



CITY OF
MADISON

2022

Annual Comprehensive Financial Report (ACFR)

As of and for the Year Ended
December 31, 2022



Satya Rhodes-Conway, Mayor
City of Madison, WI

CITY OF MADISON
Madison, Wisconsin

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

As of and for the Year Ended
December 31, 2022

Prepared By:

FINANCE DEPARTMENT STAFF

CITY OF MADISON

ANNUAL COMPREHENSIVE FINANCIAL REPORT As of and for the Year Ended December 31, 2022

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INTRODUCTORY SECTION



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June 26, 2023

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

Finance Department staff is pleased to present the City of Madison's Annual Comprehensive Financial Report as of and for the year ended December 31, 2022.

FORMAL TRANSMITTAL

Legal Requirements

Wisconsin Statutes and the Wisconsin Administrative Code require cities with a population of 25,000 or greater within the state to prepare and publish financial statements fairly presenting financial position and operating results at the close of each fiscal year. The statements must conform to various requirements, including, most notably, generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Furthermore, an independent firm of licensed certified public accountants must annually audit the statements (see Independent Audit below). Pursuant to these requirements, the Annual Comprehensive Financial Report of the City of Madison as of and for the year ended December 31, 2022 is hereby submitted.

Assumption of Responsibility

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

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

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

The information presented in this Annual Comprehensive Financial Report is divided into three main sections: introductory, financial, and statistical. The introductory section of the report includes this transmittal letter, and information regarding the organization of the City. The transmittal letter is designed to complement the Management Discussion & Analysis (MD & A) and should be read in conjunction with the financial statements (the MD & A begins on page 16).

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

Internal Controls

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

Specifically, these controls are designed to ensure that:

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

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

Budgetary Controls

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

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

Independent Audits

As mentioned above, state law requires the City's financial records to be audited annually by independent, licensed certified public accountants. The City of Madison has retained Baker Tilly US, LLP to perform its annual audits. Baker Tilly US, LLP concluded, based upon its audit procedures, that the City's annual financial report for the fiscal year ended December 31, 2022 was fairly presented in accordance with GAAP. The auditor's opinion is included in the financial section of this report.

PROFILE OF GOVERNMENT

Demographic Profile

The City of Madison, with a population as of October 2022 at 279,012, 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 approximately 84.9 square miles of land. It is the home of the University of Wisconsin system's flagship campus, with an enrollment of over 49,000 students. Madison is often cited in national rankings as one of the country's best places to reside.

Form of Government

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

The Mayor is elected to a four-year term and the twenty members of the Common Council are elected to two-year terms. The Common Council President serves a one-year term, and is elected by the other members of the Council (a list of principal officials begins on page 10).

Financial Statements-Functions/Programs Classifications

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

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

Component Units

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

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

Budget

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

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

ECONOMIC CONDITION

Local Economy

As of December 31, 2022, the City's unemployment rate was 2.1%, below the state and national rates of 2.9%, and 3.6% respectively. Per capita and median income tracked well above the state average, despite the high student population, indicating the area's quality of available jobs. Locally assessed real estate increased by 10.9% between 2021 and 2022. As of March 30, 2023, the City's unemployment rate decreased to 1.5% as the City continues to recover from the COVID-19 pandemic. The City rate remains below the state and national rates of 2.5% and 3.6% respectively.

Long-Term Financial Planning

The City's sound financial operations are expected to remain healthy, supported by continued economic growth and long-standing government and higher education presences within the City. In conjunction with the City's most recent general obligation debt issuance, Moody's Investors Service affirmed the City's Aaa bond rating, the highest quality rating available.

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

The City's debt profile is expected to remain manageable with 93.0% of its outstanding general obligation debt scheduled to retire within ten years and a direct debt burden at 1.5% of the value of the taxable property base.

Relevant Financial Policies

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

Major Initiatives

General government The City Assessor signed a contract to update its outdated software solutions to compute and track assessments by city parcel. The initial work to analyze data and begin migration of the data to the new system began in April 2023. While there is no specific deadline, the project is anticipated to last 18-24 months.

Public safety

During fiscal year 2022, Public Health of Madison and Dane County (PHMDC) received more than \$9.9 million in state and federal funding. This included \$3.9 million from the U.S. Department of Health and Human Services and \$3.1 million from the Federal Emergency Management Agency (FEMA) in response to the COVID-19 health emergency. With this emergency funding, PHMDC was able to administer 14,582 immunizations, provide 26,831 tests at no cost to the community, and distributed over 48,000 at-home rapid antigen tests to community partners.

As the COVID-19 response and recovery monopolized less of public health's efforts, the dedicated staff were able to focus their attention on other community needs. These needs are identified as communicable disease, immunizations, well woman, sexual and reproductive health, tuberculosis, woman infants children (WIC), community-based public health nursing, maternal and child health, prenatal care coordination, nurse family partnership, animal services, lab, licensed establishments, well and septic, environmental hazards, substance use prevention and harm reduction, emergency preparedness, violence prevention, evaluation, community health assessment, community health improvement plan, policy, communications, budget and finance, agency support, epidemiology and data science, and health equity.

There were multiple successes in every category of need during fiscal year 2022. Staff members supported 236 families through perinatal home visiting programs, processed 4,702 non-COVID related communicable disease reports, and administered 4,907 immunizations, which was 3,388 more than the previous year. They enrolled 721 people in the Well Woman program, screened 1,187 people for STIs and treated 421 patients. They monitored 417 people with tuberculosis, served an average of 4,469 WIC clients each month, and supported 236 families through the Prenatal Care Coordination and Nurse Family Partnership. Their environmental health professionals responded to 6,375 animal service calls, conducted 1,938 routine licensed establishment inspections, permitted 315 private wells, and served as an area Radon Information Center that sold 350 radon test kits to community members. The staff also increased their substance use prevention efforts as syringe services increased by 30% to 8,544 total visits with 7,787 Narcan kits delivered within city communities.

The quantity and nature of PHMDC's funding continues to change, the number of grants monitored during the year, increased from 20 pre-COVID-19, to 42 currently. New awards during 2022 include the following: funding from the Wisconsin Partnership Program to address maternal and infant health disparities in the Latino community, funding from the State to compensate people for participation in the Fetal Infant Mortality Review Program, an expansion grant from Roots & Wings to provide "flex funds" (largely for gas, groceries, and rents), a three-year grant from the National Environmental Health Association and FDA for improving food program excellence, and a one-year grant to pilot Saturday syringe services, and to expand substance use outreach and education.

Public works and transportation

Metro Transit is currently in year 5 of a six-year facilities upgrade plan for the main bus garage on East Washington Avenue.

The next phase of the plan is set to start in 2024, which includes replacement of 13 maintenance bays, reconstruction of administration space, new driver and maintenance staff locker rooms, additional restrooms and a new dispatch area. To accommodate the addition of Bus Rapid Transit (BRT) service, staff is currently completing design work for the addition of a wash bay, service lanes, utilities to accommodate electric vehicles, and lifts for maintenance of the 60-foot BRT buses at the satellite facility on Hanson Road. The location will also include training/conference space and a dispatch and administration area. Construction completion is anticipated by early 2024, for these new services to rollout within the City surrounding partner communities.

As part of the bus system network redesign, new routes and schedules will go into effect on Sunday, June 11, 2023. New service routes have been designed to provide better access to jobs, reduce travel times, make the buses easier to use, and to integrate the route system into Metro Transit's upcoming BRT program. Once BRT service is available, there will be 46 all-electric 60-foot buses to provide additional capacity to transport riders utilizing a smaller carbon footprint.

To speed up boarding on both its bus rapid transit and local route systems, Metro Transit staff are planning to implement new fare technology in 2023. This new technology will feature smart cards, customer online accounts, and the ability to use smartphones and credit cards to board the buses. Metro Transit's last fare technology improvements were incurred more than 20 years ago. These new technology improvements will make it both easier to ride the buses, and make the system more accessible to low income riders through fare capping processes.

City Engineering reconstructed and resurfaced approximately three miles of streets during 2022. Surface maintenance in the form of seal coating was completed on approximately 108 miles of city owned roads, and about 40 miles of roads were crack sealed. The City of Madison Streets Program is rated every 2 years using the Pavement Surface Evaluation and Rating (PASER) system developed by the University of Wisconsin. By the close of the fiscal year, about 81% of the City's 819 miles of streets were rated 6 or higher (out of 10), ranging from good to excellent for pavement conditions.

Approximately one mile of new bike lanes and bike paths were constructed in 2022. Old Middleton Road was resurfaced from Old Sauk Road to Eau Claire Ave, and Tokay Boulevard was resurfaced from Whitney Way to Segoe Road, both of these projects included new-buffered bike lanes.

The Stormwater Utility progressed towards its total suspended solids (TSS) and total phosphorus (TP) reduction goals, by planning for four major pond reconstructions and three major greenway reconstructions. Four of the large projects are in the preliminary design, or permitting phases, and are planned to begin construction in the fall of 2024. Two major projects that were previously budgeted (and not included above), are gearing up for construction in late 2023. Projects that both make improvements towards flood mitigation goals and provide stormwater quality benefits are prioritized in the CIP along with projects that have high positive impacts to the community. Total phosphorus reductions that are necessary to meet our citywide Rock River - Total Maximum Daily Load (TMDL) mandate will continue to be addressed by the Stormwater Utility with participation in the YAHARA WINS Adaptive Management Program.

In 2021, Stormwater Utility employees began construction of several flood mitigation projects and have continued design, permitting and land acquisitions for them. Currently, 19 out of 22 major watershed studies are actively underway, or completed, which comprise a little over 78.0% of the City.

Additionally, over 36,968 feet of sanitary sewer mains were bid for cured-in-place pipe (CIP) lining. This is the least costly and disruptive method to improve the service life of pipe, while increasing capacity and reducing treatment costs. One highlighted project was Old Middleton Road and Craig Avenue resurfacing, which included 6,829 feet of sewer main replacement. A unique aspect of this project was that 1,061 feet of home backyard sewer mains were eliminated and rerouted to the street.

Planning
and development

The Parking Division saw an increase in demand as special events increased in 2022 as the City continued to recover from the COVID-19 pandemic. Curbside pickup locations for many downtown bars and restaurants were removed, along with spaces converted back to metered parking and/or loading zones. Additionally, the Brayton Lot closed to customers at the end of the year, to facilitate BRT system construction.

Culture and recreation

Olbrich Botanical Garden's staff hired a planning consultant to create a strategic plan for 2023-2025 fiscal years, and secured a \$146,000 grant for accessibility upgrades from the State of Wisconsin, Department of Tourism. The upgrades include an accessible exit turnstile, pathway enhancements, a shaded tram circle structure, and improved garden lighting. Olbrich Botanical Garden's employees was also honored with the Garden Stewardship Award for their commitment to sustainable practices. Additionally, Parks Community Services recorded impressive participation of 13,200 individuals in a diverse range of 69 recreation programs, and events during the year. Parks Maintenance staff also made significant strides in land management, prioritizing woodland restoration, and incorporation of prescribed burns in park meadows. They also embraced climate resilience strategies and piloted organic turf management to reduce pesticide use. Further, they have improved beautification planning by prioritizing native plants, and expanding the use of eco-friendly tools.

The Madison Public Library staff revised the schedule for the Imagination Center at Reindahl Park. The design phase once planned to be finalized in 2022, is now expected to conclude in early 2024 with construction beginning in 2025. Extra time is being allowed to provide for increased community engagement discussions. Additionally, five out of six neighborhood libraries were upgraded with LED lighting in 2022, with the final library scheduled to be completed next year.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madison's Annual Comprehensive Financial Report prepared for the fiscal year ended December 31, 2021. A facsimile of the certificate is included on page 9. This was the fourteenth year the City received this prestigious award.

In order to be awarded a Certificate of Achievement the City was required to publish an easily readable and efficiently organized Annual Comprehensive Financial Report satisfying both GAAP and applicable legal requirements.

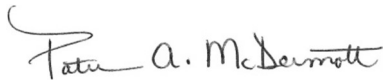
A Certificate of Achievement is valid annually. The City believes that its current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements and looks forward to submitting its 2022 Annual Comprehensive Financial Report to the GFOA to determine its eligibility for award.

The issuing of this report on a timely basis is due to the hard work and dedication of the Accounting Services staff of the Finance Department. The 2022 Annual Comprehensive Financial Report was electronically produced in its entirety by accountants within our department.

Respectfully submitted,



David Schmiedicke
Finance Director



Patricia A. McDermott, CPA
Accounting Manager

City of Madison-Mission

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

Our Values

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Madison
Wisconsin**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

MEMBERS OF THE COMMON COUNCIL

Name

John W. Duncan	Alder, District #1
Juliana Bennett	Alder, District #2
Derek Field	Alder, District #3
Michael Verveer	Alder, District #4
Regina Vidaver	Alder, District #5
Marsha Rummel	Alder, District #6
Nasra Wehelie	Alder, District #7
MGR Govindarajan	Alder, District #8
Nikki Conklin	Alder, District #9
Yannette Figueroa Cole, Council Vice President	Alder, District #10
Bill Tishler	Alder, District #11
Amani Latimer Burris	Alder, District #12
Tag Evers	Alder, District #13
Isadore Knox, Jr.	Alder, District #14
Dina Nina Martinez-Rutherford	Alder, District #15
Jael Currie, Council President	Alder, District #16
Sabrina Madison	Alder, District #17
Charles Myadze	Alder, District #18
Kristen Slack	Alder, District #19
Barbara Harrington-McKinney	Alder, District #20

ELECTED OFFICIALS

Satya Rhodes-Conway	Mayor
Daniel P. Koval	Municipal Judge

CITY STAFF ISSUING REPORT

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

CITY OF MADISON

LIST OF PRINCIPAL OFFICIALS

NONELECTED OFFICIALS

Mayoral Assistants

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

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

Common Council

Karen Kapusta-Pofahl, PhD, MPA

Chief of Staff

Michelle Drea
Michael Haas
Maribeth Witzel-Behl
David Schmiedicke
Norman Davis
Arlyn Gonzalez
Chris Carbon
Erin Hillson
Sarah Edgerton
Gregory Mickells
Connie Thompson
Shon F. Barnes
Janel Heinrich
Jim Wolfe
Mahanth Joishy
Eric Knepp
Charles Romines
Yang Tao
Stefanie Cox
Justin Stuehrenberg
Krishna Kumar
Matt Wachter

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

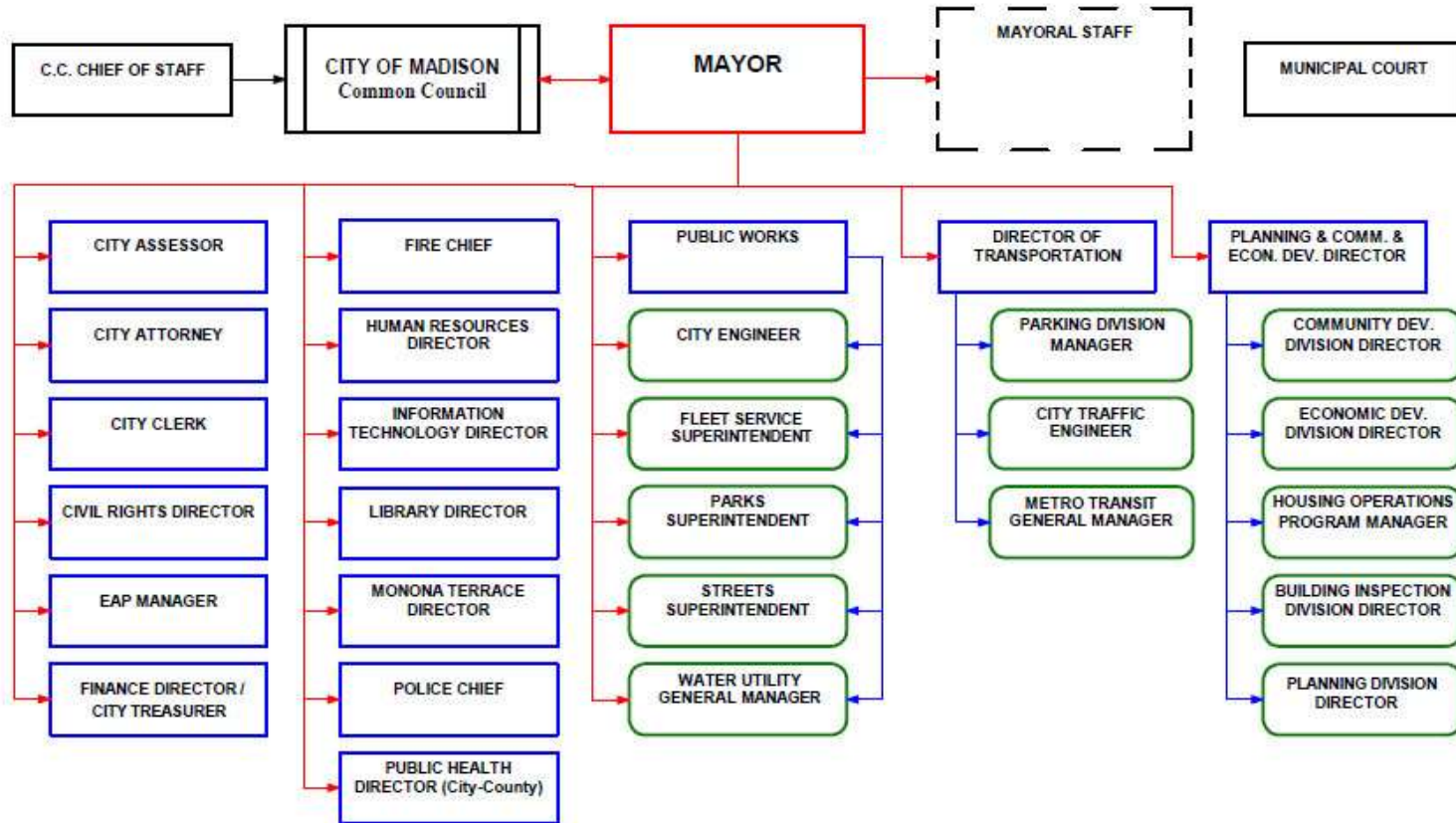
James O'Keefe

Matthew Mikolajewski

Larry Kilmer
Matt Tucker
Heather Stouder
Thomas Lynch

CITY OF MADISON

ORGANIZATION OF CITY OF MADISON GOVERNMENT



FINANCIAL SECTION

Independent Auditors' Report

To the City Council of the
City of Madison

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Madison, Wisconsin, (the City), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), Monona Shores and Village on Park presented as major funds of the CDA and CDA 95-1 and MRCDC presented as nonmajor funds of the CDA, which represent 71 percent, 58 percent and 27 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the Library Foundation, Madison Parks Foundation, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), Monona Shores and Village on Park presented as major funds of the CDA and CDA 95-1 and MRCDC presented as nonmajor funds of the CDA are based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note I, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

As discussed in Note IV.J to the financial statements, net position as of December 31, 2021 has been restated for implementation of GASB 87. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
June 26, 2023

**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, 2022, with comparative data for the fiscal year ended December 31, 2021. This section is designed to assist the reader in focusing on significant financial issues, and to identify changes in the City's financial position including adopted budget plans. Please consider it in conjunction with the City's financial statements that follow.

FINANCIAL HIGHLIGHTS

- With total assets approaching \$3.3 billion, and total liabilities of almost \$1.2 billion, deferred inflows of resources of just over \$731.0 million, and deferred outflows of resources at approximately \$297.7 million, the total net position of the City of Madison increased by nearly \$119.7 million from the previous year to just under \$1.7 billion. Of this amount, almost \$1.4 billion represented the City's net investment in capital assets, most of which do not generate revenues for their use or sale and were computed less unamortized premium and discount of over \$52.9 million for 2022. Just under \$333.0 million was held for restricted purposes with just over \$29.4 million as a deficit unrestricted net position. The unrestricted net position is generally used to meet the City's ongoing obligations to residents and creditors. Noteworthy, the net pension asset of nearly \$113.0 million from 2021 was valued to be slightly less than \$147.4 million at year-end, or an increase of nearly \$34.4 million. Net pension assets are required to be restricted as part of net position, with the pension related deferred outflows of resources totaling nearly \$59.6 million less than the pension related deferred inflows of resources. Restricting amounts for pensions, impact fees, other restricted special revenue funds, and tax incremental district activities, largely increased the deficit of the unrestricted net position for the primary government in total when compared to the prior year.
- The primary government reported a little over \$373.6 million in program revenues to cover approximately \$607.3 million in expenses with the remaining general revenues of taxes, intergovernmental revenues not restricted to specific programs, investment income, interest on capital leases, and other miscellaneous sources offsetting the difference of about \$353.4 million, including a surplus of approximately \$119.7 million.
- As of December 31, 2022 the governmental funds reported combined ending fund balances of just over \$333.6 million. This amount is broken down as follows: just over \$65.7 million of this balance is available for spending at the council's discretion (unassigned fund balance), at the end of the year management assigned and committed nearly \$38.4 million for specific purposes with just over \$221.6 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 inventories, prepaid items, and trust activities which totaled over \$7.8 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 \$66.1 million of unassigned fund balance remained within the general fund or approximately 18.2% of the adopted 2023 general fund expenditures, which is above the City's stated target ratio of 15.0%. The primary reason for the increase in unassigned fund balance was a result of adding \$11.6 million more in revenues when compared to expenditures during the fiscal year. This was offset by the following: an increase in assigned fund balance of more than \$1.5 million at year end due to increases in accumulated employee leave balances of a little more than \$800,000, the premium stabilization fund for the life insurance and disability benefit programs decreasing by about \$2.6 million for a to-market investment adjustment, a fund balance application of \$3.4 million in the 2023 Adopted Operating Budget, and assignments for encumbrances were down by about \$180,000 from that of the prior year.

Additionally, the golf enterprise fund paid back \$150,000 of its noncurrent advance to the general fund during the year. The noncurrent advance at the end of fiscal year 2021, was the result of cumulative cash shortfalls during the past few years at the golf courses. It is anticipated that with the sale of land at the Yahara golf course, the remaining general fund receivable amount of about \$550,000 will be repaid by the golf enterprise fund in 2023.

