816	54,296,424	41,740,489	35,930,965	36,296,134
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	28,888,434	27,871,797	31,906,557	37,880,968	31,829,861
Capital projects funds	-	-	-	-	-	12,496,924	26,526,763	15,741,521	25,140,468	25,649,731
Total All Other Governmental Funds	\$ 97,800,246	\$ 92,029,459	\$ 101,321,844	\$ 105,437,043	\$ 91,768,736	\$ 124,628,174	\$ 108,694,984	\$ 89,388,567	\$ 98,952,401	\$ 93,775,726
Total Fund Balances	\$ 152,437,844	\$ 148,287,713	\$ 161,114,095	\$ 171,468,270	\$ 155,696,410	\$ 169,373,156	\$ 152,938,518	\$ 135,528,627	\$ 144,325,550	\$ 137,712,613

Source: City of Madison Finance Department

¹ - The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the fiscal year 2011. 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			
	2015	2014	2013	2012
Revenues				
Taxes	\$ 232,513,616	\$ 222,918,478	\$ 215,694,569	\$ 207,066,973
Special assessments	6,510,649 ¹	3,555,076	3,433,496	3,253,150
Intergovernmental	48,120,548	42,048,795	42,699,076	45,199,898
Licenses and permits	6,975,916	5,563,190	5,694,748	5,060,653
Fines and forfeitures	7,012,225	6,583,550	7,003,338	7,116,451
Public charges for services	23,560,642	12,349,216	11,674,054	10,241,783
Investment income (loss)	2,750,270	4,712,405	(928,585)	4,246,576
Grants and donations	326,485	691,517	2,875,771	4,810,756
Miscellaneous	5,017,982	11,606,825	14,295,196	12,524,831
Total Revenues	332,788,333	310,029,052	302,441,663	299,521,071
Expenditures				
Current				
General government	30,180,556	4,790,434	1,645,978	1,367,452
Administration	- ²	21,328,316	19,942,313	19,827,118
Public safety	121,413,860	114,952,846	113,057,244	110,238,776
Public works	45,448,660	56,788,138	55,384,932	45,844,762
Culture, recreation, and education	32,842,736	13,275,660	12,533,252	11,539,516
Planning and development	29,073,026	34,043,194	34,687,925	41,005,823
Capital outlay	74,653,601	57,605,100	58,901,304	59,618,224
Debt service				
Principal retirement	53,233,284	47,826,378	47,589,243	40,480,575
Interest and fiscal charges	11,247,273	10,959,890	11,439,196	10,721,148
Total Expenditures	398,092,996	361,569,956	355,181,387	340,643,394
Deficiency of revenues over expenditures	(65,304,663)	(51,540,904)	(52,739,724)	(41,122,323)
Other Financing Sources (Uses)				
General obligation debt issued	66,802,278	42,529,234	48,926,937	61,134,431
Refunding debt issued	6,698,966	-	-	-
Premium on debt issued	4,865,460	4,757,647	4,172,560	5,578,933
Discount on debt issued	-	-	-	-
Payment to refunding escrow	-	-	-	-
Capital lease issued	-	-	-	-
Sale of capital assets	1,351,317	3,659,078	1,944,748	1,476,149
Transfers in	74,112,020	73,033,560	72,023,687	57,514,330
Transfers out	(84,375,247)	(85,264,997)	(84,682,383)	(68,809,660)
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	69,454,794	38,714,522	42,385,549	56,894,183
Net Change in Fund Balances	\$ 4,150,131	\$ (12,826,382)	\$ (10,354,175)	\$ 15,771,860
Debt service as a percentage of noncapital expenditures	18.9% ³	19.1% ³	19.1% ³	18.2%

Source: City of Madison Finance Department

¹ - Double the number of assessment fund districts were finalized than in previous years.² - Administration is now part of General government expenditures³ - Prior years do not include non-capitalized portion of Capital Outlay