- In order to recover from the negative public health and economic impacts caused by the COVID-19 pandemic, the United States Treasury awarded the City of Madison multiple grants. The City was awarded \$47.2 million of federal funding through the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) component of the American Rescue Plan (ARP) Act. The City adopted a plan to use these funds to address critical community issues, support an equitable recovery, and continue to provide government services. Approximately, \$22.8 million is allocated to community investments in five priority areas: violence prevention and youth engagement, homelessness support, affordable housing, emerging needs, neighborhood and small business revitalization. These investments will support communities that were most impacted by the pandemic, while allowing the City to improve long-term resiliency. The remaining \$24.4 million of CSLFRF funding is planned to address deficits in the operating budgets due to pandemic-related revenue losses. The City received the second disbursement of CSLFRF funding or approximately \$23.6 million in June 2022. The Treasury also created the Emergency Rental Assistance (ERA) Program, which makes funding available to assist households unable to pay rent or utilities. The City of Madison was awarded a total of \$89.0 million through this program. The US Department of Transportation awarded the City of Madison a combined \$69.5 million of COVID 19 Federal Transit funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act.
- The room tax fund transferred almost \$5.7 million to the general fund in 2022. This is still below the 2019 amount of \$6.0 million provided to the general fund prior to the pandemic. These revenues remain lower by about \$500,000, or about 2.6% from 2019, but have significantly recovered from the lows and increased to \$6.4 million, or about 53% from 2021 by the end of the fiscal year. In 2022, we returned to normal operations, with thirty percent of room tax revenues being transferred to the general fund; the remaining seventy percent is held in the room tax fund for expenditures at the direction of the City's Room Tax Commission.
- Intergovernmental revenues increased from the prior year by over \$260,000, largely due to increases of \$299,000 in payments for personal property exemptions and \$126,000 in payments for municipal services. These were offset to some extent, by a decrease of \$139,000 in the expenditure restraint payment.

Further, general fund licenses and permits were over budget by about \$1.1 million during the year, and were higher than the prior year by approximately \$900,000 with most of the increase related to building permits of \$200,000, and occupancy permits of \$375,000.

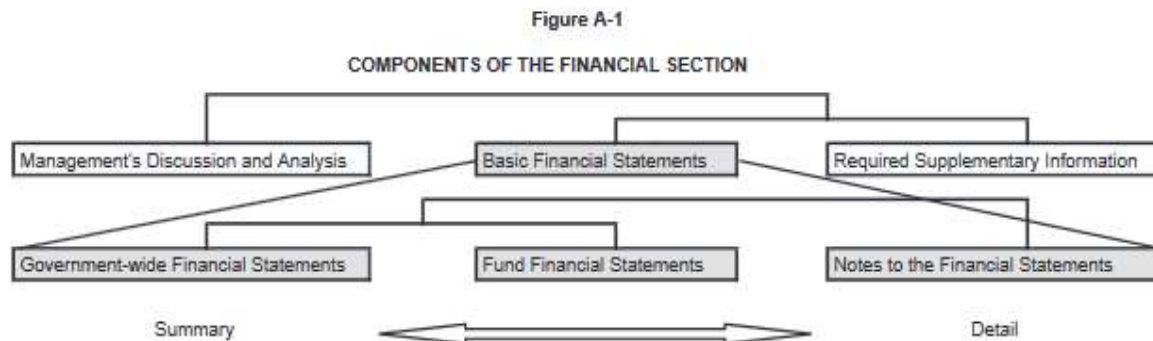
Additionally, fines and forfeitures were below budget by just over \$200,000, but did increase by over \$575,000 from 2021, due almost entirely to parking violations rebounding after the pandemic this fiscal year.

- Investment income was lower than the final adopted budget by just under \$11.9 million, and was down by almost \$10.6 million when compared to 2021. Investment income revenues include any to-market adjustments for the City's investment portfolio, and life insurance reserves at year end, which when computed, totaled a loss of about \$14.2 million. Interest rates began the year at about 0.27%; however, due to the Federal Reserve raising interest rates to fight inflation, rates were about 2.56% by the close of fiscal year 2022.
- Outstanding General Obligation bonds and notes as of December 31, 2022, totaled over \$586.7 million (excluding the joint venture), with approximately \$499.0 million related to governmental activities. Business-type activities closed the year with over \$300.1 million in revenue bond and general obligation debt.
- At December 31, 2022, the City reported an asset of nearly \$147.4 million, for its proportionate share of the Wisconsin Retirement System's net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. Net differences between projected and actual earnings on pension plan investments, largely contributed to a roughly \$34.4 million increase of the net pension asset from that of 2021.
- Other post-employment benefits accrued liability was just over \$69.0 million at year-end; a decrease of approximately 18.4%, from about \$84.6 million when compared to the prior year. The obligation was based on an actuarial valuation as of December 31, 2022. Approximately 62.3% or about \$43.0 million was related to an implicit rate subsidy associated with allowing current and projected future retirees to purchase health insurance at the same blended premium rate as active employees. The explicit rate subsidy, or the difference between the amounts required by the retiree based on the blended premium rate, and the actual cash contributed by the City, was over \$26.1 million or roughly 37.7% for 2022.
- Additionally, the City implemented GASB Statement No. 87-Leases. Most of the financial impacts were reported within the current year's financial statements with the exception of the Water and Metro Transit Utility funds. Net position as of the beginning of the year for these two funds, were restated as they present comparative financial statements annually. Refer to Note IV. G page 114 for further details.
- The City of Madison achieved its Aaa bond rating from the Moody's Investors Service. The City has maintained its Aaa bond rating annually since 1973, or for the past 49 years.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



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

Further explanation of the basic financial statement sections follows:

Government-Wide Financial Statements

The two *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The government-wide financial statements can be found on pages 43 through 46 of this report.

The *Statement of Net Position* presents information on all of the City of Madison's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating. For the City of Madison, the primary deferred outflows of resources are for unamortized loss on advance refunding, pension related, and other post-employment benefits related amounts, with deferred inflows of resources mostly for property taxes/assessments levied in 2022, but will not be collected until 2023, for pension related, other post-employment benefits amounts, unamortized gain on refunding, and for lease related amounts.

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

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

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

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

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

The discretely presented component units are; the Community Development Authority (CDA) of the City of Madison which includes as component units, Allied Drive Redevelopment, LLC; Truax Park Redevelopment, Phase I, LLC; Truax Park Redevelopment Phase 2, LLC; and Burr Oaks Senior Housing, LLC; the Business Improvement District (BID); the Olbrich Botanical Society and Olbrich Botanical Society Foundation (OBS and OBSF); and the Madison Public Library Foundation, Inc. (MPLF); and the Madison Parks Foundation (MPF). These entities are described in Note IV-I page 123 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 *custodial funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The governmental fund financial statements can be found beginning on page 47 of this report.

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

Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Data from the other governmental funds are combined into a single, aggregated presentation. Disaggregated fund data for these other four governmental funds is provided in the form of combining statements in the supplementary information section beginning on page 196.

Proprietary Funds maintained by the City of Madison are of two different types: *enterprise funds* and *internal service funds* that generally report services for which the City charges customers a fee. *Enterprise funds* are used to report those functions presented as business-type activities in the government-wide financial statements. The *proprietary fund financial statements* can be found beginning on page 55 of this report.

The City's fund financial statements present separate major enterprise fund information for the Water Utility, Sewer Utility, Stormwater Utility, and Transit Utility. The Parking Utility, Convention Center and Golf operations are presented as nonmajor Enterprise Funds beginning on page 203.

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

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

These are presented separately in the combining statement of net position internal service funds presentation beginning on page 208 and are included with other governmental activities in the government-wide financial statements.

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

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

Notes to the Financial Statements

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

Supplementary and Statistical Information

Compliance with the City's annual operating budget for the year ended December 31, 2022 is reported as required supplementary information in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP) - General Fund, and Library Fund*, which begins on page 184. 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 194-221 includes combining statements for the nonmajor governmental, nonmajor enterprise, internal service, agency and component unit funds, schedules of revenues and expenditures and changes in fund balances-budget and actual for all governmental funds for which a budget has been adopted, the sewer remediation revenue bond covenant analysis, and capital projects schedules.

The statistical section beginning on page 222, 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, 2022, and 2021, are summarized in the table below.

The change in net position improved by almost \$119.5 million during the year, to just under \$1.7 billion by the close of the year, or a little more than 7.6%. The upward change in net position is mostly attributable to the City generating approximately \$373.6 million in program revenues, recognizing over \$353.4 million in total general revenues and transfers to support expenses that increased by just over \$38.5 million from the prior year, to approximately \$607.3 million.

Additionally, the primary government investments in capital assets such as land, infrastructure, and plant in service capitalized for both the governmental and business-type activities. The net investment in capital assets comprises the majority, or roughly 82.0% of the primary government's total net position.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Most capital assets are used to provide services to residents and are not available for future spending. See page 39 of this report for information related to capital assets.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 988,036	\$ 847,242	\$ 209,418	\$ 173,997	\$ 1,197,454	\$ 1,021,239
Capital Assets (net)	1,144,760	1,135,590	947,279	912,120	2,092,039	2,047,710
Total Assets	\$ 2,132,796	\$ 1,982,832	\$ 1,156,697	\$ 1,086,117	\$ 3,289,493	\$ 3,068,949
Deferred Outflows of Resources	\$ 241,700	\$ 160,434	\$ 56,022	\$ 39,345	\$ 297,722	\$ 199,779
Liabilities:						
Current Liabilities	\$ 133,516	\$ 110,147	\$ 44,391	\$ 49,876	\$ 177,907	\$ 160,023
Noncurrent Liabilities	648,977	645,794	342,318	341,667	991,295	987,461
Total Liabilities	\$ 782,493	\$ 755,941	\$ 386,709	\$ 391,543	\$ 1,169,202	\$ 1,147,484
Deferred Inflows of Resources	\$ 640,138	\$ 504,228	\$ 90,872	\$ 49,475	\$ 731,010	\$ 553,703
Net Position:						
Net investment in capital assets	\$ 730,948	\$ 740,301	\$ 653,083	\$ 620,927	\$ 1,384,031	\$ 1,361,228
Restricted	284,926	227,447	47,516	42,511	332,442	269,958
Unrestricted (deficit)	(64,009)	(84,651)	34,539	21,006	(29,470)	(63,645)
Total Net Position	\$ 951,865	\$ 883,097	\$ 735,138	\$ 684,444	\$ 1,687,003	\$ 1,567,541
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	67%	70%	154%	155%	89%	92%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	-4%	-7%	7%	5%	-2%	-4%

Approximately 19.7% or less than \$333.0 million of the primary government's total net position represent resources that are subject to other restrictions as to how they may be used either by external groups, such as contributors, or due to laws or regulations of other governments or grantors as a result of legal limitations established through constitutional provisions or enabling legislation.

The year concluded, with the primary government's total unrestricted net position at a deficit of just under \$29.5 million. It is important to note, that almost \$34.5 million of the unrestricted net position is related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities.

Additionally, total net position accounted for 89% of total liabilities and deferred inflows at the end of 2022, for both governmental and business-type activities. However, unrestricted net position was at a deficit of approximately 4% of total liabilities and deferred inflows for governmental activities. The same measure was 7% for business-type activities, and totaled a deficit of 2% 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 58,971	\$ 47,776	\$ 152,943	\$ 141,887	\$ 211,914	\$ 189,663
Operating grants and contributions	94,161	55,788	31,607	31,354	125,768	87,142
Capital grants and contributions	17,156	17,109	18,802	20,725	35,958	37,834
General revenues:						
Property Taxes	296,195	288,911	-	-	296,195	288,911
Intergovernmental revenues not restricted to specific programs	27,906	28,354	-	-	27,906	28,354
Investment income (loss)	(7,446)	(281)	896	289	(6,550)	8
Other	27,820	18,456	8,010	10,151	35,830	28,607
Total revenues	<u>\$ 514,763</u>	<u>\$ 456,113</u>	<u>\$ 212,258</u>	<u>\$ 204,406</u>	<u>\$ 727,021</u>	<u>\$ 660,519</u>
Expenses:						
General government	\$ 40,521	\$ 34,545	\$ -	\$ -	\$ 40,521	\$ 34,545
Public safety	140,858	137,072	-	-	140,858	137,072
Public works and transportation	93,589	94,686	-	-	93,589	94,686
Planning and development	93,517	75,710	-	-	93,517	75,710
Culture and recreation	44,991	41,921	-	-	44,991	41,921
Interest and fiscal charges	9,922	9,803	-	-	9,922	9,803
Water	-	-	31,988	30,510	31,988	30,510
Sewer	-	-	44,495	44,299	44,495	44,299
Stormwater	-	-	17,391	16,844	17,391	16,844
Parking	-	-	14,563	13,478	14,563	13,478
Transit	-	-	61,558	58,558	61,558	58,558
Convention Center	-	-	10,336	8,088	10,336	8,088
Golf courses	-	-	3,611	3,324	3,611	3,324
Total expenses	<u>\$ 423,398</u>	<u>\$ 393,737</u>	<u>\$ 183,942</u>	<u>\$ 175,101</u>	<u>\$ 607,340</u>	<u>\$ 568,838</u>
Excess before transfers	91,365	62,376	28,316	29,305	119,681	91,681
Transfers	<u>(22,597)</u>	<u>(18,986)</u>	<u>22,597</u>	<u>18,986</u>	-	-
Change in net position	68,768	43,390	50,913	48,291	119,681	91,681
Net position, beginning of year (as restated)	883,097	839,707	684,225	636,153	1,567,322	1,475,860
Net position, end of year	<u>\$ 951,865</u>	<u>\$ 883,097</u>	<u>\$ 735,138</u>	<u>\$ 684,444</u>	<u>\$ 1,687,003</u>	<u>\$ 1,567,541</u>

Property tax, general revenues, and charges for services program revenues financed nearly 83.7% of the primary government's expenses. Operating and capital grant contributions, as well as intergovernmental revenues not restricted for specific programs, are largely passed through from federal and state resources. These same resources funded just over 31.2% of the City's wide range of services, or functional expenses during the year, with the largest being public safety (police and fire).

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

Governmental Activities

Governmental activities for 2022 increased net position by almost \$68.8 million. Total revenues exceeded total expenses by almost \$91.4 million; however approximately \$22.6 million (net) was transferred to the business-type activities, thereby slightly reducing the governmental activities net position at the end of year.

Some notable changes in revenues and expenses are described below:

Revenues:

Charges for Services:

- General government increased in total, by over \$555,000 from the prior year as follows:
 1. Increase of \$390,000 in various licenses,
 2. A decrease in reimbursed expenses for unemployment and workshare programs of just over \$408,000,
 3. An increase of \$650,000 was due to changes between year-end, unavailable revenue accruals, mostly related to timing for court fees,
- Public safety increased by approximately \$3.1 million from 2021:
 1. Ambulance conveyance fees collected during the year were up by just over \$2.8 million when compared to the prior year, as the number of rides was up, as well as an increase in the rate per ride,
 2. Parking violations were also up by over \$600,000 as individuals came back to work and downtown area events return,
 3. The remaining decrease of about \$300,000 was due to changes between year-end, unavailable revenue accruals, mostly related to timing for ambulance fees,
- Public works and transportation increased by around \$7.4 million for the following:
 1. Building and occupancy permit revenues were up by over \$600,000,
 2. An increase of just over \$1.0 million for a new special charge for recycling,
 3. Increase of nearly \$344,000 for Urban Forestry charges,
 4. An increase of over \$570,000 in Engineering charges,
 5. A decrease of almost \$2.0 million in revenue from other governments related to capital infrastructure projects,
 6. Moreover, the difference of about \$6.9 million increase for conversion entries required for unavailable revenue accruals largely related to special assessment collections, and timing for deferred revenues for larger capital projects,
- Planning and development program revenues increased from the prior year by a little more than \$78,000 for the following:
 1. TIF Increment guarantees decreased by about \$600,000 during the year,
 2. Impact fee revenues were up by almost \$1.6 million for newer projects in which fees were collected during the year when planning is initiated,
 3. Program appreciation fees on loans were down almost \$300,000 from 2021,
 4. Rental revenue decreased by around \$620,000 as lease revenue is now calculated in the conversion entries,

- Culture and recreation increased by approximately \$27,000 from the prior year for the following:
 1. Parks use and other net fees increased by about \$122,000,
 2. Library charges for services were lower by almost \$60,000,
 3. Cemetery fees decreased by over \$35,000.

Operating Grants and Contributions:

- General government increased by nearly \$8.0 million from the prior year due to the pandemic for the following:
 1. American Rescue Plan Act grants totaled over \$12.6 million an increase of \$5.7 million from 2021. This funding replaced lost revenue from the economic downturn,
 2. There was a one-time \$530,000 contribution resulting from the Town of Madison attachment,
 3. There was an \$800,000 increase due to measurement of lease revenues,
- Public safety increased by more than \$1.8 million from the prior year for the following:
 1. CARES Act funding provider relief grant of \$2.6 million, this was a new one-time grant,
 2. A decrease of almost \$700,000 for DOJ police grants as 3 grants ran out in the beginning of 2022,
 3. A decrease of \$90,000 as a SAFER grant ran out in 2021,
- Public works and transportation was down by approximately \$590,000 for the following:
 1. A decrease of \$325,000 from FEMA grants received in 2021, but not in 2022,,
 2. A decrease of \$315,000 as there were contributions for road projects in 2021 that weren't there in 2022,
- Planning and development increased a little less than \$28.8 million during 2022, including
 1. ERA, or Emergency rental assistance funding increased by \$29.6 million from 2021 to 2022, as unspent funds were re-allocated to entities able to remit grants to those who qualified,
 2. Other federal and state sources were down a net \$800,000 from 2021,
- Culture and recreation increased by approximately \$390,000 as a result of increased Library Foundation donations and contributions during the year,

Capital Grants and Contributions:

- General government capital grants decreased by \$61,000 during 2022 due to an urban sustainability grant received in 2021, but not in the current year,
- Public works and transportation decreased from the prior year, by a little over \$1.5 million
 1. Special assessment revenues were up by over \$1.4 million,
 2. Timing for revenue recognition, which collectively totaled nearly \$1.3 million less from that of the prior year, was for deferred special assessments not collected in 2022, and reduced capital contributions to infrastructure projects,
 3. Additional debt of a little over \$800,000 was added as part of the Town of Madison attachment,
 4. There was in decrease in federal funds of nearly \$890,000 for specific projects including the Garver bike path,
- Planning and development capital contributions decreased by approximately \$985,000
 1. There were approximately \$400,000 in decreases for state capital revenues and TIF contributions in 2022,

2. There was a \$573,000 decrease due to revenue recognition and timing of capital leases for the year,
- Culture and recreation capital funding increased from the prior year, by approximately \$2.6 million for the Olbrich Gardens construction project.

Expenses:

- General government expenses increased by approximately \$6.0 million when compared to the prior year, including required conversion entries to full accrual from modified accrual fund statements. Most of the notable changes are for the following:
 1. Clerk's office spending was up around \$1.0 million due to the 2022 national, state, and local elections,
 2. Salaries and benefits increased by \$2.4 million due to cost of living increases,
 3. Compensated absences increased by over \$1.1 million,
 4. Capital project expenditures increased by almost \$630,000,
 5. Room tax grants increased by \$350,000 as room tax receipts continued to recover from the pandemic,

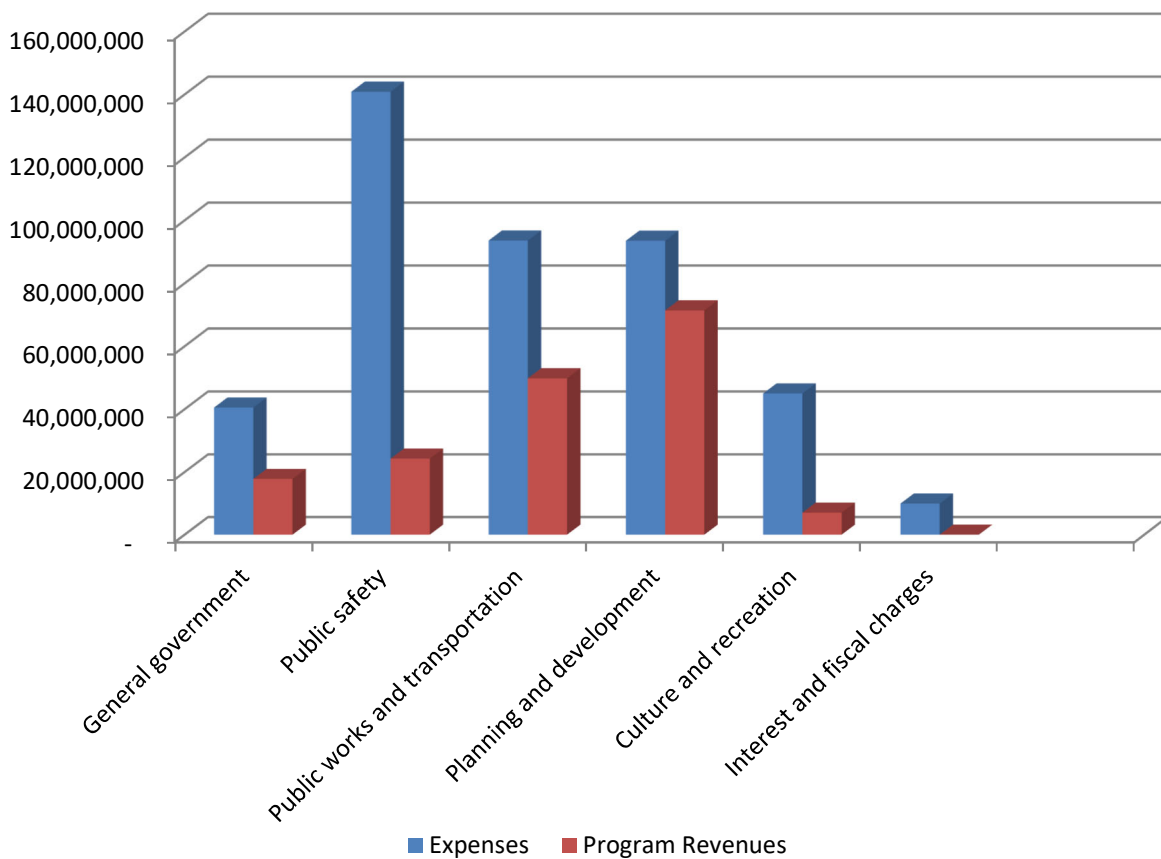
- Public safety expenses increased by approximately \$3.8 million when compared to 2021, including required conversion entries to full accrual from modified accrual fund statements. The fund statement change between years increased by about \$3.7 million and the conversion entries in aggregate, netted to a decrease of less than \$100,000. The following list identifies larger changes between years:
 1. Salaries and overtime wages were higher by about \$1.5 million for Fire and up almost \$1.3 million for Police. The increase for both can be primarily attributed to cost of living salary increases,
 2. Benefits were higher including those for annual retirements, health insurance, pensions, and FICA, totaling approximately \$240,000,
 3. Supplies and purchased service expenses were down almost \$200,000,
 4. Pension expenses related to the increased net pension asset at year end, decreased by about \$1.0 million,
 5. Compensated absences increased by around \$2.5 million compared to 2021,
 6. The City portion of Public Health Madison Dane County levy support increased by \$500,000 from 2021,

- Public works and transportation expenses between years, netted to a decrease of just under \$1.1 million, which is due to the decreases between the fund statements and the conversion entries required for full accrual reporting of \$4.8 million and increases in fund statement spending of \$3.7 million. The most notable were the following:
 1. Pension-related expenses were down by almost \$650,000,
 2. Compensated absence expenses were up by just over \$1.6 million,
 3. A net \$5.2 million decrease due to disposals of capital assets,
 4. An increase of almost \$1.0 million in fleet charges due to higher fuel prices,

- Planning and development expenses increased by just over \$17.8 million in 2022, when netted against the conversion entries required for full accrual reporting. The most significant were the following:
 1. Affordable housing and rental assistance grants increased by just over \$28.0 million from 2021, due primarily to receipt of American Rescue Plan Act grants,
 2. Capital project spending decreased by over \$9.1 million from 2021,
 3. Pension-related expenses were up by almost \$800,000,
 4. Contingent loans decreased by almost \$3.1 million during the year,

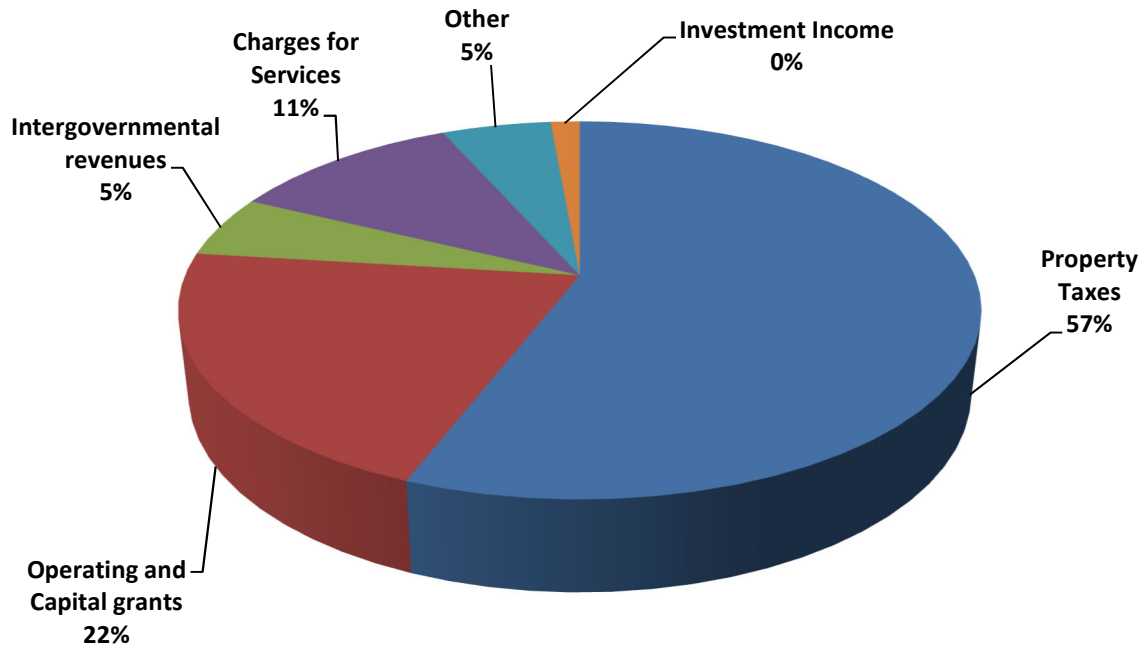
- Culture and recreation expenses were higher by just over \$3.0 million due to the following:
 1. There was a \$500,000 increase in capital spending from 2021,
 2. Compensated absences were higher by over \$1.0 million,
 3. Pension expenses were lower by around \$300,000 at year-end,
 4. Salaries and benefits were higher by around \$700,000 due to cost of living increases,
- Interest and fiscal charges between years were up minimally by about \$118,000 as required interest paid, issuance costs for debt, and amortizations for premiums and/or discounts increased slightly when compared to the prior year.

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



The statement of activities provides a concise picture of funding for the various activities of the City. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon the property tax for funding, deriving 57% of its revenue from this single source. Intergovernmental revenues and other operating and capital grants comprise another 27%, while charges for services and all other sources account for 16% of total governmental activity resources.

**City of Madison
Governmental Activities
2022 Funding Sources**



Business-type Activities

Business-type activities include the operations of the Water, Sewer, Stormwater, Parking, and Transit Utilities, the Convention Center, and Golf courses provided an increase to the City’s net position of over \$50.9 million including transfers netting almost \$22.6 million for 2022. The transfers out from the General, Special Revenue and Capital Project Funds to the business-type activities totaled over \$18.5 million, with approximately \$4.1 million of room tax revenues funding Convention Center continuing operations and capital project improvements. The governmental activities transferred capital assets to the utilities totaling almost \$18.2 million largely for transit projects.

The business-type activities remitted payments in lieu of taxes (PILOT) to the general fund totaling just over \$8.9 million. Total revenues exceeded expenses by approximately \$28.3 million prior to any transfer of funds activity by the close of 2022. See Note IV-E for interfund receivables/payables, advances and transfers beginning on page 101.

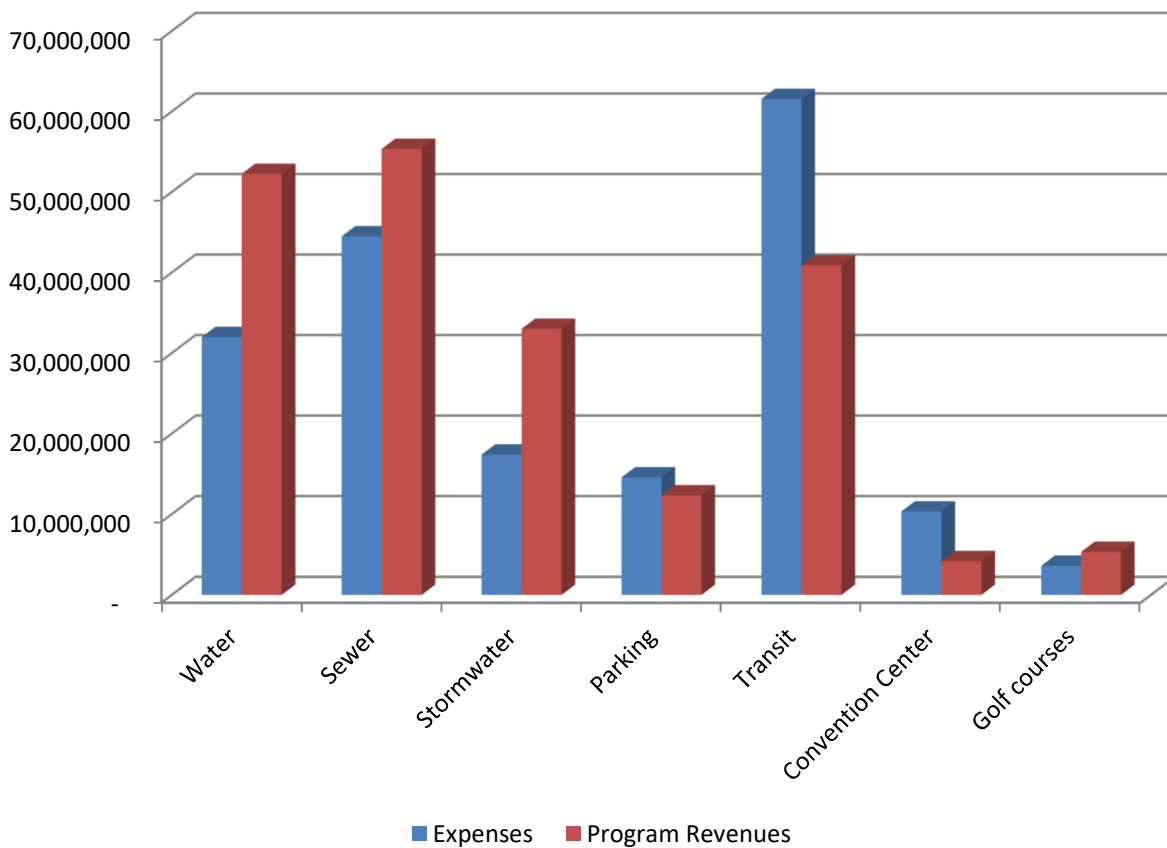
Program revenues for business-type activities increased from the prior year to over \$203.3 million. Rate increases for the Water, Sewer, and Stormwater Utilities (noted below) helped to generate over \$11.0 million more than the prior year, in charges for services revenues to support operating expenses.

- Water Utility’s rate increase was approved June of 2020, for 8.9% by the Public Service Commission. The rate increase was projected to generate approximately \$3.8 million more annually from usage charges for services. The utility recorded an additional \$49,000 in operating revenues from 2021, to 2022 due to the new rates being in effect for both fiscal years.
- Sewer Utility’s volume and demand charge rates increased by 6.0% on average for 2022, down from 6.6% in 2021.

- Stormwater Utility impervious, pervious, and customer charge rates increased on average by 2.6% for 2022, compared to the increase of 9.7% in 2021.
- The Parking Utility's last rate increase was adopted in 2018. In 2022, there were increases in parking garage usage, parking lot and street meter occupancy, largely due to the end of the pandemic.

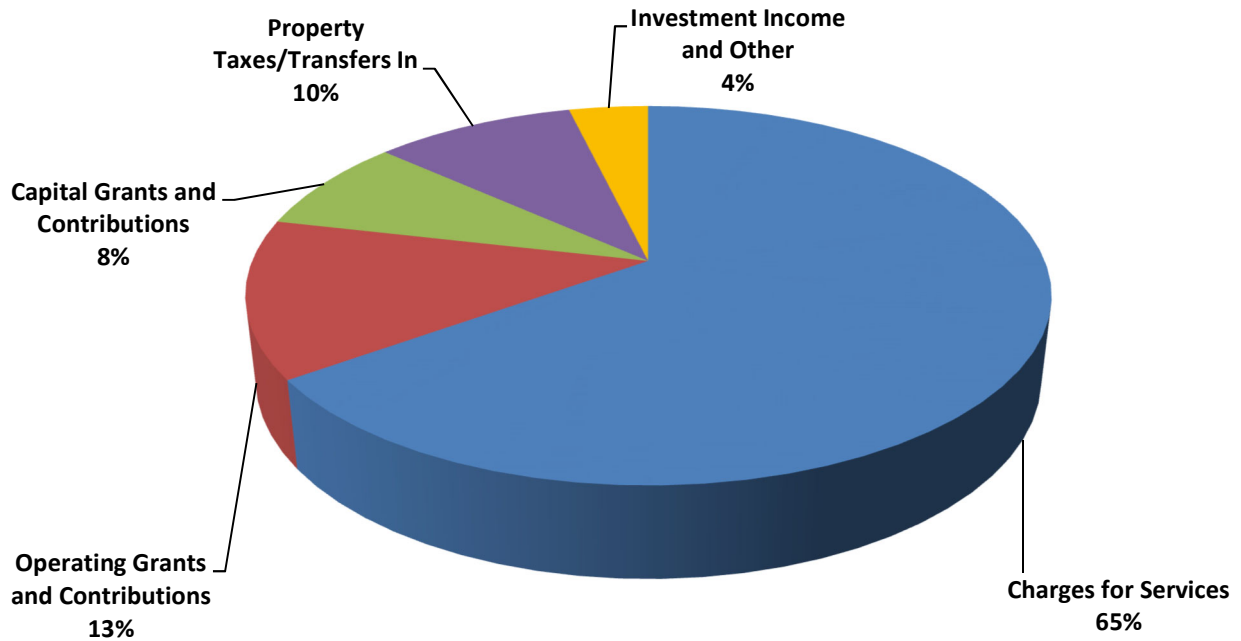
Total operating expenses for the business-type activities increased by a little over \$8.8 million at year end. Much of the increase in spending is attributable to Monona Terrace Convention Center events, and from the Parking and Transit Utilities recovering from the pandemic with increased activity.

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



As would be expected for business-type activities, charges for services are the primary revenue source, at 65% of the total. State and federal aids and grants continue to be an important revenue source at 21%. Transfers from the primary government are comprised of property taxes and minor investment income representing 14% of business-type revenues.

**City of Madison
Business-Type Activities
2022 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, 2022 for all major and nonmajor governmental funds:

	Fund Balance 2022	Fund Balance 2021	Increase (Decrease)
Major and Nonmajor Funds:			
General	\$ 89,457,329	\$ 77,807,096	\$ 11,650,233
Library	2,882,844	2,719,727	163,117
Other Grants	(263,216)	306,247	(569,463)
Debt Service	21,692,020	27,945,927	(6,253,907)
Capital Projects	148,151,878	119,702,781	28,449,097
Other Nonmajor Governmental	71,686,481	64,476,983	7,209,498
Total	\$ 333,607,336	\$ 292,958,761	\$ 40,648,575

As of December 31, 2022, the City of Madison's governmental funds reported combined ending fund balances of over \$333.6 million, or an increase of more than \$40.6 million from the prior year.

Of this total, over \$7.8 million has been classified as nonspendable, or amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact. The nonspendable fund balances resulted mostly from inventories, prepaid health insurance and flex spending deductions for January 2023 premiums, and trust activities.

Over \$221.6 million of the governmental fund balance is restricted for specific legal requirements and other commitments such as debt service payments, unspent borrowing proceeds, long-term loans, advances, tax increments generated to cover capital outlay for subsequent year expenditures, and for distributions to other taxing jurisdictions.

Nearly \$38.3 million of the year end fund balance was committed or assigned for specific purposes such as encumbrances, open capital project contracts, compensated absences for vacations and other leave time (excluding sick leave), and for life insurance stabilization of premiums; leaving a total unassigned governmental fund balance of more than \$65.7 million available for spending at the discretion of the City's elected officials.

The **general fund** is the primary operating fund used to account for the governmental operations of the City, with the direct expenditures of this fund accounting for a little under 48.8% of the City's governmental fund expenditures as reported on the *statement of revenues, expenditures and changes in fund balances*.

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

The total year end general fund balance of over \$89.4 million represented approximately 34.1% of roughly \$262.5 million in 2022 expenditures reported on the *statement of revenues, expenditures and changes in fund balances* while approximately \$66.1 million unassigned balance represented just under 25.2% of the same expenditure measure.

Historically in Madison, the audited unassigned fund balance has been considered in proportion to the subsequent year's budgeted general fund expenditures, including debt service, and used to measure the adequacy of the City's operating reserve, with a stated target ratio of 15%. The adopted 2023 general fund budget authorized expenditures of \$362,559,104.

The general fund 2022 unassigned fund balance was at 18.2% of the subsequent year's budget, which increased from last year's percentage of 16.5%, higher than the historical target due to the following:

- During 2022, city management assigned roughly \$1.5 million more than the prior year, primarily due to a fund balance application of \$3.4 million in the 2023 budget. For life and disability premium stabilization, there was a decrease of approximately \$2.6 million, a decrease of encumbrances of about \$180,000; and higher compensated absences reserves of just over \$800,000 due to vacation and compensation paid leaves not taken during the year.

- The investment's book, par, and market values were tracked throughout 2022. The City's investment portfolio incurred a mark-to-market loss of over \$15.2 million, while the premium stabilization fund for life and disability benefits incurred a gain on the mark-to-market adjustments of over \$800,000. This adjustment was combined with the general fund income earnings of about \$3.4 million at year end, or a roughly 600% increase from the prior year which had totaled \$543,000. All of this was incurred due to unprecedented increases in interest rates as the Federal Reserve was trying to fight increased inflation.
- Personal property exemption aid increased by almost \$300,000 during the year, while payments for municipal services increased by around \$130,000. Shared revenues, highway aids, and video service provider aid were relatively unchanged from the previous year.
- Total expenditure variances ended the year favorably at approximately \$15.6 million, and less than 4.6% from the final amended budget, due to larger savings of just under \$2.2 million in the Police Department, \$650,000 in Parks, \$1.4 million in the Streets Division, \$1.4 million in the Fire Department, and \$1.6 million in Information Technology.

The **library** special revenue fund includes resources that are legally restricted to support the various library branches and programs within the City. The fund balance increased in 2022 due to several large grants that were received late in the year and not spent. These grants are required to be carried forward and spent down in 2023.

The **other grants** fund had a total fund balance deficit of approximately \$263,000 at year end, and a decrease of nearly \$570,000 when compared to the prior year. This change is a result of an increase in revenue of approximately \$38.0 million from the ERA1 and ERA2 award for reallocated funds. The City also received the second tranche of the SLFRF funding in 2022. This was offset by an increase in expenditures of \$32.0 million, and an increase in transfers out to the general fund of \$7.3 million for revenue recovery. Increases in Emergency Rental Assistance grants created an increase in associated expenditures of nearly \$29.0 million between years.

The **debt service** fund had a total fund balance of a little less than \$21.7 million at year end. The fund balance change, or decrease of over \$6.2 million is a result of a crossover advance refunding's of general obligation debt that occurred in 2020, and an increase in investment income. As a result of the crossover advance refunding, there was a final principal payment for the 2012-C issuance of \$7.6 million offset by lower interest rates. The interest paid in 2022, was approximately \$1.1 million lower when compared to 2021. Interest rates also increased in 2022, to an average of 1.25% from .25% in 2021. This resulted in an increase of nearly \$500,000 of investment income for the year.

The City issued approximately \$72.4 million in tax-exempt promissory notes, with a true interest cost of 2.81%, and approximately \$20.2 million in taxable promissory notes, with a true interest cost of 3.95% to finance various city capital projects. The premiums received as a result of the general obligation borrowing totaled approximately \$8.6 million with \$2.3 million being used to repay Water Utility revenue bond debt. This represents about 11.9% of the par value of the tax-exempt debt.

In addition, the City issued \$22,035,000 in general obligation bonds with an average coupon rate of 4.7% to refund \$12,880,000 of outstanding Series 2012 Water Utility revenue bonds with an average interest rate of 3.21%, and \$16,525,000 of outstanding Series 2013 Water Utility revenue bonds with an average interest rate of 4.19%. The net proceeds were used to purchase U.S. government securities and pay issuance costs for the transaction. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, that portion of the old bonds were considered defeased, and the liability for that portion of the old bonds was removed from the statement of net position. The 2013 bonds were called on January 3, 2023.

The cash flow requirements on the old bonds prior to the current refunding was \$35,979,375 from 2023 to 2034. The cash flow requirements on the new bonds is \$28,453,323 from 2023 through 2034. The current refunding resulted in an economic gain of \$1,013,348.

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

The special assessments fund is used to account for the long-term receivables associated with the City's Special Assessment Program. This fund saw a net decrease of 20 opened special assessment districts in 2022, down to 621 from 641 in 2021. Additionally, the ending receivable balance decreased by just over \$1.2 million from the prior year. Delinquent special assessments decreased by about \$110,000 during the year, to approximately \$955,000.

The special assessments fund balance increased by just under \$2.5 million at year end. This was largely due to a decrease of about \$1.3 million in transfers out to the Capital Projects Fund in 2022, for capital asset acquisitions. Special assessment revenue also increased by approximately \$1.4 million compared to the prior year.

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. Most of Negative cash balances were reported at year end within some of the TIDs. These TIDs received advances from the Other Capital Projects Fund of approximately \$4.2 million at the close of 2022.

The City had 15 active districts during the year. The districts generated, in total, nearly \$36.7 million in tax increment. TID #42 (Wingra), TID #49 (Femrite Drive), and TID #50 (State and Lake) borrowed \$6.2 million, \$2.1 million, and \$600,000 in General Obligation Borrowing respectively. There were no developer loans disbursed from any of the TIDs in 2022. Approximately \$790,000 was received for state computer reimbursements, \$888,000 was received for state personal property aid, and a little less than \$988,000 was earned in investment income. Additionally, a \$4.0 million donation was made from TID #36 (Capitol Gateway Corridor), as well as a \$3.0 million donation from TID #39 (Stoughton Road). Both of these donations were to TID #42 (Wingra), to support ongoing projects. Two new districts, TID #49 (Femrite Drive), and TID #50 (State and Lake) were created in 2022. No districts were closed during 2022.

The fund balance for the TIDs in total increased by a little more than \$29.0 million at the end of the year to approximately \$72.1 million. The districts paid roughly \$8.0 million for principal and interest on long-term debt, and spent just under \$11.0 million for capital improvements.

These included a \$5.0 million in transfers to the General Fund to reimburse costs associated with the construction of the Livingston Parking facility, \$3.4 million for various street and storm reconstruction/resurfacing projects, \$2.1 million for improvements at the Village on Park facility, and \$365,000 for the Dairy Drive homeless encampment.