CITY OF MADISON

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
\$	201,319,416	\$ 194,362,724	\$ 183,243,330	\$ 181,563,946	\$ 169,182,614	\$ 158,412,372
	3,263,682	2,286,075	3,589,902	2,466,783	2,962,336	2,519,440
	46,963,955	45,808,346	44,709,308	45,404,640	43,418,016	46,627,813
	4,253,595	3,949,572	4,036,108	4,541,445	6,547,559	6,663,428
	7,045,657	6,960,334	6,675,342	6,477,070	6,731,276	6,711,849
	11,452,879	11,196,600	9,682,909	10,276,114	10,575,403	9,053,704
	6,857,819	4,154,120	6,197,684	8,036,536	13,665,435	12,920,515
	1,626,299	187,920	517,260	591,002	730,236	2,055,638
	9,635,933	14,110,755	10,024,482	12,845,101	14,928,092	11,723,636
	<u>292,419,235</u>	<u>283,016,446</u>	<u>268,676,325</u>	<u>272,202,637</u>	<u>268,740,967</u>	<u>256,688,395</u>
	1,578,022	1,602,350	1,532,210	1,236,787	1,429,189	2,783,977
	21,637,641	20,050,001	19,779,620	18,080,794	16,293,710	14,691,495
	109,742,533	106,680,652	101,011,574	97,536,798	92,237,876	86,005,648
	45,573,125	46,410,443	48,028,306	47,331,273	44,807,766	38,673,118
	20,859,087	12,203,829	-	-	-	-
	30,589,064	43,939,467	59,776,891	54,614,672	49,615,824	45,619,097
	56,772,151	53,358,456	40,515,037	63,123,017	44,949,555	44,128,206
	73,992,362	32,874,536	30,803,065	28,806,368	24,676,824	24,961,260
	<u>11,183,708</u>	<u>10,449,318</u>	<u>10,272,288</u>	<u>9,394,114</u>	<u>8,491,403</u>	<u>8,956,008</u>
	<u>371,927,693</u>	<u>327,569,052</u>	<u>311,718,991</u>	<u>320,123,823</u>	<u>282,502,147</u>	<u>265,818,809</u>
	<u>(79,508,458)</u>	<u>(44,552,606)</u>	<u>(43,042,666)</u>	<u>(47,921,186)</u>	<u>(13,761,180)</u>	<u>(9,130,414)</u>
	63,251,325	48,465,296	52,399,673	51,405,117	33,803,486	22,097,500
	-	51,520,000	43,915,000	-	-	-
	10,470,265	4,017,287	1,753,542	875,162	757,427	293,139
	-	-	-	-	-	-
	-	(35,098,167)	(24,720,713)	-	-	-
	-	-	-	-	-	119,100
	-	-	-	-	-	-
	55,806,794	52,141,807	45,001,940	48,687,088	43,746,623	41,246,453
	(63,696,672)	(60,058,979)	(57,896,885)	(61,843,104)	(57,933,419)	(53,312,951)
	-	-	-	-	-	1,300,000
	-	-	-	-	-	(1,300,000)
	<u>65,831,712</u>	<u>60,987,244</u>	<u>60,452,557</u>	<u>39,124,263</u>	<u>20,374,117</u>	<u>10,443,241</u>
\$	<u>(13,676,746)</u>	<u>\$ 16,434,638</u>	<u>\$ 17,409,891</u>	<u>\$ (8,796,923)</u>	<u>\$ 6,612,937</u>	<u>\$ 1,312,827</u>
	27.0%	15.8%	14.9%	13.8%	14.0%	15.3%

Table 5

CITY OF MADISON
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

(in thousands)

Fiscal Year	Levy Year	Real Property					Personal Property	Total Assessed Value ¹	Less: TIF Increment Value ²	Total Taxable Assessed Value	Total Direct Tax Rate	Equalized Value	Ratio of Assessed to Equalized ³
		Residential	Commercial	Manufacturing	Agricultural ¹	Other							
2015	2014	\$ 14,173,658	\$ 7,771,527	\$ 249,364	\$ 5,187	\$ 15,683	\$ 724,252	\$ 22,939,671	\$ 716,741	\$ 22,222,930	\$ 9.48	\$ 23,685,668	96.9 %
2014	2013	13,636,868	7,347,451	247,797	6,661	16,225	703,178	21,958,180	551,556	21,406,624	9.50	22,710,892	96.7
2013	2012	13,223,785	7,118,629	268,622	5,495	14,782	719,138	21,350,451	461,115	20,889,336	9.30	21,853,251	97.7
2012	2011	13,320,053	6,884,721	258,751	5,813	15,306	709,680	21,194,324	401,116	20,793,208	8.81	21,697,081	97.7
2011	2010	13,692,160	6,866,172	273,292	5,848	12,778	718,844	21,569,094	382,688	21,186,406	8.43	21,965,222	98.2
2010	2009	13,829,410	6,872,197	268,163	5,269	11,562	765,031	21,751,632	456,274	21,295,358	7.89	22,212,096	97.9
2009	2008	14,100,296	7,353,268	269,595	1,930	14,060	762,347	22,501,496	476,986	22,024,510	7.50	23,131,429	97.3
2008	2007	14,650,450	6,803,581	273,238	2,084	9,854	733,503	22,472,710	424,974	22,047,736	7.32	23,105,475	97.3
2007	2006	14,330,014	6,463,531	287,307	1,283	9,069	647,478	21,738,682	883,902	20,854,780	7.21	22,309,635	97.4
2006	2005	13,656,652	6,065,350	281,995	1,030	2,219	618,930	20,626,176	778,065	19,848,111	7.47	21,219,004	97.2

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 districts³ - Assessment ratio is calculated by the State of Wisconsin Equalization Board