The following is a listing of noteworthy TID projects active during 2022:

- Aldo Leopold Park Single Track-TID #35
- Public Market-TID #36
- Dairy Drive Homeless Encampment-TID #39
- Old Middleton Rd Improvements-TID #41
- Village on Park-TID #42
- Intercity Intermodal Bus Terminal-TID #50
- Small Business Grant Program-TID #50

The *other capital projects* fund accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure. It's fund balance decreased by about \$3.3 million from the prior year, largely due to a decrease in unspent GO proceeds from \$55.0 million in 2021, to approximately \$51.0 million in 2022. Annual investments in capital assets increased from about \$36.0 million in 2021, to \$57.0 million in 2022, mainly due to increased asset contributions to Metro Transit.

Significant capital expenditures were as follows: \$16.2 million contributed to Metro Transit to help fund the construction of new facilities, and the purchase of transit equipment, \$3.1 million for the renovation of City offices and facilities at Olin Park, \$2.9 million for County Highway M construction, and \$2.7 million for the construction of a fueling station at the Public Works site on South Point Road.

Revenues for the other capital projects fund are mostly general obligation debt proceeds, transfers from other governmental funds, and intergovernmental cost sharing revenues. Other noteworthy sources of revenue in 2022 included: \$7.2 million received as part of the Volkswagen Mitigation program, and a \$2.1 million donation received for renovations at Olbrich Botanical Garden. Altogether, revenues in the capital projects fund totaled nearly \$84.5 million for the year.

The aggregated *other nonmajor governmental* funds column includes various special revenue and permanent funds such as: Community Development Block Grant (CDBG), revolving loans, other restricted funds, and permanent funds, used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The nonmajor governmental fund balances increased in total to just under \$71.7 million. Of this amount, the accumulated fund balances for the special revenue funds increased to \$66.8 million at year end. The Affordable Housing special revenue funds expended approximately \$3.8 million in loans to provide low-income housing rentals to city residents, an increase of \$712,000 from 2021. Developer paid impact fees totaled \$10.4 million for the year, or an increase of \$1.6 million when compared to the prior year. Approximately, \$2.7 million was spent on capital project improvements and debt service payments during the year.

Proprietary Funds

The City's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in greater detail for the Enterprise Funds: Water Utility, Sewer Utility, Stormwater Utility, Parking Utility, Convention Center, Golf Courses, and for the Internal Service Funds: Fleet Services, City Insurance and Worker's Compensation Funds.

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

	Net Position 2022	Net Position 2021*	Increase (Decrease)
Enterprise Funds:			
Water Utility	\$ 167,774,530	\$ 154,514,500	\$ 13,260,030
Sewer Utility	138,121,313	126,966,823	11,154,490
Stormwater Utility	284,777,984	266,735,032	18,042,952
Metro Transit Utility	50,310,225	38,877,765	11,432,460
Nonmajor Enterprise	100,242,679	103,410,723	(3,168,044)
Total	<u>\$ 741,226,731</u>	<u>\$ 690,504,843</u>	<u>\$ 50,721,888</u>

*The net position for Water Utility and Transit Utility has been restated for the implementation of GASB Statement 87 – Leases.

The net position of the *enterprise-type* proprietary funds at the end of 2022, totaled over \$741.2 million, up approximately \$50.7 million from the previous year.

The Water Utility's total operating revenues increased by \$28,050 or .1% when compared to the prior year. New rates were approved on December 29, 2022, and went into effect on March 1, 2023. The rate increase is projected to generate \$8.5 million more annually from usage charges for services.

Additionally, the utility is currently ranked fourth for residential rates out of 80 utilities, and classified as AB with customers over 4,000 in Wisconsin. In 2022, the utility added 522 new customers, up approximately 5.2% from the prior year. Operation and maintenance expenses were up by approximately \$1.7 million for 2022. The staff very closely monitored costs during the year, to coincide with quarterly revenue projections. Depreciation was up by \$85,000, or about 1.0% from that of the prior year.

Further, the Water Utility added \$4.6 million of plant in service in 2022. Of this amount, approximately \$2.8 million was contributed by developers and contractors, or was received from special assessments. Capital projects paid for by the utility included: approximately \$639,000 for new and replacement water mains, laterals and hydrants, \$588,000 for pumping plant and telemetry equipment, motor control center (MCC) SCADA upgrades, programmable logic controllers (PLC), transformers, and variable frequency drives (VFD), \$115,000 for transportation and power equipment, and \$411,000 for the continued meter program.

Rate increases of approximately 6.0% for the Sewer Utility, and 2.6% for the Stormwater Utility were in effect as of April 1, 2022. These increases helped to keep the net positions positive for both enterprise funds.

The Sewer Utility generated income before capital contributions of just over \$8.3 million. In addition, the utility added nearly \$5.0 million in public projects including the following: \$822,000 in CIPP Lining projects, \$863,000 for the Worthington, Powers and Thurber project, \$639,000 for the Ohio, Jackson and St. Paul project, \$548,000 for the Helena, Russell and Jenifer project, and \$504,000 for the Owen, Keating and Caromar project. Further, the City assumed ownership of over \$430,000 of sanitary sewer infrastructure from the former Town of Madison. Approximately \$618,000 was added for equipment during the year. Just under \$14.0 million of revenue bonds were issued in 2022.

The Stormwater Utility had income before contributions totaling just over \$5.5 million at year end. The utility also added \$17.1 million in public projects to plant from construction in progress, which included: \$9.2 million for the CTH M (McKee Rd and Mid-Town area) projects, nearly \$1.7 million for the Curtis/Coyote Ponds built in conjunction with UW Madison, \$936,000 for the Ohio, Jackson and St. Paul project, and \$847,000 for the Dean, Allis, Tyler and Seth project. In addition, the City assumed ownership of over \$618,000 of storm sewer infrastructure from the former Town of Madison. The utility also replaced equipment totaling approximately \$680,000. Additionally, land was contributed to the utility totaling \$4.7 million during the year. Further, the utility recorded just over \$12.5 million in capital contributions.

The net position of Metro Transit increased just under \$11.4 million for 2022. This is mostly attributed to the acquisition of 15 motor coaches, and the change in accounting for leases.

Employee compensation and benefits accounted for just under 76.0% of total operating expenses excluding depreciation, but remained under budget by about \$3.0 million at year end. Passenger revenues totaled almost \$9.7 million for the fiscal year, which was up \$750,000 from 2021. Metro Transit's ridership in 2022 totaled about 8.3 million. This was up by approximately 53.0% from 2021, as ridership continues to rebound back to levels seen prior to the COVID-19 pandemic.

Metro Transit is currently in year 5 of a six-year facilities upgrade plan for the main bus garage on East Washington Avenue. The next phase is set to start in 2024. To accommodate the addition of BRT service, staff is completing design work for the addition of a wash bay, service lane, utilities to accommodate electric vehicles, and lifts for maintenance of the 60-foot BRT buses at the satellite facility on Hanson Road. The location will also include training/conference space and a dispatch and administration area. Construction is expected to be completed in early 2024 for the BRT rollout. Once BRT service is opened, there will be 46 all-electric 60-foot buses to provide additional capacity to transport riders utilizing a smaller carbon footprint.

To speed up boarding on both its bus rapid transit and local route systems, Metro Transit staff are implementing new fare technology beginning in 2023. This technology will feature smart cards, customer online accounts, and the ability to use smartphones and credit cards to board the buses. Improvements will make it both easier to ride the buses, and plans to make the system more accessible to low income riders with a fare capping process.

The nonmajor enterprise funds include the Parking Utility, Monona Terrace Convention Center, and Golf Courses. The net position for the Parking Utility decreased by about 3.2% or about \$2.5 million by the close of the fiscal year; the utility remains debt free, collected just over \$12.0 million from customers, and used excess reserves to fund operating expenses that totaled almost \$14.6 million.

In 2022, Parking continued to see operations grow to a new normal from the pandemic. The demand for parking started to return in the beginning of 2022, and continued to increase throughout the year, including the return of a significant number of events to the downtown area. This directly impacted revenues related to the garages/facilities, along with on-street metered parking. In addition, the fund saw an increase in students returning to campus life, and employees returning to the office, resulting in increased demand for monthly and leased parking in garages.

The Monona Terrace Convention Center’s net position decreased by over \$2.2 million, or about 8.9% for 2022, largely due to higher expenses related to an increase in operational activity, especially labor. In 2022, the Center had 448 events, compared to only 337 events in 2021. Additionally, the Center held 24 conventions in 2022, up from only nine in 2021. Revenue increased by 175.6% from \$1.5 million in 2021, to \$4.1 million in 2022. Expenses related to operation and maintenance increased by 36.5% from \$6.2 million in 2021, to \$8.4 million in 2022.

Golf Courses’ net position increased by over \$1.5 million (including pilot payments to the general fund) from last year, or about 514.7%. Due to the pandemic, demand for socially distanced outdoor activities such as golfing increased, and in 2022, demand remained high. By the close of the fiscal year, total rounds of golf were just under 134,000, or about the same as the prior year. Revenues and expenses remained fairly steady, with an increase of total charges for services at about \$78,000, or approximately 1.9%, while expenses increased by \$173,000 or 5.4% by the end of the fiscal year.

The net position of the City’s three *internal service-type* proprietary funds outlined below, increased in total by over \$797,000 from the prior year, to a positive total net position of almost \$10.3 million in 2022.

Approximately \$38,000 was transferred to fleet services from the general fund, to replace police vehicles and other equipment. This transfer was down from \$380,000 the previous year. The total net position within the Fleet Services Fund fell about \$17,000, to just under \$3.0 million at the end of the year.

Furthermore, the insurance fund experienced over \$1.5 million in claims during the year, while the Worker’s Compensation fund paid out about \$2.8 million. The Worker’s Compensation fund also incurred a roughly \$970,000 positive adjustment to its required reserve balance in 2022. Overall, all three internal service funds had positive net position balances as of December 31, 2022.

	Net Position 2022	Net Position 2021	Increase (Decrease)
Internal Service Funds:			
Fleet Services	\$ 2,974,714	\$ 2,991,819	\$ (17,105)
City Insurance	1,720,712	1,843,709	(122,997)
Worker’s Compensation	5,599,510	4,661,903	937,607
Total	<u>\$ 10,294,936</u>	<u>\$ 9,497,431</u>	<u>\$ 797,505</u>

BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP)* for the General Fund found on page 184, the original 2022 general fund budget authorized expenditures of approximately \$341.3 million funded by anticipated revenues of approximately \$341.3 million.

During the year, the Common Council authorized additional expenditures of approximately \$3.1 million while budgeted revenues remained the same, for an amended budget amount of approximately \$344.3 million in expenditures, and \$341.3 million in revenues.

The City ended the year with favorable general fund final budget variances for expenditures of over \$15.6 million, and a negative variance of revenues totaling just over \$955,000, resulting in a net positive variance of over \$14.7 million. The large variances in expenditures was largely due to cost saving measures put in place during the year and difficulties remaining fully staffed in many departments.

The Police Department had nearly \$2.2 million in expenditure savings, \$1.4 million in reductions from the Fire Department, \$650,000 in Parks, \$1.1 million in Planning and Community Development, and cost savings of about \$1.6 million from Information Technology. There was also \$1.7 million in cost savings within the public works agencies, including \$1.4 million for Streets.

The revenue variances were unfavorable by nearly \$4.0 million. Intergovernmental revenues were down slightly by about \$267,000 when compared to the budget. Additionally, licenses and permit revenues were up by just over \$1.1 million. The general fund received nearly \$3.4 million in investment income, which was offset by negative mark-to-market adjustments totaling \$14.4 million, or about \$11.9 million in total below the adopted budget. In 2022, the Room Tax Fund transferred almost \$5.7 million to the general fund. Usually this fund receives approximately \$6.0 million annually from this important revenue source. Charges for ambulance services were up by almost \$1.7 million when compared to budget, due to a rate increase and 10.0% more conveyances during the year.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

In accordance with GASB-34, the City has recorded historical costs and depreciation expense associated with its capital assets, including infrastructure. In 2022, the City implemented GASB-87, which required reporting the value of leased assets and associated amortization expenses.

As summarized in the following table, the City's reported capital assets for governmental and business-type activities at December 31, 2022 of nearly \$3.2 billion.

Roughly 70.4% 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 just under \$1.1 billion, or approximately 34.4% of the historical asset cost. Depreciation and amortization expenses by function totaled just under \$77.7 million for both governmental and business-type activities. Net of accumulated depreciation, the City's investment in capital assets totaled just under \$2.1 billion as of December 31, 2022.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 251,640	\$ 242,461	\$ 88,337	\$ 82,163	\$ 339,977	\$ 324,624
Construction in Progress	37,802	44,585	16,387	15,441	54,189	60,026
Land Improvements	47,371	46,304	-	-	47,371	46,304
Buildings	311,314	298,379	-	-	311,314	298,379
Machinery and Equipment	176,582	172,120	-	-	176,582	172,120
Intangibles	13,374	12,780	-	-	13,374	12,780
Infrastructure	1,008,637	977,395	-	-	1,008,637	977,395
Plant in Service	-	-	1,236,634	1,183,069	1,236,634	1,183,069
Subtotal	\$ 1,846,720	\$ 1,794,024	\$ 1,341,358	\$ 1,280,673	\$ 3,188,078	\$ 3,074,697
Less Accumulated Depreciation	(701,960)	(658,434)	(394,079)	(368,553)	(1,096,039)	(1,026,987)
Total net capital assets	\$ 1,144,760	\$ 1,135,590	\$ 947,279	\$ 912,120	\$ 2,092,039	\$ 2,047,710

Some notable additions to the City’s capital assets during 2022 (in millions, including transfers from Construction in Progress (CIP) where applicable) included:

- Infrastructure Street Network in service\$24.9
- Infrastructure Street Network Construction in Progress (CIP)16.4
- Water pumping, treatment, transmissions, distributions, and sanitary sewers11.8
- Major motor equipment fleet and vehicle additions7.7
- Buildings, building improvements7.6
- Land and land improvements7.3
- Bridge Network in service and CIP.....6.1
- Bike paths in service and CIP4.9
- Traffic signals, and street lights1.7

Additional information related to the City of Madison’s capital assets is reported in Note IV-D following the basic financial statements beginning on page 97.

LONG TERM DEBT

On December 31, 2022, the City of Madison had \$813,934,163 of long-term bonds, notes, and leases outstanding, as summarized in the following table:

Long-Term Debt

	City of Madison					
	Bonds, Notes, and Leases Outstanding					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 498,968,373	\$ 497,983,138	\$ 87,732,481	\$ 64,709,719	\$ 586,700,854	\$ 562,692,857
Revenue Bonds	-	-	212,420,000	243,860,000	212,420,000	243,860,000
Leases	4,722,496	820,000	10,090,813	-	14,813,309	820,000
Total Net Position	\$ 503,690,869	\$ 498,803,138	\$ 310,243,294	\$ 308,569,719	\$ 813,934,163	\$ 807,372,857

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 \$588,110,945 or 30.5% of the maximum legal limit of \$1,930,334,955.

During 2022, the primary government issued new debt for the following dates, types, amounts and ratings:

**City of Madison
New Long-Term Debt Issued**

Date	Type of Debt	Amount	Moody's Rating
10/1/2022	General Obligation Notes	\$ 72,355,000	Aaa
10/2/2022	Taxable General Obligation Notes	20,160,000	Aaa
10/3/2022	General Obligation Refunding Bonds	22,035,000	Aaa
12/20/2022	Sewer System Revenue Bonds	13,960,000	Aa2
		\$ 128,510,000	

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 105.

CURRENTLY KNOWN FACTS AND ECONOMIC FACTORS

Financial Outlook

The 2023 budget adopted by the Madison Common Council in November 2022, authorized an increase in total budgeted expenditures of almost \$21.3 million, funded by a 5.6% increase in the property tax levy, an increase in other revenue sources of just under \$7.4 million. City management is projecting 2023 actual revenues recognized, to be at or near the adopted budget due to the economic recovery from the pandemic with expenditures incurred to be relatively close to the adopted budget.

A simple projection of results from the first three months of 2023, suggests the general and library funds revenues will be at or near budgeted levels. It is anticipated that there will be a recovery and a positive increase in the mark-to-market adjustment for the City's investments. This happens in an environment of steady or slightly falling interest rates, which stabilizes or increases the value of the City's long-term investments at higher interest rates. Given the City's policy of holding these investments to maturity, the actual gain or loss will not be realized. Interest earnings are projected to be above budget, and unlike 2022, will not be offset by mark-to-market adjustments.

The 2023 Adopted Operating Budget for general and library fund expenses totals \$382,329,929. Due to salary savings and other cost reductions, most city agencies within these funds should likely finish the year at or below budgeted expenses. While it's early in the year, most projected deficits should be covered by \$1.9 million of contingent reserves, reallocating parts of the city's direct appropriations (i.e., appropriations not assigned to specific city departments), and closely monitoring any budget surplus from other city agencies.

Economic Factors

The local economy remained resilient during fiscal year 2022 when compared to the remainder of the state and nation. According to the Wisconsin Department of Workforce Development-Labor Statistics, the local unadjusted unemployment rate stood at 2.1%, below the state average rate of 2.9%, and national rate of 3.6% at the end of the year.

The City's population increased to 279,012 from 259,233 as estimated by the Wisconsin State Department of Administration October of 2022.

Locally assessed real estate value increased by approximately 10.9% between 2021 and 2022. Commercial property increased by 12.9% while total residential assessments increased by 11.4%. New construction was up from \$509.0 million in 2021, to \$784.2 million in 2022. Assessed values were as of January 1, 2022.

The average single family home assessment increased by about 12.4% from \$335,200 to \$376,900. These assessment figures compare favorably to the rest of the state and nation given the City's economy.

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

REQUESTS FOR INFORMATION

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

CITY OF MADISON

STATEMENT OF NET POSITION As of December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 385,484,462	\$ 76,179,461	\$ 461,663,923	\$ 25,682,594
Receivables (net)				
Taxes	321,798,879	-	321,798,879	-
Accounts	10,464,151	14,233,343	24,697,494	813,411
Special assessments	11,972,143	12,185,676	24,157,819	223,424
Accrued interest	815,082	-	815,082	2,058
Accrued revenue	5,787,541	64,513	5,852,054	-
Long-term loans	26,821,435	-	26,821,435	262,983
Other	14,095,009	-	14,095,009	-
Pledge	-	-	-	1,613,587
Leases	24,541,688	19,305,316	43,847,004	10,015,744
Internal balances	5,566,945	(5,566,946)	(1)	-
Due from other governmental units	18,921,675	6,838,078	25,759,753	451,918
Inventories	4,332,150	2,040,017	6,372,167	54,153
Prepaid items	4,070,118	1,208,908	5,279,026	1,850,162
Advances to component unit	4,498,799	-	4,498,799	-
Other Assets				
Net non-utility property	-	943,558	943,558	-
Beneficial interest in assets held by MCF	-	-	-	7,998,132
Other	-	1,690,673	1,690,673	836,479
Restricted Assets				
Cash and investments	23,060,224	54,788,426	77,848,650	3,740,935
Net pension asset	121,989,038	25,394,965	147,384,003	1,572,369
Investment in Wisconsin Municipal Mutual Insurance	3,815,820	-	3,815,820	-
Property held for future use/resale	-	112,429	112,429	-
Capital Assets				
Land	251,640,399	88,336,570	339,976,969	9,846,492
Construction in progress	37,802,125	16,386,834	54,188,959	2,078,677
Land improvements	47,371,455	-	47,371,455	-
Buildings	311,313,618	-	311,313,618	-
Machinery and equipment	176,582,384	-	176,582,384	-
Intangibles	13,373,881	-	13,373,881	-
Infrastructure	1,008,636,576	-	1,008,636,576	-
Plant in service	-	1,236,634,222	1,236,634,222	107,051,801
Accumulated depreciation	(701,959,701)	(394,079,446)	(1,096,039,147)	(67,915,048)
Total Assets	<u>\$ 2,132,795,896</u>	<u>\$ 1,156,696,597</u>	<u>\$ 3,289,492,493</u>	<u>\$ 106,179,871</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	499,009	499,009	-
Pension related amounts	234,622,847	53,357,338	287,980,185	2,917,993
Other post-employment benefits related amounts	7,077,468	2,165,793	9,243,261	85,864
Total Deferred Outflows of Resources	<u>\$ 241,700,315</u>	<u>\$ 56,022,140</u>	<u>\$ 297,722,455</u>	<u>\$ 3,003,857</u>

See accompanying notes to financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
LIABILITIES				
Accounts payable	\$ 42,713,292	\$ 12,577,321	\$ 55,290,613	\$ 1,926,613
Accrued payroll and payroll taxes	19,463,503	6,461,008	25,924,511	2,794,765
Other accrued liabilities and deposits	25,957,366	1,494,883	27,452,249	-
Due to other governmental units	483,225	2,879,280	3,362,505	-
Payable from Restricted Assets				
Accrued liabilities	-	3,142,303	3,142,303	-
Current maturities of revenue bonds	-	15,910,000	15,910,000	-
Other liabilities	-	1,623,104	1,623,104	-
Other liabilities	34,144	1,174,822	1,208,966	1,197,085
Advances from primary government	-	-	-	4,498,800
Unearned revenues	44,864,728	154,941	45,019,669	637,602
Noncurrent Liabilities:				
Due within one year	84,104,550	14,482,024	98,586,574	457,307
Due in more than one year	512,026,704	310,638,507	822,665,211	5,510,568
Other post-employment benefits	52,845,342	16,171,322	69,016,664	641,123
Total Liabilities	<u>\$ 782,492,854</u>	<u>\$ 386,709,515</u>	<u>\$ 1,169,202,369</u>	<u>\$ 17,663,863</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes/assessments for subsequent year	312,530,785	-	312,530,785	311,678
Pension related amounts	283,253,680	64,243,746	347,497,426	3,455,269
Other post-employment benefits related amounts	19,952,779	6,105,796	26,058,575	242,068
Unamortized gain on refunding	-	1,543,850	1,543,850	-
Lease related amounts	24,401,225	18,978,185	43,379,410	-
Total Deferred Inflows of Resources	<u>\$ 640,138,469</u>	<u>\$ 90,871,577</u>	<u>\$ 731,010,046</u>	<u>\$ 4,009,015</u>
NET POSITION				
Net investment in capital assets	730,947,820	653,082,716	1,384,030,536	42,743,842
Restricted for				
Debt service	20,123,572	19,866,726	39,990,298	-
Equipment replacement	-	2,254,541	2,254,541	-
Loan programs	35,485,808	-	35,485,808	-
Library	3,527,961	-	3,527,961	3,524,304
Park purposes	872,413	-	872,413	5,174,339
Impact fees	26,940,225	-	26,940,225	-
Other grants	730,072	-	730,072	-
Other restricted special revenue funds	4,293,078	-	4,293,078	-
TID activities	66,710,355	-	66,710,355	-
Trust purposes - expendable	3,612,899	-	3,612,899	-
Trust purposes - nonexpendable	640,765	-	640,765	-
Pensions	121,989,038	25,394,965	147,384,003	1,572,369
Unrestricted (deficit)	(64,009,118)	34,538,697	(29,470,421)	24,635,605
TOTAL NET POSITION	<u>\$ 951,864,888</u>	<u>\$ 735,137,645</u>	<u>\$ 1,687,002,533</u>	<u>\$ 77,650,459</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