Table 6

CITY OF MADISON

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			
	<u>Library</u>	<u>General Fund</u>	<u>Total Direct</u>	<u>Madison School District</u> ¹	<u>Dane County</u>	<u>State of Wisconsin</u>	<u>Madison Area Technical College</u>
2015	\$ 0.72	\$ 8.77	\$ 9.48	\$ 12.38	\$ 3.02	\$ 0.18	\$ 0.97
2014	0.69	8.81	9.50	12.16	2.97	0.17	1.89
2013	0.67	8.65	9.30	11.80	2.87	0.17	1.86
2012	0.57	8.24	8.81	11.35	2.73	0.17	1.74
2011	0.58	7.85	8.43	11.31	2.59	0.17	1.51
2010	0.55	7.34	7.89	10.47	2.43	0.17	1.35
2009	0.54	6.96	7.50	10.08	2.24	0.17	1.25
2008	0.53	6.79	7.32	10.34	2.24	0.17	1.23
2007	0.50	6.71	7.21	10.30	2.34	0.18	1.25
2006	0.52	6.95	7.47	10.73	2.46	0.19	1.30

Source: Annual City of Madison Adopted Operating Budget

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

Table 7

CITY OF MADISON

PRINCIPAL PROPERTY TAX PAYERS Prior Year and Ten Years Ago

Taxpayer	2014			2005		
	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	\$ 189,485,700	1	0.86 %	\$ 173,021,700	2	0.92 %
Urban Land Interest	166,017,100	2	0.76 %			0.00 %
American Family Insurance	163,933,000	3	0.75 %	175,968,800	1	0.93 %
Stephen D Brown Properties	150,011,200	4	0.68 %			0.00 %
McCormick/Soderholm Properties	134,853,800	5	0.61 %			0.00 %
Wingra Building Group/Dean Medical Center	125,677,200	6	0.57 %	75,388,900	5	0.40 %
Covance Laboratories	114,774,000	7	0.52 %	59,925,800	7	0.32 %
Gialamas Company	104,599,800	8	0.48 %			0.00 %
Mullins, Carol	85,713,500	9	0.39 %	85,438,800	3	0.45 %
Terrance R. Wall	78,564,800	10	0.36 %	46,208,600	8	0.24 %
Munz Investment/Munz Corp.				79,068,900	4	0.42 %
CUNA Mutual Group				69,365,400	6	0.37 %
Hilldale Building Co LLC				31,804,300	9	0.17 %
Oscar Mayer Foods Corp.				31,615,600	10	0.17 %
Total	\$ 1,313,630,100		5.98 %	\$ 827,806,800		4.39 %

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	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of the Levy in Subsequent Years	Total Collections to Date ¹	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2014	\$ 202,870,333	\$ 202,157,694	99.65 %	\$ -	\$ 202,157,694	99.65 %
2014	2013	198,441,725	197,888,080	99.72	472,047	198,360,128	99.96
2013	2012	193,400,074	192,614,826	99.59	660,505	193,275,331	99.94
2012	2011	186,737,361	186,183,242	99.70	432,180	186,615,422	99.93
2011	2010	179,491,250	178,618,404	99.51	714,487	179,332,891	99.91
2010	2009	173,805,401	172,932,555	99.50	723,105	173,655,660	99.91
2009	2008	165,389,781	164,695,956	99.58	634,606	165,330,562	99.96
2008	2007	152,733,336	151,936,781	99.48	719,867	152,656,648	99.95
2007	2006	143,124,913	142,774,616	99.76	284,174	143,058,790	99.95
2006	2005	136,198,351	135,693,690	99.63	438,598	136,132,288	99.95

Source: City of Madison Finance Department

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

¹ - Collections as of 1/31/2016

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
2015	\$ 404,537,868 ⁵	\$ 15,028,581	\$ 389,509,287	1.64%	\$ 1,608
2014	377,337,106	16,527,618	360,809,488	1.59	1,502
2013	372,778,147	16,405,285	356,372,862	1.63	1,504
2012	342,348,836	23,975,146	318,373,690	1.47	1,357
2011	321,528,958	29,265,699	292,263,259	1.33	1,250
2010	319,851,132	44,558,846	275,292,286	1.24	1,206
2009	285,720,249	25,950,282	259,769,967	1.12	1,141
2008	238,605,663	16,335,983	222,269,680	0.96	981
2007	212,188,987	16,254,591	195,934,396	0.88	872
2006	196,483,797	16,881,973	179,601,824	0.85	804

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 2006 - 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 160.

⁴ - Population data can be found in Table 15: Demographic and Economic Statistics, on page 172.

⁵ - For 2015 General Obligation Debt of \$381,835,764 and premium/discount of \$22,702,104.