Functions/Programs	Program Revenue		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government			
Governmental activities			
General government	\$ 40,521,094	\$ 3,718,460	\$ 14,882,315
Public safety	140,858,019	18,903,111	5,366,783
Public works and transportation	93,589,275	22,873,933	13,386,680
Planning and development	93,517,253	11,624,114	58,253,962
Culture and recreation	44,991,217	1,851,072	2,271,040
Interest and fiscal charges	9,921,604	-	-
Total Governmental Activities	\$ 423,398,462	\$ 58,970,690	\$ 94,160,780
Business-type activities			
Water	31,987,549	48,139,943	-
Sewer	44,495,272	50,964,628	1,531,355
Stormwater	17,391,257	22,506,277	-
Parking utility	14,563,115	12,315,056	17,517
Transit	61,558,057	10,559,127	30,057,837
Convention center	10,335,881	4,186,887	454
Golf courses	3,611,869	4,271,349	-
Total Business-type Activities	\$ 183,943,000	\$ 152,943,267	\$ 31,607,163
Total Primary Government	\$ 607,341,462	\$ 211,913,957	\$ 125,767,943
Component Units			
CDA (Housing)	\$ 32,371,662	\$ 8,942,924	\$ 24,167,057
Business Improvement District	517,984	159,201	33,682
Olbrich Botanical Society and Foundation	5,139,634	2,176,907	986,797
Library Foundation	2,044,735	202,968	1,530,244
Parks Foundation	1,010,585	82,920	979,375
Total Component Units	\$ 41,084,600	\$ 11,564,920	\$ 27,697,155

General Revenues

Taxes
Property taxes, levied for general purposes
Property taxes, levied for the library
Property taxes, levied for TIF districts
Other taxes
Intergovernmental revenues not restricted to specific programs
Investment income (loss)
Miscellaneous
Gain on sale of assets
Transfers - Internal

Total General Revenues and Transfers

Change in Net Position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

<u>Net (Expenses) Revenues and Changes in Net Position</u>					
<u>Primary Government</u>					
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>	
\$ -	\$ (21,920,319)	\$ -	\$ (21,920,319)	\$ -	-
-	(116,588,125)	-	(116,588,125)	-	-
12,738,174	(44,590,488)	-	(44,590,488)	-	-
1,498,080	(22,141,097)	-	(22,141,097)	-	-
2,919,935	(37,949,170)	-	(37,949,170)	-	-
-	(9,921,604)	-	(9,921,604)	-	-
<u>\$ 17,156,189</u>	<u>\$ (253,110,803)</u>	<u>\$ -</u>	<u>\$ (253,110,803)</u>	<u>\$ -</u>	<u>-</u>
4,117,037	-	20,269,431	20,269,431	-	-
2,852,225	-	10,852,936	10,852,936	-	-
10,495,059	-	15,610,079	15,610,079	-	-
-	-	(2,230,542)	(2,230,542)	-	-
272,890	-	(20,668,203)	(20,668,203)	-	-
-	-	(6,148,540)	(6,148,540)	-	-
1,065,007	-	1,724,487	1,724,487	-	-
<u>\$ 18,802,218</u>	<u>\$ -</u>	<u>\$ 19,409,648</u>	<u>\$ 19,409,648</u>	<u>\$ -</u>	<u>-</u>
<u>\$ 35,958,407</u>	<u>\$ (253,110,803)</u>	<u>\$ 19,409,648</u>	<u>\$ (233,701,155)</u>	<u>\$ -</u>	<u>-</u>
-	-	-	-	738,319	-
-	-	-	-	(325,101)	-
-	-	-	-	(1,975,930)	-
-	-	-	-	(311,523)	-
-	-	-	-	51,710	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,822,525)</u>	<u>-</u>
\$ 240,440,441	\$ -	\$ -	\$ 240,440,441	\$ -	-
19,066,904	-	-	19,066,904	-	-
36,688,144	-	-	36,688,144	-	-
20,012,520	6,868,624	-	26,881,144	-	-
27,906,006	-	-	27,906,006	-	-
(7,445,530)	896,175	-	(6,549,355)	(2,581,039)	-
3,540,185	1,188,046	-	4,728,231	1,899,033	-
4,267,116	(47,073)	-	4,220,043	209,174	-
<u>(22,597,380)</u>	<u>22,597,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 321,878,406</u>	<u>\$ 31,503,152</u>	<u>\$ -</u>	<u>\$ 353,381,558</u>	<u>\$ (472,832)</u>	<u>-</u>
\$ 68,767,603	\$ 50,912,800	\$ -	\$ 119,680,403	\$ (2,295,357)	-
<u>883,097,285</u>	<u>684,224,845</u>	<u>1,567,322,130</u>	<u>1,567,322,130</u>	<u>79,945,816</u>	<u>-</u>
<u>\$ 951,864,888</u>	<u>\$ 735,137,645</u>	<u>\$ 1,687,002,533</u>	<u>\$ 1,687,002,533</u>	<u>\$ 77,650,459</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2022

	<u>General Fund</u>	<u>Library</u>
ASSETS		
Cash and investments	\$ 112,867,364	\$ 3,375,561
Receivables		
Taxes	254,078,100	19,770,825
Accounts	7,009,148	208,285
Accrued revenue	277,373	5,576
Special assessments	-	-
Accrued interest	803,159	-
Long-term loans	677,680	-
Leases	19,750,083	-
Other	14,095,000	9
Due from other funds	1,384,484	-
Due from other governmental units	287,903	20,668
Advances to other funds	-	-
Advances to component unit	-	-
Inventories	505,134	-
Prepaid items	3,538,082	210,446
Restricted cash and investments	-	-
TOTAL ASSETS	<u>\$415,273,510</u>	<u>\$ 23,591,370</u>

See accompanying notes to financial statements.

<u>Other Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 57,184,931	\$ 14,157,095	\$157,556,612	\$ 18,576,374	\$ 363,717,937
-	-	43,543,423	4,406,531	321,798,879
-	21,433	1,946,995	973,784	10,159,645
-	-	-	5,504,592	5,787,541
-	-	11,972,143	-	11,972,143
-	-	-	11,923	815,082
-	1,613,365	6,553	24,523,837	26,821,435
611,354	-	4,180,251	-	24,541,688
-	-	-	-	14,095,009
-	-	-	188,502	1,572,986
1,120,453	-	11,837,360	5,636,611	18,902,995
-	1,435,010	347,362	-	1,782,372
-	4,498,799	-	-	4,498,799
-	-	2,747,359	-	3,252,493
14,830	-	48,419	143,788	3,955,565
-	-	-	22,419,350	22,419,350
<u>\$ 58,931,568</u>	<u>\$ 21,725,702</u>	<u>\$234,186,477</u>	<u>\$ 82,385,292</u>	<u>\$ 836,093,919</u>

See accompanying notes to financial statements.

CITY OF MADISON

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2022

	General Fund	Library
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 6,414,165	\$ 103,843
Accrued liabilities	17,154,146	825,190
Deposits	9,878,926	-
Due to other governmental units	250,716	-
Due to other funds	-	-
Advances from other funds	-	-
Other liabilities	34,144	-
Unearned revenues	-	-
Total Liabilities	<u>\$ 33,732,097</u>	<u>\$ 929,033</u>
Deferred Inflows of Resources		
Unavailable revenues	18,508,513	8,668
Lease-related amounts	19,671,646	-
Property taxes for subsequent year	253,903,925	19,770,825
Total Deferred Inflows of Resources	<u>\$292,084,084</u>	<u>\$ 19,779,493</u>
Fund Balances		
Nonspendable		
Inventories	505,134	-
Prepaid items	3,538,082	210,446
Trust activities	-	-
Restricted		
Committed	677,680	2,672,398
Assigned	-	-
Unassigned (deficit)	18,620,248	-
Unassigned (deficit)	66,116,185	-
Total Fund Balances (deficit)	<u>\$ 89,457,329</u>	<u>\$ 2,882,844</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$415,273,510</u></u>	<u><u>\$ 23,591,370</u></u>

See accompanying notes to financial statements.

<u>Other Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 15,401,759	\$ 12,250	\$ 18,661,931	\$ 1,610,615	\$ 42,204,563
110,343	-	288,152	339,356	18,717,187
-	-	-	-	9,878,926
2,966	-	22,354	207,189	483,225
-	-	3,530,137	-	3,530,137
-	-	-	347,362	347,362
-	-	-	-	34,144
<u>42,456,808</u>	<u>-</u>	<u>1,540,877</u>	<u>867,043</u>	<u>44,864,728</u>
<u>\$ 57,971,876</u>	<u>\$ 12,250</u>	<u>\$ 24,043,451</u>	<u>\$ 3,371,565</u>	<u>\$ 120,060,272</u>
620,329	21,432	19,008,113	7,327,246	45,494,301
602,579	-	4,127,000	-	24,401,225
-	-	38,856,035	-	312,530,785
<u>\$ 1,222,908</u>	<u>\$ 21,432</u>	<u>\$ 61,991,148</u>	<u>\$ 7,327,246</u>	<u>\$ 382,426,311</u>
-	-	2,747,359	-	3,252,493
14,830	-	48,419	143,788	3,955,565
-	-	-	640,765	640,765
-	21,692,020	126,929,099	69,683,668	221,654,865
-	-	-	1,321,583	1,321,583
-	-	18,427,001	-	37,047,249
<u>(278,046)</u>	<u>-</u>	<u>-</u>	<u>(103,323)</u>	<u>65,734,816</u>
<u>\$ (263,216)</u>	<u>\$ 21,692,020</u>	<u>\$ 148,151,878</u>	<u>\$ 71,686,481</u>	<u>\$ 333,607,336</u>
<u>\$ 58,931,568</u>	<u>\$ 21,725,702</u>	<u>\$ 234,186,477</u>	<u>\$ 82,385,292</u>	<u>\$ 836,093,919</u>

See accompanying notes to financial statements.

CITY OF MADISON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2022

Total Fund Balances - Governmental Funds	\$ 333,607,336
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.	1,078,136,020
Internal service funds are reported in the statement of net position as governmental funds.	16,384,022
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.	45,494,301
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	120,713,279
The other post-employment liability does not relate to current financial resources and is not reported in the governmental funds.	(51,669,298)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	231,925,225
Deferred outflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds	6,919,963
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(279,976,123)
Deferred inflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds	(19,508,740)
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>(530,161,097)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 951,864,888</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, 2022

	General	Library	Other Grants
REVENUES			
Taxes	\$ 241,822,635	\$ 19,066,904	\$ -
Special assessments	-	-	-
Intergovernmental	40,718,930	1,353,171	69,162,512
Licenses and permits	9,182,207	-	-
Fines and forfeitures	5,419,349	-	-
Intergovernmental charges for services	-	-	-
Public charges for services	17,747,548	816,153	-
Investment income (loss)	(10,880,549)	-	14,743
Miscellaneous	3,433,134	922,210	197,573
Total Revenues	\$ 307,443,254	\$ 22,158,438	\$ 69,374,828
EXPENDITURES			
Current			
General government	28,674,979	-	-
Public safety	154,260,972	-	1,852,478
Public works and transportation	39,830,840	-	44,257
Planning and development	24,295,164	-	52,453,493
Culture and recreation	15,210,915	18,984,173	-
Capital Outlay	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Lease principal payment	209,272	206,821	104,618
Lease interest payment	10,761	15,908	13,915
Total Expenditures	\$ 262,492,903	\$ 19,206,902	\$ 54,468,761
Excess (deficiency) of revenues over (under) expenditures	\$ 44,950,351	\$ 2,951,536	\$ 14,906,067
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	-
Intergovernmental loans issued	-	-	-
Premium on debt issued	-	-	-
Sale of capital assets	1,004,395	-	-
Transfers in	32,085,750	16,000	265,376
Transfers out	(66,390,263)	(2,804,419)	(15,740,906)
Total Other Financing Sources (Uses)	\$ (33,300,118)	\$ (2,788,419)	\$ (15,475,530)
Net Change in Fund Balances	\$ 11,650,233	\$ 163,117	\$ (569,463)
FUND BALANCES - Beginning of Year	77,807,096	2,719,727	306,247
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 89,457,329	\$ 2,882,844	\$ (263,216)

See accompanying notes to financial statements.

Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ 36,688,144	\$ 18,600,541	\$ 316,178,224
-	4,859,465	-	4,859,465
-	3,849,907	5,312,073	120,396,593
-	-	375,036	9,557,243
-	-	-	5,419,349
-	299,303	-	299,303
-	235,218	18,822,793	37,621,712
651,844	2,148,921	442,511	(7,622,530)
-	5,152,919	19,910	9,725,746
<u>\$ 651,844</u>	<u>\$ 53,233,877</u>	<u>\$ 43,572,864</u>	<u>\$ 496,435,105</u>
-	5,604,200	5,821,438	40,100,617
-	618,175	157,607	156,889,232
-	15,311,677	8,251,726	63,438,500
-	3,031,052	10,534,345	90,314,054
-	2,133,659	221,181	36,549,928
-	63,528,119	-	63,528,119
73,808,452	-	-	73,808,452
12,056,176	-	-	12,056,176
-	820,000	68,919	1,409,630
-	22,140	6,081	68,805
<u>\$ 85,864,628</u>	<u>\$ 91,069,022</u>	<u>\$ 25,061,297</u>	<u>\$ 538,163,513</u>
<u>\$ (85,212,784)</u>	<u>\$ (37,835,145)</u>	<u>\$ 18,511,567</u>	<u>\$ (41,728,408)</u>
290,087	71,951,566	-	72,241,653
-	5,422,142	-	5,422,142
6,310,064	-	-	6,310,064
-	1,760,013	43,593	2,808,001
72,358,726	5,093,808	3,784,064	113,603,724
-	(17,943,287)	(15,129,726)	(118,008,601)
<u>\$ 78,958,877</u>	<u>\$ 66,284,242</u>	<u>\$ (11,302,069)</u>	<u>\$ 82,376,983</u>
\$ (6,253,907)	\$ 28,449,097	\$ 7,209,498	\$ 40,648,575
27,945,927	119,702,781	64,476,983	292,958,761
<u>\$ 21,692,020</u>	<u>\$ 148,151,878</u>	<u>\$ 71,686,481</u>	<u>\$ 333,607,336</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, 2022

Net change in fund balances - total governmental funds	\$ 40,648,575
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	63,528,119
Less: Some items reported as capital outlay but not capitalized	(9,286,026)
Add: Contributed assets	8,860,151
Depreciation is reported in the government-wide statements	(39,572,890)
Net book value of disposals	(1,683,612)
Net capital asset contributions by governmental activities to business-type activities	(18,188,394)
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.	4,229,595
Activities related to the merger with the Town of Madison	
Contributed Assets	3,335,767
Accumulated depreciation of contributed assets	(2,194,125)
Town of Madison Debt	(803,945)
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	(77,663,795)
Principal repaid	73,808,452
Lease principal repaid	1,409,630
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(3,314,648)
Disability benefits	11,990
Accrued interest on debt	(678,664)
Police and Fire Pension	2,184
Net pension asset	29,178,797
Net other post-employment benefits liability	11,429,701
Deferred outflows of resources related to pensions	81,941,668
Deferred inflows of resources related to pensions	(81,695,274)
Deferred outflows of resources related to other post-employment benefits	(1,448,895)
Deferred inflows of resources related to other post-employment benefits	(11,967,875)
Governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Current year premium	(6,310,064)
Amortization of discount and premium	4,584,588
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.	606,593
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 68,767,603

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2022

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
ASSETS			
Current Assets			
Cash and investments	\$ 17,537,363	\$ 24,899,174	\$ 6,172,425
Accounts receivable (net)	3,736,177	4,797,415	1,998,066
Accrued revenue	-	21,523	10,454
Due from other funds	939,323	1,162,245	407,587
Leases receivable	221,495	-	-
Due from other governmental units	-	67,929	315,845
Inventories	1,481,911	-	-
Special assessments	211,624	-	-
Other assets	211,515	-	-
Prepaid items	232,909	56,760	92,083
Restricted cash and investments	13,164,827	-	-
Total Current Assets	\$ 37,737,144	\$ 31,005,046	\$ 8,996,460
Noncurrent Assets			
Property held for future use	112,429	-	-
Restricted assets			
Cash and investments	21,306,809	9,302,976	9,002,485
Net pension asset	4,074,884	1,381,954	2,174,960
Investment in mutual insurance company	-	-	-
Capital Assets:			
Land	3,144,737	3,677,262	66,307,325
Construction work in progress	1,953,288	3,930,712	9,767,955
Plant in service (at cost)	418,832,011	198,192,088	295,076,303
Total Capital Assets	\$ 423,930,036	\$ 205,800,062	\$ 371,151,583
Less: Accumulated depreciation/amortization	(120,994,790)	(42,398,905)	(63,574,650)
Net Capital Assets	\$ 302,935,246	\$ 163,401,157	\$ 307,576,933
Other Property and Investments			
Special assessments receivable	3,082,424	5,893,677	2,997,951
Preliminary survey and investigation	477,248	-	-
Lease receivable (net of current)	4,376,743	-	-
Other Assets	990,685	-	-
Net non-utility property	943,558	-	-
Total Other Property and Investments	\$ 9,870,658	\$ 5,893,677	\$ 2,997,951
Total Noncurrent Assets	\$ 338,300,026	\$ 179,979,764	\$ 321,752,329
Total Assets	\$ 376,037,170	\$ 210,984,810	\$ 330,748,789
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on advance refunding	499,009	-	-
Deferred outflows related to pension	8,532,851	3,000,678	4,585,276
Other post-employment benefits related amounts	339,233	171,019	45,519
Total Deferred Outflows of Resources	\$ 9,371,093	\$ 3,171,697	\$ 4,630,795

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
Transit Utility	Nonmajor Enterprise Funds	Totals	
\$ 2,177,589	\$ 25,392,910	\$ 76,179,461	\$ 21,766,525
2,686,401	1,015,284	14,233,343	304,506
-	32,536	64,513	-
-	-	2,509,155	-
-	462,656	684,151	-
6,454,304	-	6,838,078	18,680
441,952	116,154	2,040,017	1,079,657
-	-	211,624	-
-	-	211,515	-
625,433	201,723	1,208,908	114,553
388,225	-	13,553,052	-
<u>\$ 12,773,904</u>	<u>\$ 27,221,263</u>	<u>\$ 117,733,817</u>	<u>\$ 23,283,921</u>
-	-	112,429	-
1,623,104	-	41,235,374	640,874
13,394,573	4,368,594	25,394,965	1,275,759
-	-	-	3,815,820
8,049,742	7,157,504	88,336,570	2,570,970
712,744	22,135	16,386,834	-
164,796,716	159,737,104	1,236,634,222	135,119,402
<u>\$ 173,559,202</u>	<u>\$ 166,916,743</u>	<u>\$ 1,341,357,626</u>	<u>\$ 137,690,372</u>
<u>(84,781,996)</u>	<u>(82,329,105)</u>	<u>(394,079,446)</u>	<u>(71,065,655)</u>
<u>\$ 88,777,206</u>	<u>\$ 84,587,638</u>	<u>\$ 947,278,180</u>	<u>\$ 66,624,717</u>
-	-	11,974,052	-
-	-	477,248	-
-	14,244,422	18,621,165	-
11,225	-	1,001,910	-
-	-	943,558	-
<u>\$ 11,225</u>	<u>\$ 14,244,422</u>	<u>\$ 33,017,933</u>	<u>\$ -</u>
<u>\$ 103,806,108</u>	<u>\$ 103,200,654</u>	<u>\$ 1,047,038,881</u>	<u>\$ 72,357,170</u>
<u>\$ 116,580,012</u>	<u>\$ 130,421,917</u>	<u>\$ 1,164,772,698</u>	<u>\$ 95,641,091</u>
-	-	499,009	-
28,169,030	9,069,503	53,357,338	2,697,622
1,150,893	459,129	2,165,793	157,505
<u>\$ 29,319,923</u>	<u>\$ 9,528,632</u>	<u>\$ 56,022,140</u>	<u>\$ 2,855,127</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2022