Table 10

CITY OF MADISON

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Activities		
	General Obligation Debt ¹	Revenue Bonds		General Obligation Debt	Revenue Bonds ²	
		Landfill Remediation	Capital Leases		Water Utility	Sanitary Sewer Utility
2015	\$ 367,176,802	\$ -	\$ 5,506,585	\$ 37,361,066	\$ 179,666,207	\$ 34,115,796
2014	342,207,487	-	6,061,585	35,129,619	141,968,952	36,790,831
2013	339,230,797	-	9,446,585	33,547,350	147,452,311	32,972,504
2012	312,594,109	-	15,163,679	29,754,727	121,510,000	35,130,000
2011	289,798,243	-	17,088,679	31,730,715	103,610,000	27,580,000
2010	294,982,170	1,805,750	18,868,679	24,868,962	86,920,000	31,569,250
2009	260,950,306	2,001,470	20,493,679	24,769,943	74,785,000	19,738,530
2008	216,718,150	2,192,530	24,613,679	21,887,513	68,150,000	21,002,470
2007	190,856,487	5,113,930	26,478,679	21,332,500	74,070,000	10,486,070
2006	176,266,317	5,690,670	28,338,679	20,217,480	49,725,000	11,144,330

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 2005 - 2012 do not include premium/discount.

² - Revenue Bonds years 2005 - 2012 do not include premium.

³ - See Table 15: Demographic and Economic Statistics on page 172 for personal income and population data.

CITY OF MADISON

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

<u>Business Activities</u>				
<u>Revenue Bonds</u>				
<u>Parking Utility</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income³</u>	<u>Per Capita</u>
\$ -	\$ 3,275,500	\$ 627,101,956	4.87%	\$ 2,589
-	4,020,500	566,178,974	4.58	2,358
-	4,720,500	567,370,047	4.67	2,395
-	6,715,000	520,867,515	4.49	2,220
-	7,425,000	477,232,637	4.39	2,040
-	8,110,000	467,124,811	4.56	2,047
-	8,775,000	411,513,928	4.12	1,807
3,400,000	9,420,000	367,384,342	3.60	1,621
3,800,000	10,050,000	342,187,666	3.49	1,522
4,175,000	10,660,000	306,217,476	3.33	1,371

Table 11

CITY OF MADISON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2015

<u>Governmental Unit</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City²</u>
Direct			
City of Madison	\$ 404,537,868	100.00 %	\$ 404,537,868
Indirect			
Dane County	330,740,000	44.80 %	148,171,520
School Districts: ¹			
DeForest	38,530,000	9.23 %	3,556,319
Madison Metropolitan	97,630,000	88.80 %	86,695,440
McFarland	7,220,000	7.94 %	573,268
Middleton-Cross Plains	84,685,000	20.67 %	17,504,390
Monona Grove	57,760,000	0.12 %	69,312
Sun Prairie Area	146,755,000	15.86 %	23,275,343
Verona	52,075,000	4.63 %	2,411,073
Waunakee Community	90,440,000	2.37 %	2,143,428
Madison Area Technical College	<u>182,445,000</u>	31.94 %	<u>58,272,933</u>
Total Overlapping	<u>1,088,280,000</u>		<u>342,673,026</u>
Total Direct and Overlapping	<u>\$ 1,492,817,868</u>		<u>\$ 747,210,894</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 eight school districts in addition to the Madison Metropolitan School District.

² - The percent applicable to the City is calculated by dividing the City's equalized value into the total equalized value of the indirect debt entity.

Table 12

CITY OF MADISON

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

<i>(in thousands)</i>	Fiscal Year			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Equalized Value ¹	\$ 23,685,668	\$ 22,710,892	\$ 21,853,251	\$ 21,697,081
Debt Limit ²	1,184,283	1,135,545	1,092,663	1,084,854
Debt applicable to debt limit				
General Obligation Debt	381,836	355,769	352,797	342,349
General Obligation Debt - CDA	-	-	-	-
General Obligation Debt - Joint Venture	559	676	698	696
Pledged to CDA	-	-	-	-
Total debt applicable to debt limit	<u>\$ 382,395</u>	<u>\$ 356,445</u>	<u>\$ 353,495</u>	<u>\$ 343,045</u>
Less: Debt Service fund available for payment of principal	<u>\$ 15,029</u>	<u>\$ 16,528</u>	<u>\$ 16,405</u>	<u>\$ 23,975</u>
Net debt applicable to debt limit	367,366	339,917	337,090	319,070
Total debt applicable to the limit as a percentage of debt limit	32.3%	31.4%	32.4%	31.6%

¹ - Source: Department of Revenue

² - In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's Jurisdiction.

CITY OF MADISON

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

Fiscal Year					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 21,965,222	\$ 22,212,096	\$ 23,131,429	\$ 23,105,475	\$ 22,309,635	\$ 21,219,004
1,098,261	1,110,605	1,156,571	1,155,274	1,115,482	1,060,950
321,529	319,851	285,720	238,606	212,189	196,484
-	-	-	-	-	4
636	642	448	420	-	-
-	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
<u>\$ 322,165</u>	<u>\$ 327,493</u>	<u>\$ 293,168</u>	<u>\$ 246,026</u>	<u>\$ 219,189</u>	<u>\$ 203,488</u>
<u>\$ 29,266</u>	<u>\$ 44,559</u>	<u>\$ 25,950</u>	<u>\$ 8,963</u>	<u>\$ 8,840</u>	<u>\$ 9,380</u>
292,899	282,934	267,218	237,063	210,349	194,108
29.3%	29.5%	25.3%	21.3%	19.6%	19.2%