LIABILITIES	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
	Water Utility	Sewer Utility	Stormwater Utility
Current Liabilities			
Accounts payable	\$ 1,242,967	\$ 7,940,729	\$ 397,948
Accrued liabilities	1,832,655	235,507	688,580
Due to other funds	-	-	-
Deposits	-	209,537	19,306
Claims payable	-	-	-
Current portion due to other governments	-	-	-
Current portion of general obligation long-term debt	1,690,000	-	7,169,599
Current portion of leases payable	-	-	-
Current portion of advances from other funds	153,138	-	-
Current portion of accrued compensated absences	-	283,937	452,468
Unearned revenue	-	11,216	-
Liabilities payable from restricted assets:			
Accrued liabilities	2,589,827	164,251	-
Current maturities of revenue bonds	10,575,000	5,335,000	-
Total Current Liabilities	\$ 18,083,587	\$ 14,180,177	\$ 8,727,901
Long-Term Debt Net of Current Maturities			
General obligation long-term debt	22,612,767	-	34,546,061
Revenue bonds, including unamortized premium	153,775,711	55,636,187	-
Leases payable	-	-	-
Other loans	-	-	-
Total Long-Term Debt Net of Current Maturities	\$ 176,388,478	\$ 55,636,187	\$ 34,546,061
Other Noncurrent Liabilities			
Other post-employment benefits	2,532,950	1,276,946	339,878
Accrued compensated absences	2,044,005	799,385	1,024,607
Advances from other funds	161,533	-	-
Unearned revenues	-	-	-
Noncurrent liabilities payable from restricted assets	-	-	-
Other	1,174,822	-	-
Total Other Noncurrent Liabilities	\$ 5,913,310	\$ 2,076,331	\$ 1,364,485
Total Long-Term Debt Net of Current Maturities and Other Noncurrent Liabilities	\$ 182,301,788	\$ 57,712,518	\$ 35,910,546
Total Liabilities	\$ 200,385,375	\$ 71,892,695	\$ 44,638,447
DEFERRED INFLOWS OF RESOURCES			
Unamortized gain on refunding	1,543,850	-	-
Pension related amounts	10,190,964	3,660,363	5,834,826
Lease-related amounts	4,557,179	-	-
Other post-employment benefits related amounts	956,365	482,136	128,327
Total Deferred Inflows of Resources	\$ 17,248,358	\$ 4,142,499	\$ 5,963,153
NET POSITION			
Net investment in capital assets	136,416,185	104,704,979	274,863,758
Restricted for debt service	13,003,010	6,863,716	-
Restricted for equipment replacement	2,254,541	-	-
Restricted for pension	4,074,884	1,381,954	2,174,960
Unrestricted (deficit)	12,025,910	25,170,664	7,739,266
TOTAL NET POSITION	\$ 167,774,530	\$ 138,121,313	\$ 284,777,984

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
Transit Utility	Nonmajor Enterprise Funds	Totals	
\$ 1,746,966	\$ 1,248,711	\$ 12,577,321	\$ 508,729
2,838,193	866,073	6,461,008	746,316
-	552,005	552,005	-
-	1,266,040	1,494,883	-
-	-	-	12,833,246
359,910	-	359,910	-
2,697,887	188,587	11,746,073	8,706,643
302,410	183,990	486,400	-
472,616	72,609	698,363	-
882,646	630,500	2,249,551	203,763
4,390	128,110	143,716	-
388,225	-	3,142,303	-
-	-	15,910,000	-
<u>\$ 9,693,243</u>	<u>\$ 5,136,625</u>	<u>\$ 55,821,533</u>	<u>\$ 22,998,697</u>
23,824,740	1,126,137	82,109,705	59,700,832
-	-	209,411,898	-
8,823,140	781,274	9,604,414	-
2,519,370	-	2,519,370	-
<u>\$ 35,167,250</u>	<u>\$ 1,907,411</u>	<u>\$ 303,645,387</u>	<u>\$ 59,700,832</u>
8,593,372	3,428,176	16,171,322	1,176,044
3,292,538	2,351,955	9,512,490	604,113
498,525	76,589	736,647	-
11,225	-	11,225	-
1,623,104	-	1,623,104	-
-	-	1,174,822	-
<u>\$ 14,018,764</u>	<u>\$ 5,856,720</u>	<u>\$ 29,229,610</u>	<u>\$ 1,780,157</u>
<u>\$ 49,186,014</u>	<u>\$ 7,764,131</u>	<u>\$ 332,874,997</u>	<u>\$ 61,480,989</u>
<u>\$ 58,879,257</u>	<u>\$ 12,900,756</u>	<u>\$ 388,696,530</u>	<u>\$ 84,479,686</u>
-	-	1,543,850	-
33,465,859	11,091,734	64,243,746	3,277,557
-	14,421,006	18,978,185	-
3,244,594	1,294,374	6,105,796	444,039
<u>\$ 36,710,453</u>	<u>\$ 26,807,114</u>	<u>\$ 90,871,577</u>	<u>\$ 3,721,596</u>
54,790,144	82,307,650	653,082,716	(877,925)
-	-	19,866,726	-
-	-	2,254,541	-
13,394,573	4,368,594	25,394,965	1,275,759
(17,874,492)	13,566,435	40,627,783	9,897,102
<u>\$ 50,310,225</u>	<u>\$ 100,242,679</u>	<u>741,226,731</u>	<u>\$ 10,294,936</u>
		(6,089,086)	
		<u>\$ 735,137,645</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, 2022

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Utility
CHARGES FOR SERVICES	\$ 48,139,943	\$ 50,964,628	\$ 22,506,277
OPERATING EXPENSES:			
Operation and Maintenance	17,606,116	37,983,620	10,544,946
Depreciation	8,462,252	3,161,807	4,651,200
Total Operating Expenses	26,068,368	41,145,427	15,196,146
Operating Income (Loss)	22,071,575	9,819,201	7,310,131
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	(289,082)	497,478	258,918
Interest and amortization	(5,848,579)	(1,245,416)	(1,152,326)
Issuance costs	(25,863)	(96,454)	-
Other Taxes	-	-	-
Gain (Loss) on sale of assets	-	(47,069)	(906,578)
Special assessments	-	1,531,355	-
Noncapitalized infrastructure improvements	-	(2,013,561)	(153,553)
Intergovernmental revenues	-	-	-
Miscellaneous revenues	-	84,607	20,275
Miscellaneous expenses	(62,804)	-	-
Total Nonoperating Revenues (Expenses)	(6,226,328)	(1,289,060)	(1,933,264)
Income (Loss) Before Transfers and Capital Contributions	15,845,247	8,530,141	5,376,867
TRANSFERS			
Transfers in	169,183	35	205,205
Transfers out	(6,875,831)	(227,911)	(47,843)
Net Transfers	(6,706,648)	(227,876)	157,362
Income (Loss) Before Contributions	9,138,599	8,302,265	5,534,229
CAPITAL CONTRIBUTIONS	4,117,037	2,852,225	10,495,059
CAPITAL CONTRIBUTIONS - MUNICIPAL	-	-	2,013,664
CAPITALIZED TAX EQUIVALENT	4,394	-	-
Change in Net Position	13,260,030	11,154,490	18,042,952
NET POSITION, Beginning of Year (as restated)	154,514,500	126,966,823	266,735,032
NET POSITION - END OF YEAR	\$ 167,774,530	\$ 138,121,313	\$ 284,777,984

Change in Net Position

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

CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			Governmental
			Activites
Transit Utility	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<u>\$ 10,559,127</u>	<u>\$ 20,773,292</u>	<u>\$ 152,943,267</u>	<u>\$ 27,012,838</u>
53,277,517	23,653,657	143,065,856	17,649,486
8,151,767	4,811,562	29,238,588	8,439,828
<u>61,429,284</u>	<u>28,465,219</u>	<u>172,304,444</u>	<u>26,089,314</u>
<u>(50,870,157)</u>	<u>(7,691,927)</u>	<u>(19,361,177)</u>	<u>923,524</u>
-	428,861	896,175	7,373
(275,009)	(49,324)	(8,570,654)	(1,708,624)
-	-	(122,317)	-
6,868,624	-	6,868,624	-
-	(5)	(953,652)	1,228,641
-	-	1,531,355	-
-	-	(2,167,114)	-
30,057,837	17,971	30,075,808	-
79,311	999,459	1,183,652	350,700
-	-	(62,804)	-
<u>36,730,763</u>	<u>1,396,962</u>	<u>28,679,073</u>	<u>(121,910)</u>
<u>(14,139,394)</u>	<u>(6,294,965)</u>	<u>9,317,896</u>	<u>801,614</u>
9,126,564	4,150,573	13,651,560	38,937
-	(2,090,989)	(9,242,574)	(43,046)
<u>9,126,564</u>	<u>2,059,584</u>	<u>4,408,986</u>	<u>(4,109)</u>
(5,012,830)	(4,235,381)	13,726,882	797,505
272,890	1,065,007	18,802,218	-
16,172,400	2,330	18,188,394	-
-	-	4,394	-
<u>11,432,460</u>	<u>(3,168,044)</u>	<u>50,721,888</u>	<u>797,505</u>
<u>38,877,765</u>	<u>103,410,723</u>	<u>690,504,843</u>	<u>9,497,431</u>
<u>\$ 50,310,225</u>	<u>\$ 100,242,679</u>	<u>\$ 741,226,731</u>	<u>\$ 10,294,936</u>
		50,721,888	
		<u>190,912</u>	
		<u>\$ 50,912,800</u>	

CITY OF MADISON

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2022

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 48,408,513	\$ 49,952,707	\$ 22,287,638
Customer deposits received (returned)	-	-	-
Paid to suppliers for goods and services	(10,457,436)	(33,836,426)	(4,067,447)
Paid to employees for services	(7,871,038)	(4,143,698)	(6,440,872)
Net Cash Flows From Operating Activities	\$ 30,080,039	\$ 11,972,583	\$ 11,779,319
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds	(142,101)	-	-
Interest paid on advances from other funds	(1,522)	-	-
Transfers from other funds	169,183	35	205,205
Transfers to other funds - tax equivalent	(6,871,437)	-	-
Transfers to other funds	-	(227,911)	(47,843)
Special assessments received related to laterals	-	775,791	-
Deposits received from (paid to) other governments	-	-	-
Construction of infrastructure not owned	-	(2,013,561)	(153,553)
Interest paid on operating loan	(234,999)	-	-
Principal paid on operating loan	(975,000)	-	-
Operating grants received	-	-	-
Vehicle registration fee	-	-	-
Net Cash Flows From Noncapital Financing Activities	\$ (8,055,876)	\$ (1,465,646)	\$ 3,809
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(39,955,000)	(4,470,000)	(6,540,642)
Interest paid	(7,095,395)	(1,520,920)	(1,095,371)
Long-term debt issued	22,035,000	13,960,000	8,709,913
Acquisition and construction of capital assets	(3,504,354)	(7,730,007)	(10,399,562)
Transfers In	-	-	-
Issuance costs	(25,863)	(96,454)	-
Premium on debt issued	2,320,506	1,982,318	-
Capital contributions - city and other	32,216	-	760,632
Net interest/amortization on leases	(9,383)	-	-
Advances from other funds	-	-	-
Special assessments received	307,605	69,500	695,148
Net Cash Flows From Capital and Related Financing Activities	\$(25,894,668)	\$ 2,194,437	\$ (7,869,882)
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities sold	1,195,019	-	-
Investment income	(355,085)	497,478	258,918
Net Cash Flows From Investing Activities	\$ 839,934	\$ 497,478	\$ 258,918
Net Change in Cash and Cash Equivalents	\$ (3,030,571)	\$ 13,198,852	\$ 4,172,164
CASH AND CASH EQUIVALENTS - Beginning of Year	42,110,974	21,003,298	11,002,746
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 39,080,403	\$ 34,202,150	\$ 15,174,910

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds

<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	Governmental Activities
			<u>Internal Service Funds</u>
\$ 8,979,603	\$ 22,396,609	\$ 152,025,070	\$ 27,317,477
-	151,739	151,739	-
(26,636,562)	(8,867,827)	(83,865,698)	(14,195,575)
<u>(31,514,020)</u>	<u>(14,921,996)</u>	<u>(64,891,624)</u>	<u>(3,275,969)</u>
<u>\$ (49,170,979)</u>	<u>\$ (1,241,475)</u>	<u>\$ 3,419,487</u>	<u>\$ 9,845,933</u>
(438,771)	(217,441)	(798,313)	-
-	-	(1,522)	-
5,989,267	4,150,573	10,514,263	-
-	-	(6,871,437)	-
-	(2,090,989)	(2,366,743)	(43,046)
-	-	775,791	-
(271,165)	-	(271,165)	-
-	-	(2,167,114)	-
-	-	(234,999)	-
-	-	(975,000)	-
22,325,596	-	22,325,596	-
<u>6,868,624</u>	<u>-</u>	<u>6,868,624</u>	<u>-</u>
<u>\$ 34,473,551</u>	<u>\$ 1,842,143</u>	<u>\$ 26,797,981</u>	<u>\$ (43,046)</u>
(2,698,527)	(138,110)	(53,802,279)	(8,160,216)
(772,497)	(44,133)	(10,528,316)	(1,769,676)
1,142,730	512,398	46,360,041	9,908,305
<u>(16,454,571)</u>	<u>(868,935)</u>	<u>(38,957,429)</u>	<u>(7,755,677)</u>
-	-	-	38,937
-	-	(122,317)	-
-	-	4,302,824	-
19,378,103	2,330	20,173,281	-
(289,406)	(107,738)	(406,527)	-
-	-	-	1,485,055
-	-	1,072,253	-
<u>\$ 305,832</u>	<u>\$ (644,188)</u>	<u>\$ (31,908,469)</u>	<u>\$ (6,253,272)</u>
-	-	1,195,019	262,574
-	428,861	830,172	7,373
<u>\$ -</u>	<u>\$ 428,861</u>	<u>\$ 2,025,191</u>	<u>\$ 269,947</u>
<u>\$ (14,391,596)</u>	<u>\$ 385,341</u>	<u>\$ 334,190</u>	<u>\$ 3,819,562</u>
<u>18,580,514</u>	<u>25,007,569</u>	<u>117,705,101</u>	<u>17,946,963</u>
<u>\$ 4,188,918</u>	<u>\$ 25,392,910</u>	<u>\$ 118,039,291</u>	<u>\$ 21,766,525</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2022

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Income (loss) from operations	\$ 22,071,575	\$ 9,819,201	\$ 7,310,131
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Nonoperating income	(62,804)	84,607	20,275
Depreciation	8,462,252	3,161,807	4,651,200
Depreciation charged to other accounts	1,067,745	-	-
Change in assets, deferred inflows, liabilities, and deferred outflows			
Accounts receivable	(1,027,384)	(1,244,403)	(327,479)
Other current assets	81,012	-	-
Accrued revenue	-	(21,116)	(9,848)
Due from other governmental units	104,666	115,203	82,107
Inventories	(503,436)	-	-
Prepaid items	-	19,807	42,409
Accounts payable	360,362	167,319	135,190
Accrued liabilities	-	-	-
Retiree health insurance escrow payable from restricted assets	-	-	-
Other current liabilities	-	53,789	16,306
Customer Deposits	-	-	-
Accrued compensated absences	102,072	54,708	140,210
Due to other funds	-	-	-
Other post employment benefits	174,346	(28,862)	(44,798)
Pension related deferrals and liabilities	(750,367)	(209,477)	(236,384)
Unearned revenue	-	-	-
	\$ 30,080,039	\$ 11,972,583	\$ 11,779,319
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 17,537,363	\$ 24,899,174	\$ 6,172,425
Restricted cash and investments - statement of net position	34,471,636	9,302,976	9,002,485
Less: noncash equivalents	(12,928,596)	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 39,080,403	\$ 34,202,150	\$ 15,174,910
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Municipality, customer and developer financed additions to capital assets	\$ 4,102,906	\$ 2,735,716	\$ 10,820,675
Gain (loss) on sale of property	\$ -	\$ (47,069)	\$ (906,578)
Capital additions assessed to customers	\$ (1,319,173)	\$ -	\$ -
Adjustments to special assessments	\$ 66,094	\$ -	\$ -
Special assessments levied to customers and revised	\$ -	\$ 131,857	\$ 870,709

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds

<u>Transit Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	Governmental Activities
			<u>Internal Service Funds</u>
\$ (50,870,157)	\$ (7,691,927)	\$ (19,361,177)	\$ 923,524
79,311	1,017,430	1,138,819	350,700
8,151,767	4,811,562	29,238,588	8,439,828
-	-	1,067,745	-
(3,978,272)	(518,494)	(7,096,032)	(51,136)
-	-	81,012	-
-	-	(30,964)	-
-	272,504	574,480	5,075
(49,085)	17,575	(534,946)	(155,660)
(40,504)	(6,086)	15,626	2,199,808
861,821	516,851	2,041,543	215,862
(6,362,870)	-	(6,362,870)	(1,514,640)
115,646	-	115,646	-
-	(34,572)	35,523	-
-	151,739	151,739	-
-	118,157	415,147	48,907
5,528,617	-	5,528,617	-
1,148,564	14,803	1,264,053	(339,349)
(2,949,288)	88,983	(4,056,533)	(276,986)
(806,529)	-	(806,529)	-
<u>\$ (49,170,979)</u>	<u>\$ (1,241,475)</u>	<u>\$ 3,419,487</u>	<u>\$ 9,845,933</u>
\$ 2,177,589	\$ 25,392,910	\$ 76,179,461	\$ 21,766,525
2,011,329	-	54,788,426	640,874
-	-	(12,928,596)	(640,874)
<u>\$ 4,188,918</u>	<u>\$ 25,392,910</u>	<u>\$ 118,039,291</u>	<u>\$ 21,766,525</u>
<u>\$ -</u>	<u>\$ 1,065,007</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
As of December 31, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 246,803,758
Taxes receivable	<u>271,327,149</u>
Total Assets	<u>\$ 518,130,907</u>
LIABILITIES	
Accounts payable	18,117
Due to other governmental units	<u>486,970,693</u>
Total Liabilities	<u>\$ 486,988,810</u>
NET POSITION	
Restricted	<u>31,142,097</u>
TOTAL NET POSITION	<u><u>\$ 31,142,097</u></u>

See accompanying notes to financial statements.

CITY OF MADISON

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

For the Year Ended December 31, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Gifts and bequests	\$ 310,285
Interest and dividends	1,109,288
Property taxes collected for other governments	461,729,078
Investments	<u>585,491,958</u>
 Total Additions	 <u>\$ 1,048,640,609</u>
DEDUCTIONS	
Administrative expense	29,920,710
Property taxes distributed to other governments	461,729,078
Distributions	<u>551,027,478</u>
 Total Deductions	 <u>\$ 1,042,677,266</u>
 CHANGE IN FIDUCIARY NET POSITION	 \$ 5,963,343
 NET POSITION, Beginning of Year	 <u>25,178,754</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 31,142,097</u></u>

See accompanying notes to financial statements.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
As of December 31, 2022

	CDA	Olbrich Society and Foundation	Madison Public Library Foundation	Nonmajor Component Units	Totals
ASSETS					
Cash and investments	\$ 10,984,255	\$ 8,675,866	\$ 1,913,941	\$ 4,108,532	\$ 25,682,594
Receivables					
Accounts	808,086	-	-	5,325	813,411
Special assessments	-	-	-	223,424	223,424
Accrued interest	2,058	-	-	-	2,058
Long-term loans	262,983	-	-	-	262,983
Pledge	-	941,565	597,364	74,658	1,613,587
Grants	-	146,318	-	-	146,318
Leases	10,015,744	-	-	-	10,015,744
Due from other governmental units	409,424	42,494	-	-	451,918
Inventories	-	54,153	-	-	54,153
Prepaid items	1,817,381	8,092	23,384	1,305	1,850,162
Beneficial interest in assets held by MCF	-	47,504	7,869,286	81,342	7,998,132
Beneficial interest in lead trust held by others	-	491,282	-	-	491,282
Other assets	198,879	-	-	-	198,879
Restricted assets					
Cash and investments	2,443,097	1,237,710	60,128	-	3,740,935
Net pension asset	1,572,369	-	-	-	1,572,369
Capital assets					
Land	9,846,492	-	-	-	9,846,492
Construction in progress	2,078,677	-	-	-	2,078,677
Capital assets being depreciated	107,045,541	-	6,260	-	107,051,801
Less: Accumulated depreciation/amortization	(67,915,048)	-	-	-	(67,915,048)
Total Assets	<u>\$ 79,569,938</u>	<u>\$ 11,644,984</u>	<u>\$ 10,470,363</u>	<u>\$ 4,494,586</u>	<u>\$ 106,179,871</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	2,917,993	-	-	-	2,917,993
Other post-employment benefits related amounts	85,864	-	-	-	85,864
Total Deferred Outflows of Resources	<u>\$ 3,003,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,003,857</u>

See accompanying notes to financial statements.

	CDA	Olbrich Society and Foundation	Madison Public Library Foundation	Nonmajor Component Units	Totals
LIABILITIES					
Accounts payable	\$ 925,222	\$ 154,145	\$ 91,751	\$ 755,495	\$ 1,926,613
Accrued liabilities	2,770,396	-	21,681	2,688	2,794,765
Current maturities of long-term debt	337,808	-	-	-	337,808
Current maturities of compensated absences	119,499	-	-	-	119,499
Advances from primary government	4,498,800	-	-	-	4,498,800
Mortgage notes	1,950,369	-	-	-	1,950,369
Other loans	2,992,555	-	-	-	2,992,555
Compensated absences	567,644	-	-	-	567,644
Other post-employment benefits	641,123	-	-	-	641,123
Unearned revenues	610,692	26,910	-	-	637,602
Other liabilities	1,197,085	-	-	-	1,197,085
Total Liabilities	\$ 16,611,193	\$ 181,055	\$ 113,432	\$ 758,183	\$ 17,663,863
DEFERRED INFLOWS OF RESOURCES					
Assessments for subsequent year	-	-	-	311,678	311,678
Lease-related amounts	9,860,391	-	-	-	9,860,391
Pension related amounts	3,455,269	-	-	-	3,455,269
Other post-employment benefits related amounts	242,068	-	-	-	242,068
Total Deferred Inflows of Resources	\$ 13,557,728	\$ -	\$ -	\$ 311,678	\$ 13,869,406
NET POSITION					
Net investment in capital assets	42,743,842	-	-	-	42,743,842
Restricted for:					
Library	-	-	3,524,304	-	3,524,304
Parks	-	3,790,956	-	1,383,383	5,174,339
Pensions	1,572,369	-	-	-	1,572,369
Unrestricted	8,088,663	7,672,973	6,832,627	2,041,342	24,635,605
TOTAL NET POSITION	\$ 52,404,874	\$ 11,463,929	\$ 10,356,931	\$ 3,424,725	\$ 77,650,459

See accompanying notes to financial statements.

CITY OF MADISON

STATEMENT OF ACTIVITIES COMPONENT UNITS For the Year Ended December 31, 2022

	Net (Expenses) Revenues and Changes in Net Position									
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Madison					Total
					CDA	Olbrich Society and Foundation	Public Library Foundation	Nonmajor Component Units		
CDA	\$ 32,371,662	\$ 8,942,924	\$ 24,167,057	\$ -	\$ 738,319	\$ -	\$ -	\$ -	\$ -	\$ 738,319
Olbrich Society and Foundation	5,139,634	2,176,907	986,797	-	-	(1,975,930)	-	-	-	(1,975,930)
Madison Public Library Foundation	2,044,735	202,968	1,530,244	-	-	-	(311,523)	-	-	(311,523)
Nonmajor Component Units	1,528,569	242,121	1,013,057	-	-	-	-	-	(273,391)	(273,391)
Total Component Units	<u>\$ 41,084,600</u>	<u>\$ 11,564,920</u>	<u>\$ 27,697,155</u>	<u>\$ -</u>	<u>\$ 738,319</u>	<u>\$(1,975,930)</u>	<u>\$ (311,523)</u>	<u>\$ (273,391)</u>	<u>\$ (273,391)</u>	<u>\$ (1,822,525)</u>
General Revenues										
Investment income (loss)					\$ 299,072	\$(1,451,652)	\$ (812,570)	\$ (615,889)	\$ (2,581,039)	
Special assessments					-	-	-	316,586	316,586	
Gain on sale of assets					209,174	-	-	-	209,174	
Miscellaneous					1,453,491	105,380	23,576	-	1,582,447	
Total General Revenues					<u>1,961,737</u>	<u>(1,346,272)</u>	<u>(788,994)</u>	<u>(299,303)</u>	<u>(472,832)</u>	
Change in Net Position					2,700,056	(3,322,202)	(1,100,517)	(572,694)	(2,295,357)	
NET POSITION - Beginning of Year (as restated)					<u>49,704,818</u>	<u>14,786,131</u>	<u>11,457,448</u>	<u>3,997,419</u>	<u>79,945,816</u>	
NET POSITION - END OF YEAR					<u>\$ 52,404,874</u>	<u>\$11,463,929</u>	<u>\$10,356,931</u>	<u>\$ 3,424,725</u>	<u>\$ 77,650,459</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, 2022

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

A. Reporting Entity (cont.)

Discretely Presented Component Units

Community Development Authority of the City of Madison

The basic financial statements include the Community Development Authority (“CDA”) of the City of Madison as a major component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor of Madison, Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. See Note IV. I. As a component unit, the CDA’s financial statements have been presented as a discrete column in the financial statements. The CDA presented in the basic financial statements includes four component units. These component units are limited liability companies which are used to promote and finance redevelopment of certain CDA properties. The information presented is for the fiscal year ended December 31, 2022. Separately issued financial statements of the Madison Community Development Authority may be obtained from the CDA’s office at 215 Martin Luther King, Jr. Boulevard, Madison, WI 53710-1785.

Olbrich Botanical Society and Olbrich Botanical Society Foundation

The basic financial statements include the Olbrich Botanical Society and Olbrich Botanical Society Foundation (“OBS”) as a major component unit. OBS is a legally separate organization. The board of OBS consists of nine members, of which five are elected by the Board of Directors for five-year terms. The President, Past President, Treasurer, and the Director of the Olbrich Botanical Gardens, are ex officio Directors of OBS (with voting powers). OBS was created to manage long-term funds, bequests and designated funds for the perpetuity of the Gardens. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the OBS’s financial statements have been presented as a discrete column in the financial statements. The information presented is for the year ended December 31, 2022. Separately issued financial statements of OBS may be obtained from OBS’s office at the Olbrich Botanical Gardens, 3330 Atwood Avenue, Madison, WI 53704.

Business Improvement District

The basic financial statements include the Business Improvement District (“BID”) as a nonmajor component unit. The BID is a legally separate organization. The board of the District is appointed by the mayor of the City of Madison and approved by City council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID, and also create a potential financial benefit to or burden on the City. See Note IV. I. As a component unit, the BID’s financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2022. The BID does not issue separate financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

A. Reporting Entity (cont.)

Discretely Presented Component Units (cont.)

Madison Public Library Foundation

The basic financial statements include the Madison Public Library Foundation ("Foundation") as a component unit. The Foundation is a legally separate organization. The board of the Foundation is composed of thirteen trustees, all are appointed by the Madison Public Library Foundation Board of Directors. The purpose of the Foundation is to provide support to the City of Madison library system. The funds are held for the direct benefit of the primary government and its constituents. See Note IV. I. As a component unit, the Foundation's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2022. Separately issued financial statements of the Madison Public Library Foundation may be obtained from the Foundation's office.

Madison Parks Foundation

The basic financial statements include the Madison Parks Foundation ("MPF") as a component unit. MPF is a legally separate organization. The board of MPF is composed of twenty-one trustees; nineteen of the trustees are appointed by the MPF Board of Directors; the remaining two are appointed by the Chairman of the Park Commission. The purpose of the MPF is to provide support to the City of Madison parks. See Note IV. I. As a component unit, MPF's financial statements have been presented as a discrete column in the nonmajor combining financial statements. The information presented is for the fiscal year ended December 31, 2022. 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 2017, the GASB issued Statement No. 87, Leases. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented as of January 1, 2022.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

Fund Financial Statements (cont.)

The City reports the following major governmental funds:

Major Governmental Funds

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

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

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

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

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

The City reports the following major enterprise funds:

Major Enterprise Funds

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

Stormwater Utility – accounts for operations of the stormwater system

Transit Utility – accounts for operations of the transit system

The City reports the following nonmajor governmental and enterprise funds:

Nonmajor Governmental Funds

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

Community Development Block Grant

Revolving Loans

Other Restricted Funds

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

Endowments and Donations

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

Fund Financial Statements (cont.)

Nonmajor Enterprise Funds

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

Parking Utility
Convention Center
Golf Courses

In addition, the City reports the following fund types:

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

Fleet Services
City Insurance
Worker's Compensation

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

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

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

Government-Wide Financial Statements

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2022, there were \$2,315,013 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 custodial fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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

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, 2022

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

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

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

Custodial Credit Risk

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

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, and no more than 3% in a single issuer of commercial paper. The City was not in compliance with this policy.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 methods and inputs as outlined in Note IV. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

1. Deposits and Investments (cont.)

The City has 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, 2022, the MMSD had a cash balance of \$21,452,021 from operating activities.

See Note IV. A. for further information.

2. Receivables

Property Tax

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

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Fourth installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

Allowances

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

Due To/From Advances

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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.)

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

Loans Receivable

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government. The City has a policy to recognize leases over \$10,000 as a lease receivable.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

5. Leases (cont.)

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at the initiation of the lease, and the outflow of resources for the lease liability as a debt service payment. The City has a policy to recognize leases over \$10,000 as a lease liability and intangible capital asset.

6. Capital Assets

Government-Wide Statements

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

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

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

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

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

Lease assets are typically amortized over the lease term.

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, 2022

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.)

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to future periods 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.

8. Compensated Absences

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

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates, and include salary related payments.

9. Long-Term Obligations/Conduit Debt

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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.)

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

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

The City and the CDA have approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year approved by the City is approximately \$47,300,000 made up of two issues. The total amount of IRB's outstanding at the end of the year approved by the CDA is approximately \$34,015,342 made up of five issues.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that future time.

11. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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.)

11. Equity Classifications (cont.)

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

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

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

12. Pension

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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.)

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

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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

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

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

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

Land	\$ 249,069,429
Construction in progress	37,802,125
Land improvements	47,299,465
Buildings	275,791,515
Machinery and equipment	77,176,600
Intangible assets	13,254,356
Infrastructure	1,008,636,576
Less: Accumulated depreciation	<u>(630,894,046)</u>
Combined Adjustment for Capital Assets	<u>\$ 1,078,136,020</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	\$ 436,930,665
Compensated absences	53,173,799
Accrued interest	3,245,194
Unamortized debt premium and discount	31,916,127
Disability benefits	96,326
Police and fire pension	76,490
Leases Payable	<u>4,722,496</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 530,161,097</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

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

C. DEFICIT FUND BALANCE

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

As of December 31, 2022, the Other Grants Special Revenue fund held a deficit balance in the amount of \$(263,216). This fund deficit is expected to be funded with future contributions, general tax revenues, or long-term borrowing.

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TID districts), increased by the greater of the percentage change in the City's equalized value due to net 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, 2022

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

A. DEPOSITS AND INVESTMENTS (CONT.)

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

	Carrying Value	Bank and Investment Balance	Associated Risk
Demand deposits	\$ 39,963,167	\$ 20,376,394	Custodial credit
Non-negotiable CD's	925,000	925,000	Custodial credit
U.S. agencies implicitly guaranteed	199,361,523	199,361,523	Credit, custodial credit, concentration of credit, interest rate
U.S. treasuries	8,735,063	8,735,063	Custodial credit, interest rate
State and local bonds	3,501,599	3,501,599	Credit, custodial credit, concentration of credit, interest rate
Corporate notes and bonds	5,786,423	5,786,423	Credit, custodial credit, concentration of credit, interest rate
Mutual funds - other than bonds	363,245	363,245	N/A
Mutual funds - money market	471,628,548	439,186,735	Credit
Equity securities/stocks	1,372,315	1,372,315	Custodial credit, concentration of credit
Local Government Investment Pool	7,639,151	7,639,151	Credit
Deposit with WMMIC	640,874	640,874	Credit
Hartford Life - pooled funds	4,193,590	4,193,590	Credit
Commercial paper	50,000,000	50,000,000	Credit, custodial credit, concentration of credit, interest rate
Petty cash	171,753	-	N/A
2a7-like pools	3,160,099	3,160,099	Credit
Total Cash and Investments	<u>\$ 797,442,350</u>	<u>\$745,242,011</u>	
Reconciliation to financial statements			
Per statement of net position	\$ 461,663,923		
Per statement of net position - restricted	77,848,650		
Per statement of net position - custodial funds	246,803,758		
Per statement of net position - applicable component units:			
CDA	13,427,352		
Less: Component units of CDA	(2,511,446)		
BID	210,113		
Total Cash and Investments	<u>\$ 797,442,350</u>		

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022, the City was a beneficiary of an irrevocable letter of credit in the amount of \$60,000,000 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. \$425,000 of the City's deposits are covered by SIPC.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Corporate notes and bonds	\$ -	\$ 5,786,423	\$ -	\$ 5,786,423
State and local bonds	-	3,501,599	-	3,501,599
Commercial paper	-	50,000,000	-	50,000,000
Equity securities/stock	1,372,315	-	-	1,372,315
Mutual funds - other than bonds	-	363,245	-	363,245
Mutual funds - money market	412,032,446	27,154,289	-	439,186,735
U.S. agencies - implicitly guaranteed	-	199,361,523	-	199,361,523
U.S. treasuries	8,735,063	-	-	8,735,063
2a7 - like pools	-	3,160,099	-	3,160,099
Totals	\$ 422,139,824	\$ 289,327,178	\$ -	\$ 711,467,002

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

A. DEPOSITS AND INVESTMENTS (CONT.)

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

Investment Type	Valuation Method
Corporate notes and state and local bonds	Institutional bond quotes – evaluations based on various market and industry inputs
Mutual funds – other than bonds	Net asset value
Mutual funds – money market	\$1 per share
Commercial paper	\$1 per share
Equity securities/stocks	Market closing price
U.S. agencies – implicitly guaranteed	Institutional bond quotes – evaluations based on various market and industry inputs
U.S. treasuries	Institutional bond quotes – evaluations based on various market and industry inputs
2a7 - like pools	\$1 per share

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may not be returned to the City.

As of December 31, 2022, the City’s deposits were exposed to custodial credit risk as follows:

Demand deposits (CDA)	\$ 1,082,078
Demand deposits (City)	<u>1,324,693</u>
Uninsured and Uncollateralized	<u>\$ 2,406,771</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, 2022, the City’s investments were exposed to custodial credit risk as follows:

U.S. agencies - implicitly guaranteed	\$ 199,361,523
U.S. treasuries	8,735,063
Commercial paper	50,000,000
State and local bonds	3,501,599
Corporate notes and bonds	5,786,423
Equity securities/Stocks	<u>1,372,315</u>
Neither Insured Nor Registered and Held by Counterparty	<u>\$ 268,756,923</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022, the City's investments were rated as follows:

Investment Type	Moody's Investor Services	Standard & Poor's	Fair Value
Corporate notes and bonds	A1	A+	\$ 49,878
	Aaa	AAA	2,816,930
	Aaa	n/a	927,900
	n/a	AAA	1,942,090
	Ba2	BB+	49,625
U.S. agencies (implicitly guaranteed)	Aaa	AA+	193,658,175
	Aaa	A-1+	4,983,023
	WR	NR	720,325
Mutual funds - money market	Aaa	AAAm	439,186,735
State and local bonds	Aa1	n/a	605,893
	Aaa	n/a	997,131
	n/a	AA+	463,250
	n/a	AAA	1,435,325
Commercial paper	Aaa	AAA	50,000,000
2a7 - like pools	n/a	AAAm	3,160,099

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

Wisconsin Municipal Mutual Insurance Company	640,874
Local Government Investment Pool	7,639,151
Hartford Life - pooled funds	<u>4,193,590</u>
Total	<u>\$ 713,469,994</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, 2022, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies - implicitly guaranteed	15.226%
Federal Farm Credit Bank	U.S. agencies - implicitly guaranteed	7.436%
US Bank	Commercial paper	6.907%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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, 2022, the City's investments were as follows:

Investment Type	Fair Value	Less than 1 year through 12/31/23	1-5 years through 12/31/27	5-20 years through 12/31/42
U.S. agencies - implicitly guaranteed	\$ 199,361,523	\$ 38,777,746	\$ 138,117,342	\$ 22,466,435
U.S. treasuries	8,735,063	5,535,147	3,199,916	-
State and local bonds	3,501,599	1,333,428	2,168,171	-
Commercial paper	50,000,000	50,000,000	-	-
Corporate notes and bonds	5,786,423	1,056,293	3,797,970	932,160
Totals	<u>\$267,384,608</u>	<u>\$ 96,702,614</u>	<u>\$ 147,283,399</u>	<u>\$ 23,398,595</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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	\$ 34,089,837
Capital projects fund	15,957,901
Debt service fund	1,561,128
Other Grants fund	567,845
All other nonmajor governmental and internal service funds	22,023,448

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

Uncollectibles related to transit utility	<u>\$ 23,183</u>
Total Uncollectibles of the Current Fiscal Year	<u><u>\$ 23,183</u></u>

Allowance on receivables as of year end for the City's governmental major funds and nonmajor funds, in the aggregate, are as follows:

General Fund	
Allowance for uncollectible ambulance receivable	\$ 6,098,776
Allowance for uncollectible court receivable	18,248,013
Allowance for other uncollectible	35,000
Nonmajor Funds	
Allowance for uncollectible loans	<u>67,936,611</u>
Total	<u><u>\$ 92,318,400</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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	\$ -	\$ 312,530,785	\$ 312,530,785
TID loan equity payment	14,095,000	-	14,095,000
Interest on investments	275,625	-	275,625
Loans	6,553	-	6,553
Ambulance receivable	1,847,693	-	1,847,693
Prepaid revenue	-	43,997,711	43,997,711
Deferred credits/deposits	11,273,554	-	11,273,554
Special Assessments	13,104,988	-	13,104,988
Impact Fees	2,700,001	-	2,700,001
Municipal court receivable	836,003	-	836,003
Accrued interest on loans	348	-	348
TIF developer guarantee	1,354,536	-	1,354,536
Grant revenue	-	867,017	867,017
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 45,494,301	\$ 357,395,513	\$ 402,889,814
Unearned revenue included in liabilities		\$ 44,864,728	
Unearned revenue included in deferred inflows		312,530,785	
Total Unearned Revenue for Governmental Funds		\$ 357,395,513	

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Impact Fee Account

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

Grants Deposit Account

The City has received funds from the U.S. Department of Energy for the Wisconsin Energy Efficiency Project that must be spent in accordance with the grant contract.

Insurance Deposit Account

The City has an account with WMMIC that's used to pay claims as they are incurred. The account is replenished on a quarterly basis.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

C. RESTRICTED ASSETS (CONT.)

Net Pension Asset

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

Following is a list of cash and investments restricted assets at December 31, 2022:

	Restricted Assets
Principal and interest	\$ 13,164,827
Bond reserve account	21,934,412
Bond depreciation account	750,000
Construction	15,423,317
Assessment fund	1,504,541
Retiree health insurance escrow	2,011,329
Impact fees	21,552,307
Grants deposit	867,043
Insurance deposit	640,874
Total Restricted Assets	\$ 77,848,650

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

Investment in Wisconsin Municipal Mutual Insurance Company	\$ 3,815,820
Net pension asset	147,384,003
Total Other Restricted Assets	\$ 151,199,823

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

	Restricted Assets
Housing Vouchers	\$ 33,220
Monona Shores fund	70,630
Nonmajor funds	254,004
Component units of CDA	2,085,243
Total Cash and Investments	\$ 2,443,097

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

Net Pension Asset	\$ 1,572,369
Total Other Restricted Assets	\$ 1,572,369

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated/amortized				
Land	\$ 239,890,541	\$ 9,983,175	\$ (804,287)	\$ 249,069,429
Land - internal service	2,570,970	-	-	2,570,970
Construction in progress	44,585,134	27,621,212	(34,404,221)	37,802,125
Total Capital Assets Not Being Depreciated/Amortized	287,046,645	37,604,387	(35,208,508)	289,442,524
Capital assets being depreciated/amortized				
Land improvements	46,232,182	1,067,283	-	47,299,465
Land improvements - internal service	71,990	-	-	71,990
Buildings and improvements	262,865,538	7,624,603	-	270,490,141
Leased buildings and improvements	-	5,301,374	-	5,301,374
Buildings and improvements - internal service	35,513,565	8,538	-	35,522,103
Machinery and equipment	76,439,872	2,418,440	(1,692,464)	77,165,848
Leased machinery and equipment	-	10,752	-	10,752
Machinery and equipment - internal service	95,680,047	7,747,139	(4,021,402)	99,405,784
Intangible assets	12,660,053	594,303	-	13,254,356
Intangible assets - internal service	119,525	-	-	119,525
Roads	830,832,617	21,077,318	(1,188,253)	850,721,682
Bridges	52,240,436	5,819,699	(13,584)	58,046,551
Street lighting	35,003,480	1,122,180	(760,309)	35,365,351
Traffic signals	21,904,032	536,260	(140,871)	22,299,421
Fiber	9,173,660	196,500	-	9,370,160
Bike path	28,240,546	4,592,865	-	32,833,411
Total Capital Assets Being Depreciated/Amortized	1,506,977,543	58,117,254	(7,816,883)	1,557,277,914
Total Capital Assets Being Depreciated/Amortized at Historical Cost	1,794,024,188	95,721,641	(43,025,391)	1,846,720,438
Less accumulated depreciation/amortization for				
Land improvements	(22,898,826)	(3,141,679)	-	(26,040,505)
Land improvements - internal service	(71,990)	-	-	(71,990)
Buildings and improvements	(104,677,872)	(10,399,695)	-	(115,077,567)
Leased buildings and improvements	-	(652,422)	-	(652,422)
Buildings and improvements - internal service	(4,203,896)	(1,180,956)	-	(5,384,852)
Machinery and equipment	(64,773,805)	(3,217,391)	1,553,660	(66,437,536)
Leased machinery and equipment	-	(8,988)	-	(8,988)
Machinery and equipment - internal service	(61,995,404)	(7,258,872)	3,764,988	(65,489,288)
Intangible assets	(9,249,990)	(605,905)	-	(9,855,895)
Intangible assets - internal service	(119,525)	-	-	(119,525)
Roads	(349,365,817)	(20,261,764)	923,044	(368,704,537)
Bridges	(9,174,245)	(849,091)	12,226	(10,011,110)
Street Lighting	(15,859,235)	(903,138)	371,686	(16,390,687)
Traffic signals	(6,088,512)	(639,636)	55,540	(6,672,608)
Fiber	(3,610,662)	(410,145)	-	(4,020,807)
Bike path	(6,344,223)	(677,161)	-	(7,021,384)
Total accumulated depreciation/amortization	(658,434,002)	(50,206,843)	6,681,144	(701,959,701)
Net Capital Assets Being Depreciated/Amortized	848,543,541			855,318,213
Net Capital Assets	\$1,135,590,186			\$ 1,144,760,737

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

D. CAPITAL ASSETS (CONT.)

Depreciation/Amortization expenses were charged to functions as follows:

Governmental Activities:

General government	\$	909,171
Public safety		3,507,682
Public works and transportation		26,619,284
Planning and development		7,900,046
Culture and Recreation		636,707
Fleet services - internal service		8,439,828
Total	\$	48,012,718

Note: Depreciation/Amortization expense does not agree to the increases in accumulated depreciation/amortization due to the addition of depreciated assets aquired through the Town of Madison dissolution.