Table 13

CITY OF MADISON

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

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ⁴	
2015	\$ 33,001,939	\$ 26,528,035	\$ 6,473,904	\$ 2,515,000	\$ 1,391,516	1.66
2014	33,841,450	25,705,916	8,135,534	2,015,000 ⁶	1,215,554	2.52
2013	31,400,922	24,650,879	6,750,043	2,535,000	1,577,317	1.64
2012	31,224,592	22,167,078	9,057,514	1,950,000	1,102,924	2.97
2011	29,893,021	21,263,261	8,629,760	2,350,000 ⁵	1,252,700	2.40
2010	28,333,257	20,976,074	7,357,183	1,500,000	871,353	3.10
2009	23,977,276	20,230,708	3,746,568	1,455,000	901,214	1.59
2008	23,119,458	21,706,046	1,413,412	1,280,000 ³	623,056	0.74
2007	23,488,277	19,988,369	3,499,908	1,235,000	667,252	1.84
2006	24,372,448	19,363,906	5,008,542	1,280,000	626,481	2.63

Source: City of Madison Finance Department

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

¹ - Operating Revenues plus investment income.

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

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

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

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

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

Table 14

CITY OF MADISON

PLEGGED REVENUE COVERAGE - WATER UTILITY
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ⁴	
2015	\$ 29,744,626	\$ 15,250,082	\$ 14,494,544	\$ 5,935,000	\$ 5,416,433	1.28
2014	30,332,733	15,092,223	15,240,510	4,935,000	5,179,428	1.51
2013	28,964,481	14,122,833	14,841,648	3,975,000	4,367,205	1.78
2012	30,144,767	13,709,476	16,435,291	3,195,000	3,814,001	2.34
2011	28,364,269	14,861,349	13,502,920	2,680,000	3,279,273	2.27
2010	26,808,712	14,194,328	12,614,384	1,115,000	2,242,351	3.76
2009	22,152,814	14,048,677	8,104,137	3,160,000 ³	2,942,934	1.33
2008	20,963,381	13,145,882	7,817,499	2,610,000 ³	2,657,969	1.48
2007	19,007,353	13,104,805	5,902,548	2,840,000	2,201,362	1.17
2006	18,156,571	11,267,897	6,888,674	1,985,000	1,575,744	1.93

Source: City of Madison Finance Department

¹ - Operating Revenues plus investment income.

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

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

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

Table 15

CITY OF MADISON

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

<u>Year</u>	<u>Population</u> ¹	<u>Personal Income</u> ² <i>(in thousands)</i>	<u>Per Capita Personal Income</u> ³		<u>Unemployment Rates</u> ⁴		
			<u>Dane County</u>	<u>State of Wisconsin</u>	<u>City of Madison</u>	<u>Dane County</u>	<u>State of Wisconsin</u>
2015	242,216	\$ 12,884,037	\$ 53,192	\$ 45,617	3.1 %	3.2 %	4.6 %
2014	240,153	12,373,403	51,523	44,186	3.7	3.8	5.5
2013	236,900	12,162,683	51,341	43,244	4.6	4.6	6.7
2012	234,625	11,609,010	49,479	42,121	4.7	4.7	6.9
2011	233,890	10,973,183	46,916	39,575	4.9	5.0	7.5
2010	228,200	10,293,189	45,106	38,225	4.4	4.6	7.5
2009	227,700	9,978,725	43,824	37,373	5.1	5.4	8.7
2008	226,650	10,217,382	45,080	37,770	3.2	4.7	5.8
2007	224,810	9,805,538	43,617	36,272	3.5	3.5	4.9
2006	223,280	9,194,447	41,179	34,405	3.2	3.2	4.7

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

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

³ - Source - Bureau of Economic Analysis - U.S. Department of Commerce except for 2015 Dane County, which is an estimate based on the prior nine years of growth.

⁴ - Source - Department of Workforce Development - State of Wisconsin.

Table 16

CITY OF MADISON

PRINCIPAL EMPLOYERS
Prior Year and Ten Years Ago

Madison & Dane County Area Employer	2014			2005		
	<u>Employees</u> ¹	<u>Rank</u>	<u>Percentage of Total Area Employment</u> ²	<u>Employees</u> ³	<u>Rank</u>	<u>Percentage of Total Area Employment</u> ²
University of Wisconsin	21,727 ^{4,5}	1	5.70%			
State of Wisconsin	16,300 ^{4,5}	2	4.27	76,250 ^{4,5}	1	21.14%
University Hospitals and Clinics	9,001 ⁶	3	2.36	5,216	3	1.45
Epic Systems	8,100	4	2.12			
SSM Health Care	6,380	5	1.67			
United States Government	5,326	6	1.40	4,893	5	1.36
Madison Metropolitan School District	3,903 ⁶	7	1.02	5,364	2	1.49
American Family Mutual Insurance Group	3,842 ⁶	8	1.01	3,720	7	1.03
Meriter-UnityPoint Health	3,268 ⁶	9	0.86			
City of Madison	2,919	10	0.77	2,871	9	0.80
Dean Health Systems				5,008	4	
Wisconsin Physicians Service Insurance Corp.				3,815	6	1.06
Meriter Health Services				3,300	8	0.91
UW Medical Foundation				2,840	10	0.79
Total	80,766		21.21 %	113,277		30.23 %

¹ - Sources: Madison InBusiness, 2014 report; Dane County

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

³ - Source: Madison InBusiness, 2005 report; Dane County

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

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

⁶ - Includes full- and part-time employees.

Table 17

CITY OF MADISON

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

Function/Program	Full-time Equivalent Employees (FTE's)			
	2015	2014	2013	2012
Public Safety and Health				
Fire	389	390	389	389
Police	586	581	580	580
Public Health - Madison and Dane County ¹	136	135	134	152
General Government				
Common Council	2	2	2	2
Mayor	12	12	12	12
Municipal Court	5	5	5	5
Administration				
Department of Civil Rights ²	15	15	15	15
Affirmative Action ³	-	-	-	-
Equal Opportunity ³	-	-	-	-
Attorney	27	27	27	27
Revenue ⁴	-	-	-	-
Assessor	24	24	24	24
Clerk	8	7	7	7
Treasurer	5	5	5	5
Clerk-Treasurer ⁵	-	-	-	-
Madison City Channel ⁶	-	-	-	-
Finance ⁷	39	38	38	39
Information Technology	49	48	47	47
Human Resources	18	18	18	19
Public Facilities				
Overture Center ⁸	-	-	-	-
Monona Terrace	55	55	55	58
Department of Public Works and Transportation				
Engineering ⁹	149	143	138	137
Sewer Utility ¹⁰	-	-	-	-
Stormwater Utility ¹⁰	-	-	-	-
Parks	161	148	144	144
Municipal Pool ¹¹	-	-	-	-
Golf Enterprise	8	8	8	7
Streets	183	177	177	177
Water Utility	129	128	128	127
Metro Transit	472	472	466	461
Traffic Engineering	64	62	62	61
Parking Utility	70	74	75	75
Fleet Services ¹²	43	43	43	44

(Continued on Page 176)

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Full-time Equivalent Employees (FTE's)					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
371	371	371	343	319	317
577	568	564	555	521	510
155	157	158	161	93	93
3	2	2	2	2	2
12	12	12	12	12	12
5	5	5	7	7	7
16	17	16	16	17	1
-	-	-	-	-	9
-	-	-	-	-	7
26	26	26	26	26	26
-	-	-	-	-	-
24	24	26	25	25	25
7	7	7	6	7	-
5	6	6	6	6	-
-	-	-	-	-	13
-	7	7	7	7	7
38	38	37	37	36	36
47	42	39	39	39	37
18	18	19	19	20	20
-	46	46	63	60	62
58	59	59	58	58	58
137	130	129	127	123	101
-	-	-	-	-	-
-	-	-	-	-	-
147	146	145	147	146	148
-	-	1	1	1	1
7	7	10	10	11	13
179	175	179	179	178	178
126	127	127	130	129	126
460	445	445	439	439	439
59	59	59	60	61	61
76	76	76	76	77	77
44	44	44	44	46	42

Table 17 (Cont.)

CITY OF MADISON

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

Function/Program (Continued From Page 174)	Full-time Equivalent Employees (FTE's)			
	2015	2014	2013	2012
Department of Planning & Community & Economic Development ¹³				
Office of the Director of Planning and Community and Economic Development ¹⁴	8	7	7	7
Planning Division ¹⁵	32	30	29	28
Building Inspection Division ¹⁶	47	47	47	46
Economic Development Division ¹⁷	16	18	18	19
Community Development Authority Housing Operations	39	38	39	38
Community Development Authority Redevelopment ¹⁸	2	2	2	2
Community Development Division ¹⁹	22	21	21	20
Community Development Block Grant ¹⁹	15	15	17	18
Community Services ²⁰	-	-	-	-
Senior Center ²⁰	-	-	-	-
Library	143	127	124	119
Total	2,973	2,919	2,903	2,911

Source - City's Annual Operating Budget

- ¹ - Full integration of City of Madison and Dane County Health Departments became effective January 1st, 2008. All staff are County employees as of 2012.
- ² - The Department of Civil Rights was created January 1, 2005.
- ³ - The Departments of Affirmative Action and Equal Opportunity became divisions of the Department of Civil Rights as of January 1, 2005.
- ⁴ - The Department of Revenue was separated into two distinct departments, Assessor and Clerk-Treasurer, post 2005.
- ⁵ - The Department of Clerk-Treasurer was separated into two distinct departments, Clerk and Treasurer, post 2006.
- ⁶ - Madison City Channel Operations were transferred to Information Technology in 2011.
- ⁷ - The Finance Department was known as Office of the Comptroller prior to May 2011.
- ⁸ - The City of Madison provided the same services for the Overture Center as it did for the Madison Civic Center. The Overture Center became a separate authority on January 1, 2011.
- ⁹ - The City Engineer serves as Director of Public Works & Transportation.
- ¹⁰ - The City Engineer serves as the manager of the Sewer and Stormwater Utilities.
- ¹¹ - City Pool began operation in 2006.
- ¹² - Motor Equipment is known as Fleet Services post 2006.
- ¹³ - Department of Planning & Community & Economic Development was known as "Department of Planning and Development" prior to 2008.
- ¹⁴ - Office of the Director of Planning and Community and Economic Development was known as "Office of the Director" from 2002-2007 and "Planning Administration" pre-2002.
- ¹⁵ - Planning Division was known as "Planning Unit" prior to 2008.
- ¹⁶ - Building Inspection Division was known as "Neighborhood Preservation and Inspection Division" in 2008 and as "Inspection Unit" prior to 2008.
- ¹⁷ - Economic Development Division was known as "Community & Economic Development" prior to 2008.
- ¹⁸ - Community Development Authority Redevelopment had no dedicated employees prior to 2011.
- ¹⁹ - The Community Development Division was created in 2008 to oversee programs administered by the Community Development Block Grant Office, the Office of Community Services and the Senior Center. In 2012, 18 FTE's were moved to the Community Development Block Grant Office.
- ²⁰ - Effective with the 2010 budget, all personnel have been moved to the Community Development Division.

Full-time Equivalent Employees (FTE's)

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
7	7	7	7	10	9
28	28	28	29	29	28
45	44	44	46	45	67
19	19	19	18	14	14
37	41	41	43	44	47
1	-	-	-	-	-
41	32	1	1	-	-
-	-	12	11	11	11
-	-	15	15	15	15
-	-	5	5	5	5
<u>117</u>	<u>118</u>	<u>118</u>	<u>119</u>	<u>115</u>	<u>112</u>
2,892	2,903	2,905	2,889	2,754	2,736

Table 18

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

Function/Program	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government				
Information Technology				
Webpage visits	6,544,987	5,808,882	5,543,502	5,333,097
Online payments transactions	212,866	139,542	152,951	147,290
Public safety				
Fire				
EMS responses	18,348	19,599	20,541	19,698
Fire/service responses	6,839	6,215	5,879	5,500
Fires extinguished	459	412	534	479
Public Health				
Inspections/Pre-inspections	1,258	1,387	1,271	1,348
Police				
Calls for service	206,648	203,394	203,087	211,802
Arrests	9,726	9,421	11,378	12,089
Citations	7,142	8,376	10,432	11,373
Traffic violations	19,872	22,878	25,195	21,844
Public works and transportation				
Metro Transit				
Annual rides	15,492,317	15,001,760	14,592,214	14,923,969
Annual miles	5,040,007	4,922,010	4,822,865	4,818,879
Fleet Services				
Work Orders	2,084	1,321	1,735	1,491
Parking Utility				
Ramp Occupancy	71%	66%	64%	64%
Streets				
Tons of debris swept	7,539	5,674	4,820	6,526
Refuse collected (tons)	41,680	40,367	40,367	38,561
Recyclables collected (tons)	19,225	19,401	19,401	18,949
Sewer Utility				
Average annual residential customer volume (gallons)	41,892	55,352	55,352	53,856
Water Utility				
Main replacement (miles)	7.80	5.06	6.55	10.00
Gallons pumped (millions)	99,686	10,058	10,659	10,320
Water main breaks (per mile)	0.440	0.350	0.280	0.300
Mains added	4.90	3.50	2.41	4.08

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<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
4,810,131	4,072,018	2,678,298	2,056,739	1,663,906	N/A
130,392	117,815	106,665	93,639	86,179	67,000
18,409	18,125	19,058	18,969	17,320	18,107
5,257	5,314	5,587	5,543	5,595	4,413
N/A	471	494	595	537	615
1,298	1,387	1,350	1,305	1,260	1,309
202,392	203,031	184,463	156,439	156,059	155,380
12,074	16,545	18,663	19,680	19,213	19,731
12,969	11,352	19,165	18,289	14,879	16,977
25,624	24,845	20,747	18,424	21,082	21,382
13,623,461	13,588,426	13,433,149	12,952,943	12,034,468	11,475,597
4,810,956	4,709,101	4,706,193	4,717,515	4,704,784	4,675,350
1,571	1,198	1,334	1,089	880	745
64%	63%	63%	64%	65%	70%
8,269	8,779	11,114	5,012	5,728	5,472
40,086	N/A	39,533	38,716	39,952	43,267
19,229	N/A	20,818	21,051	20,398	16,367
65,824	67,320	65,824	65,824	65,824	67,320
9.77	6.67	4.88	7.28	6.31	4.18
10,255	10,355	10,907	11,392	11,284	11,966
0.290	0.310	0.280	0.350	0.320	0.294
4.05	2.20	2.13	6.70	7.62	10.19

Table 18 (Cont.)

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

Function/Program (Continued From Page 178)	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Planning and development				
Planning Unit				
Plans worked on, adopted, amended	NA	NA	NA	NA
Inspection Unit				
Inspections	52,166	51,220	47,579	46,131
Housing Operations				
Households served	2,432	2,456	2,460	2,427
Community Services				
Children receiving child care from an accredited facilities	49.00%	50.00%	49.00%	58.00%
Seniors in city funded activities	1	1	5,200	5,200
Senior Center				
Number of visits	42,263	41,460	46,675	42,518
Number of events	2,829	2,864	3,112	3,020
New visitors	7,422	7,971	10,086	7,597
Culture and recreation				
Library				
Circulation	3,841,997	4,085,341	4,122,191	4,398,343
Visits	2,152,731	2,053,449	2,020,557	2,241,086
Registered borrowers	163,934	162,374	167,717	156,285
Internet uses	813,880	686,444	682,034	721,431
Parks				
General park (shelter) reservations	1,574	1,426	1,524	1,409
Athletic Field reservations	7,297	8,021	7,531	7,751
Recreation center attendance	63,315	57,277	267,757	305,751
Special events held	130	130	110	116
Calls for service - Forestry	4,264	4,233	4,553	3,542
Visitors - Olbrich Gardens	287,777	252,750	252,750	245,183
Municipal Pool				
Attendance	49,804	66,000	68,752	65,692
Golf Enterprise				
Rounds (18 holes)	79,122	77,824	82,055	74,658
Water Utility				
Monona Terrace				
Conventions and Conferences	54	67	65	62

Source: Madison Measures & Departmental Annual Reports

Note: Departmental Annual Reports available for prior ten years

¹ - Seniors in city funded activities is no longer available.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
NA	11	11	18	14	11
56,261	48,649	52,053	57,848	57,493	55,649
2,291	2,322	2,196	2,195	2,087	2,112
54.00%	60.00%	53.00%	49.00%	49.40%	48.10%
5,200	5,143	4,934	4,628	4,554	4,358
42,696	38,075	44,772	40,093	42,746	45,235
2,363	2,243	2,685	2,449	2,590	2,399
7,568	6,921	7,346	7,606	7,524	8,057
4,730,496	4,846,206	4,702,829	4,663,662	4,635,704	4,481,598
2,347,234	2,351,691	2,274,220	2,248,580	2,245,967	2,205,141
132,428	138,632	137,990	137,566	135,730	133,767
693,432	547,216	443,984	504,478	477,261	368,554
1,527	1,441	1,438	1,438	1,520	1,318
7,675	7,146	7,039	6,177	6,854	6,530
295,000	293,753	292,977	282,321	269,565	268,358
114	333	330	330	220	248
4,644	5,603	4,078	3,112	3,720	4,026
253,048	246,197	252,141	248,443	246,629	237,571
63,320	51,799	67,850	61,951	71,797	N/A
77,295	85,955	77,300	86,043	90,029	97,213
62	68	82	68	60	73

Table 19

CITY OF MADISON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

Function/Program	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Public safety				
Fire				
Fire stations	13	12	12	12
Public works and transportation				
Metro Transit				
Shelters	208	208	211	211
Buses (incl. Paratransit)	231	228	228	229
Fleet Services				
Vehicles	1,278	1,152	1,144	1,144
Parking Utility				
Ramps	5	5	5	5
Surface lots	7	7	7	7
Parking Spaces	5,426	5,548	6,300	6,300
Traffic Engineering				
Miles of Streets	780	777	773	772
Water Utility				
Water main (miles)	867	854	850	847
Hydrants	8,882	8,669	8,615	8,555
Valves	21,525	20,804	20,564	20,332
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	813,880	831,296	863,645	841,929
Parks				
Parks	270	261	260	260
Acreage of Parks (rounded to nearest 100th)	6,000	6,002	6,000	6,000
Beaches	12	12	12	12
Shelters	21	20	20	20
Recreational Facilities	1	1	1	1
Municipal Pool				
Pool facilities	1	1	1	1
Golf Enterprise				
Golf courses	4	4	4	4

Source: Madison Measures & Departmental Annual Reports

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
12	12	12	11	11	10
210	210	124	124	124	124
204	204	224	223	223	218
1,090	1,146	1,106	1,073	1,144	N/A
5	5	5	5	5	5
7	7	3	3	3	3
6,300	6,300	5,220	5,220	5,220	N/A
769	766	765	763	753	748
843	839	837	834	828	820
8,482	8,383	8,343	8,309	8,231	8,118
20,065	19,678	19,466	19,190	18,792	18,370
9	9	9	9	9	9
929,682	1,034,933	1,035,479	1,047,602	1,042,299	1,042,531
260	260	260	255	255	255
6,000	6,000	6,000	6,000	6,000	6,000
13	13	13	13	13	13
18	18	18	18	18	18
1	1	1	1	1	1
1	1	1	1	1	-
4	4	4	4	4	4