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 82,163,477	\$ 7,086,090	\$ (912,997)	\$ 88,336,570
Construction in progress	15,441,135	29,429,650	(28,483,951)	16,386,834
Total Capital Assets Not Being Depreciated	97,604,612	36,515,740	(29,396,948)	104,723,404
Capital assets being depreciated/amortized				
Leased land	-	1,855,826	-	1,855,826
Land improvements	12,044,626	900,000	-	12,944,626
Buildings and improvements	178,055,560	9,140,738	(312,570)	186,883,728
Leased buildings and improvements	-	8,196,859	-	8,196,859
Machinery and equipment	119,543,779	8,183,750	(4,535,656)	123,191,873
Leased machinery and equipment	-	749,154	-	749,154
Intangible assets	852,855	-	-	852,855
Infrastructure	266,905,601	18,555,241	(175,555)	285,285,287
Source of supply	13,291,704	-	(29,540)	13,262,164
Pumping	25,191,445	437,657	(278,019)	25,351,083
Water treatment	5,784,808	35,685	(28,383)	5,792,110
Transmission and distribution	330,834,253	3,887,070	(334,218)	334,387,105
Administrative and general	44,452,764	316,490	(159,109)	44,610,145
Collection system	181,953,942	7,071,723	(222,697)	188,802,968
Collection system pumping	4,157,627	321,402	(10,590)	4,468,439
Total Capital Assets Being Depreciated/Amortized	1,183,068,964	59,651,595	(6,086,337)	1,236,634,222
Total Capital Assets at Historical Cost	1,280,673,576	96,167,335	(35,483,285)	1,341,357,626

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

D. CAPITAL ASSETS (CONT.)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: accumulated depreciation/ amortization for:				
Leased land	\$ -	\$ (177,474)	\$ -	\$ (177,474)
Land improvements	(11,614,574)	(88,574)	-	(11,703,148)
Buildings and improvements	(72,547,681)	(5,329,748)	312,570	(77,564,859)
Leased buildings and improvements	-	(777,971)	-	(777,971)
Machinery and equipment	(77,773,604)	(7,837,318)	4,535,656	(81,075,266)
Leased machinery and equipment	-	(107,022)	-	(107,022)
Intangible assets	(577,010)	(110,338)	-	(687,348)
Infrastructure	(54,923,216)	(3,899,318)	29,870	(58,792,664)
Source of supply	(6,897,498)	(311,635)	28,252	(7,180,881)
Pumping	(11,015,832)	(958,565)	293,542	(11,680,855)
Water treatment	(1,601,406)	(209,850)	28,669	(1,782,587)
Transmission and distribution	(76,913,854)	(6,414,760)	349,407	(82,979,207)
Administrative and general	(17,398,425)	(1,821,183)	159,660	(19,059,948)
Collection system	(35,248,003)	(3,047,991)	126,366	(38,169,628)
Collection system pumping	(2,042,147)	(309,031)	10,590	(2,340,588)
Total Accumulated Depreciation/ Amortization	(368,553,250)	(31,400,778)	5,874,582	(394,079,446)
Total Capital Assets Being Depreciated/Amortized	814,515,714			842,554,776
Net Capital Assets	\$ 912,120,326			\$ 947,278,180

Depreciation/Amortization expense was charged to functions as follows:

Business-type Activities:

Water utility	\$ 8,462,252
Sewer utility	3,161,807
Stormwater utility	4,651,200
Transit utility	8,151,767
Parking utility	2,717,252
Convention center	1,884,958
Golf courses	209,352
Total Business-type Activities Depreciation/Amortization Expense	\$ 29,238,588
Total Accumulated Depreciation/Amortization Additions	\$ (31,400,778)

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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	\$ 8,650,251	\$ 2,905,590	\$ (1,709,349)	\$ 9,846,492
Construction in progress	-	2,078,677	-	2,078,677
Total Capital Assets Not Being Depreciated	<u>8,650,251</u>	<u>4,984,267</u>	<u>(1,709,349)</u>	<u>11,925,169</u>
Capital assets being depreciated				
Land improvements	2,220,580	94,957	-	2,315,537
Buildings and improvements	103,618,512	423,731	(2,862,571)	101,179,672
Intangible assets	43,937	-	-	43,937
Machinery and equipment	3,418,128	95,495	(7,228)	3,506,395
Total Capital Assets Being Depreciated	<u>109,301,157</u>	<u>614,183</u>	<u>(2,869,799)</u>	<u>107,045,541</u>
Total Capital Assets at Historical Cost	<u>117,951,408</u>	<u>5,598,450</u>	<u>(4,579,148)</u>	<u>118,970,710</u>
Less: Accumulated depreciation for				
Land improvements	(1,397,997)	(101,518)	-	(1,499,515)
Buildings and improvements	(63,747,030)	(3,162,683)	2,771,671	(64,138,042)
Intangible assets	(43,937)	-	-	(43,937)
Machinery and equipment	(2,078,400)	(162,381)	7,227	(2,233,554)
Total Accumulated Depreciation	<u>(67,267,364)</u>	<u>(3,426,582)</u>	<u>2,778,898</u>	<u>(67,915,048)</u>
Net capital assets	<u>\$ 50,684,044</u>			<u>\$ 51,055,662</u>

Depreciation expense was charged as follows:

CDA (Housing)	<u>\$ 3,426,582</u>
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Additional disclosures of the lease assets are included in the Lease Disclosure note.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount	Amount Not Due Within One Year
General	Capital projects	\$ 832,480	\$ -
General	Golf Courses	552,005	-
Sewer utility	Capital projects	1,162,245	-
Water utility	Capital projects	939,323	-
Stormwater utility	Capital projects	407,587	-
Other restricted funds	Capital projects	188,502	-
Totals		<u>\$ 4,082,142</u>	<u>\$ -</u>

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

Advances

The debt service fund has advanced amounts to various enterprise funds and component units to fund the repayment of long-term liabilities. Repayment schedules have been established and interest is being charged based on the repayment schedules. In addition, advances between other funds occur based on internal financing needs. No repayment schedules have been established.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

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

Advances (cont.)

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Debt service	Water utility	\$ 314,671	\$ 161,533
Debt service	Transit utility	971,142	498,525
Debt service	Convention center	116,103	59,600
Debt service	Golf courses	33,095	16,989
Capital projects	Revolving loans	<u>347,362</u>	<u>347,362</u>
Totals		<u>\$ 1,782,373</u>	<u>\$ 1,084,009</u>
Debt service - primary government	CDA - component unit	<u>\$ 4,498,799</u>	<u>\$ 3,924,797</u>

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

Receivable Fund	Payable Fund	Amount
Interfund Receivables and Payables		
Governmental activities	Business-type activities	\$ 552,005
Less: Business-type activities	Governmental Activities	(2,509,155)
Advances		
Governmental activities	Business-type activities	1,435,010
Allocation of internal service funds to business-type activities		
Governmental activities	Business-type activities	<u>6,089,086</u>
Total Government-wide Financial Statements		<u>\$ 5,566,946</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General	City Insurance	\$ 38,498	Transfer Revenue
General	Convention Center	338,200	PILOT
General	Golf Courses	202,759	PILOT
General	Other Restricted	5,667,799	Operating Costs
General	Parking Utility	1,550,030	PILOT
General	Permanent	196,143	Operating Costs
General	Water Utility	6,849,831	PILOT
General	Capital Projects	1,555,500	Project Costs
General	Other Grants	15,686,990	Project Costs
Library	Permanent	16,000	Operating Costs
Other Grants	General	265,376	Operating Costs
Debt Service	Capital Projects	190,760	Debt
	Community Development		
Debt Service	Block Grant	12,406	Debt
Debt Service	Other Restricted	578,181	Debt
Debt Service	General	56,108,323	Debt
Debt Service	Other Restricted	140,789	Debt
Debt Service	Library	2,804,419	Debt
Debt Service	Revolving Loans	100,000	Debt
Debt Service	Capital Projects	12,224,800	Debt
Debt Service	Capital Projects	199,048	Debt
Capital Projects	Other Restricted	103,273	Transfer Revenue
Capital Projects	Other Restricted	3,933,227	Transfer Revenue
Capital Projects	General	805,611	Project Costs
Capital Projects	General	50,000	Project Costs
Capital Projects	Water Utility	26,000	Project Costs
Capital Projects	Permanent	2,606	Transfer Revenue
Capital Projects	Sewer Utility	47,843	Project Costs
Capital Projects	Stormwater Utility	47,843	Project Costs
Capital Projects	Revolving Loans	23,489	Project Costs
Capital Projects	Other Grants	53,916	Project Costs
Sewer Utility	Other Restricted	35	Project Costs
Stormwater Utility	Other Restricted	205,205	Project Costs
Water Utility	Sewer Utility	169,183	Joint Cost Allocation
Transit Utility	General	9,126,564	Operating Costs

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount	Purpose
Other Restricted	Sewer Utility	\$ 10,885	Project Costs
Other Restricted	Capital Projects	3,773,179	Transfer Revenue
Convention Center	Other Restricted	4,150,573	Operating Costs
Fleet Service	City Insurance	4,548	Transfer Revenue
Fleet Service	General	<u>34,389</u>	Project Costs
Total - Fund Financial Statements		<u>\$ 127,294,221</u>	
Less: Fund eliminations		(131,703,207)	
Less: Transfer capital assets from governmental activities to utilities		<u>(18,188,394)</u>	
Total		<u><u>\$ (22,597,380)</u></u>	
Transferred To	Transferred From	Amount	
Governmental activities	Business-type activities	\$ 9,073,390	
Business-type activities	Governmental activities	<u>(31,670,770)</u>	
Total Government-Wide Statement of Activities		<u><u>\$ (22,597,380)</u></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, 2022

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 432,271,377	\$ 72,241,653	\$ 73,808,452	\$ 430,704,578	\$ 69,210,211
General obligation debt - internal service	65,711,761	9,908,305	8,160,216	67,459,850	8,706,643
General obligation debt from direct borrowings and direct placements	-	803,945	-	803,945	96,896
Other loans/notes	-	5,422,142	-	5,422,142	542,214
Add/Subtract Amounts For:					
Premium on debt	30,190,651	6,310,064	4,584,588	31,916,127	-
Premium on debt - Internal Service	1,069,899	-	122,274	947,625	-
Sub-totals	<u>\$ 529,243,688</u>	<u>\$ 94,686,109</u>	<u>\$ 86,675,530</u>	<u>\$ 537,254,267</u>	<u>\$ 78,555,964</u>
Other Liabilities					
Vested compensated absences	49,859,151	7,858,053	4,543,405	53,173,799	4,717,426
Vested compensated absences - internal service	758,968	254,501	205,593	807,876	203,763
Worker's comp disability and death benefits	108,316	-	11,990	96,326	25,745
Police and fire pension	78,674	-	2,184	76,490	24,391
Other post-employment benefits	63,098,999	-	11,429,701	51,669,298	-
Other post-employment benefits - internal service	1,825,885	-	649,841	1,176,044	-
Leases	820,000	5,312,126	1,409,630	4,722,496	577,261
Total Other Liabilities	<u>\$ 116,549,993</u>	<u>\$ 13,424,680</u>	<u>\$ 18,252,344</u>	<u>\$ 111,722,329</u>	<u>\$ 5,548,586</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 645,793,681</u>	<u>\$ 108,110,789</u>	<u>\$ 104,927,874</u>	<u>\$ 648,976,596</u>	<u>\$ 84,104,550</u>
Business-Type Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 64,709,719	\$ 32,400,041	\$ 9,377,279	\$ 87,732,481	\$ 11,746,073
Revenue Bonds	243,860,000	13,960,000	45,400,000	212,420,000	15,910,000
Add Amounts for:					
Premium on debt	18,101,218	4,302,824	3,378,847	19,025,195	-
Sub-totals	<u>\$ 326,670,937</u>	<u>\$ 50,662,865</u>	<u>\$ 58,156,126</u>	<u>\$ 319,177,676</u>	<u>\$ 27,656,073</u>
Other Liabilities					
Vested compensated absences	11,334,667	3,130,877	2,703,503	11,762,041	2,249,551
Other post-employment benefits	19,656,832	-	3,485,510	16,171,322	-
Leases	-	10,487,956	397,142	10,090,814	486,400
Total Other Liabilities	<u>\$ 30,991,499</u>	<u>\$ 13,618,833</u>	<u>\$ 6,586,155</u>	<u>\$ 38,024,177</u>	<u>\$ 2,735,951</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 357,662,436</u>	<u>\$ 64,281,698</u>	<u>\$ 64,742,281</u>	<u>\$ 357,201,853</u>	<u>\$ 30,392,024</u>

Note: Increases in Lease long-term obligations include the cumulative effect of implementing GASB 87 in 2022.

Note: The Governmental Other Loans and Notes balance consists of a reduction to future shared revenue payments from the Wisconsin Department of Revenue, agreed to as part of the Volkswagen Mitigation Transit Capital Assistance Grant Program. This obligation has a 0% interest rate and will be amortized equally over ten annual installments of \$542,142.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Component Unit - CDA					
Bonds and Notes Payable:					
Revenue Bonds	\$ 820,000	\$ -	\$ 820,000	\$ -	\$ -
Mortgage notes - direct	2,400,057	-	238,647	2,161,410	211,041
Other loans/notes - direct	<u>3,699,512</u>	<u>-</u>	<u>580,190</u>	<u>3,119,322</u>	<u>126,767</u>
Sub-totals	<u>\$ 6,919,569</u>	<u>\$ -</u>	<u>\$ 1,638,837</u>	<u>\$ 5,280,732</u>	<u>\$ 337,808</u>
Other Liabilities					
Accrued compensated absences	694,893	109,883	117,633	687,143	119,499
Advances from primary government - City of Madison *	5,570,649	-	1,071,849	4,498,800	-
Other post-employment benefits	<u>674,836</u>	<u>716</u>	<u>34,429</u>	<u>641,123</u>	<u>-</u>
Total Component Unit - CDA Long-Term Liabilities	<u>\$ 13,859,947</u>	<u>\$ 110,599</u>	<u>\$ 2,862,748</u>	<u>\$ 11,107,798</u>	<u>\$ 457,307</u>

*See Note IV E for additional detail on advances.

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2022, was \$1,930,334,955. Total general obligation debt at year end was:

Outstanding	\$ 586,700,854
Joint venture G.O. debt	<u>1,410,091</u>
Total	<u>\$ 588,110,945</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

General Obligation Debt (cont.)

	Date of Issue	Due Date	Interest Rate	Original Indebted- ness	Balance 12-31-22
General obligation notes	03-06-12	07-01-26	0.00 %	\$ 1,500,000	\$ 800,000
2012 State trust fund loan*	12-04-12	03-15-32	3.75	573,000	354,282
General obligation notes	10-02-13	10-01-23	2.00 - 3.40	4,245,000	420,000
General obligation notes	10-22-15	10-01-25	3.00	65,565,000	17,040,000
General obligation notes	10-22-15	10-01-25	1.75 - 2.75	13,345,000	4,000,000
General obligation bonds	10-24-15	10-01-35	2.375- 4.00	12,395,000	8,055,000
General obligation bonds	10-21-16	10-01-26	0.05 - 4.00	85,750,000	29,575,000
General obligation bonds	10-22-16	10-01-26	2.00	7,135,000	2,845,000
General obligation bonds	10-23-16	10-01-36	2.375 - 4.00	6,735,000	4,695,000
2016 State trust fund loan*	12-29-16	03-15-26	3.00	150,000	72,046
General obligation notes	10-19-17	10-01-27	2.00 - 4.00	76,900,000	38,450,000
General obligation notes	10-20-17	10-01-27	2.15 - 2.65	12,950,000	6,475,000
General obligation bonds	10-21-17	10-01-37	2.875 - 5.00	13,865,000	10,390,000
General obligation notes	10-02-18	10-01-28	3.00 - 4.00	85,870,000	51,510,000
General obligation notes	10-03-18	10-01-28	2.80 - 3.50	12,655,000	7,590,000
General obligation bonds	10-04-18	10-01-38	2.50 - 5.00	10,000,000	8,000,000
General obligation notes	10-05-18	10-01-28	2.00 - 3.05	876,000	457,000
2018 State trust fund loan*	12-27-18	03-15-28	4.50	65,000	46,552
General obligation notes	10-17-19	10-01-29	2.25 - 3.00	80,415,000	56,280,000
General obligation bonds	10-18-19	10-01-39	2.00 - 4.00	29,810,000	25,330,000
2019 State trust fund loan*	12-26-19	03-15-29	3.25	410,000	331,065
General obligation notes	10-15-20	10-01-30	1.375 - 4.00	78,545,000	56,780,000
General obligation bonds	10-15-20	10-01-40	2.00 - 3.00	22,600,000	20,340,000
General obligation bonds	10-15-20	10-01-32	0.18 - 1.40	46,725,000	30,055,000
General obligation notes	10-01-21	10-01-31	1.25 - 4.00	81,300,000	73,170,000
General obligation notes	10-02-21	10-01-31	0.30 - 4.00	3,990,000	3,590,000
General obligation bonds	10-03-21	10-01-41	1.00 - 4.00	17,800,000	16,910,000
General obligation notes	10-01-22	10-01-32	4.00 - 5.00	72,355,000	72,355,000
General obligation notes	10-02-22	10-01-32	3.00 - 4.00	20,160,000	20,160,000
General obligation bonds	10-03-22	10-01-33	4.00 - 5.00	22,035,000	22,035,000
Sub-Totals - General Obligation					\$ 588,110,945
Less: Business-type Activities General Obligation Debt					(87,732,481)
Less: Joint Venture General Obligation Debt					(1,410,091)
Total Governmental Activities General Obligation Debt					<u>\$ 498,968,373</u>

*Direct borrowing or direct placement

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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
2023	\$ 77,916,854	\$ 14,945,712	\$ 11,746,073	\$ 3,065,152
2024	72,516,642	12,732,941	10,890,327	2,700,081
2025	64,838,690	10,663,378	10,279,907	2,341,104
2026	58,608,567	8,670,441	9,567,050	1,975,521
2027	50,990,176	6,798,854	8,978,937	1,626,508
2028-2032	141,162,314	14,739,004	29,861,375	3,914,745
2033-2037	23,324,420	2,886,482	4,785,580	520,937
2038-2041	8,806,765	398,780	1,623,232	68,920
Totals	<u>\$ 498,164,428</u>	<u>\$ 71,835,592</u>	<u>\$ 87,732,481</u>	<u>\$ 16,212,968</u>

Years	Governmental Activities Debt from Direct Borrowings and Direct Placements	
	Principal	Interest
2023	\$ 96,896	\$ 28,301
2024	100,169	25,028
2025	103,694	21,503
2026	107,274	17,923
2027	91,595	14,218
2028-2032	304,317	24,731
Total	<u>\$ 803,945</u>	<u>\$ 131,704</u>

The City's outstanding debt from direct borrowing and placements related to governmental activities of \$803,945 contains a provision that any delinquent payments are subject to a penalty of one percent per month, and that any delinquent amounts shall be deducted from any state payments that are due to the City.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt

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

	Sewer	Water
Original indebtedness		
Sewer	\$ 77,645,000	
Water		\$ 186,920,000
Year issued	2012-2022	2015-2019
Proceeds used for	Sewer plant	Water plant
Source of revenue	Sewer charges	Water charges
Payable through	2037	2039
Percent of net revenues required to pay remaining debt service	34.5%	44.0%
Total principal and interest remaining	\$ 69,670,602	\$ 189,797,690
Principal and interest paid for the current year	5,990,920	18,358,129
Total customer net revenues for current year	13,478,486	30,244,745

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2022 consists of the following:

	Date of issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-22
Water Utility					
Revenue bonds	12-17-15	01-01-36	3.00 - 5.00%	\$41,610,000	\$ 31,905,000
Revenue bonds	12-28-16	01-01-37	1.24 - 3.82	23,775,000	19,675,000
Revenue bonds	12-28-16	01-01-37	1.24 - 3.82	14,645,000	8,665,000
Revenue bonds	12-20-18	01-01-39	4.00	30,765,000	27,570,000
Revenue bonds	12-20-18	01-01-28	3.00 - 3.55	9,390,000	6,555,000
Revenue bonds	12-19-19	01-01-31	2.00 - 5.00	26,555,000	24,255,000
Revenue bonds	12-19-19	01-01-31	2.00 - 5.00	7,125,000	6,070,000
Revenue bonds	12-19-19	01-01-32	1.70 - 2.65	13,055,000	11,130,000
Revenue bond anticipation notes	12-06-19	11-01-24	1.50	20,000,000	<u>20,000,000</u>
Total Water Utility					<u>\$ 155,825,000</u>
Sewer Utility					
Revenue bonds	11-15-12	12-01-27	2.00 - 3.00	9,500,000	3,565,000
Revenue bonds	12-01-14	12-01-29	2.50 - 5.00	9,645,000	5,250,000
Revenue bonds	12-28-16	12-01-31	2.50 - 5.00	14,600,000	9,635,000
Revenue bonds	12-20-18	12-01-33	3.25 - 4.00	12,500,000	9,825,000
Revenue bonds	12-22-20	12-01-35	2.00 - 5.00	13,000,000	11,585,000
Revenue bonds	12-23-20	12-01-35	2.00 - 5.00	4,440,000	2,775,000
Revenue bonds	12-20-22	12-01-37	5.00	13,960,000	<u>13,960,000</u>
Total Sewer Utility					<u>\$ 56,595,000</u>
Total Business-type Revenue Debt					<u><u>\$ 212,420,000</u></u>

Revenue Bond Anticipation Notes (BANS)

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

Debt service requirements to maturity are as follows:

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2023	\$ 15,910,000	\$ 7,253,849
2024	36,335,000	6,665,969
2025	16,780,000	5,701,969
2026	16,420,000	5,032,636
2027	16,585,000	4,402,625
2028-2032	68,320,000	13,440,381
2033-2037	37,795,000	4,378,163
2038-2039	4,275,000	172,700
Totals	<u>\$ 212,420,000</u>	<u>\$ 47,048,292</u>

Water Utility Current Refunding

On October 6, 2022, bonds in the amount of \$22,035,000 were issued with an average interest rate of 4.7% to refund \$12,880,000 of outstanding Series 2012 bonds with an average interest rate of 3.21% and \$16,525,000 of outstanding Series 2013 bonds with an average interest rate of 4.19%. The net proceeds were used to purchase U.S government securities and pay issuance costs of the transaction. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt services payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position. The 2013 bonds were called on January 3, 2023.

The cash flow requirements on the old bonds prior to the current refunding (gross of interest rate subsidies) was \$35,979,375 from 2023 to 2034. The cash flow requirements on the new bonds are \$28,453,323 from 2023 through 2034. The current refunding resulted in an economic gain of \$1,013,348.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

Revenue Debt (cont.)

Mortgage Note - Component Unit - Community Development Authority

The housing mortgage notes will be paid by revenues derived by the Community Development Authority. Mortgage notes at December 31, 2022, consists of the following:

	Date of Issue	Due Date	Interest Rates	Original Indebted- ness	Balance 12-31-22
Community Development Authority					
Housing mortgage note	5-17-01	5-01-31	N/A	\$ 213,067	\$ 213,067
Housing mortgage note	8-26-16	8-26-26	3.25	3,000,000	<u>1,948,343</u>
Total Mortgage Notes					<u>\$ 2,161,410</u>

Years	Component Unit Mortgage Notes - Direct Borrowing	
	Principal	Interest
2023	\$ 211,041	\$ 61,304
2024	228,519	54,923
2025	235,432	48,010
2026	1,368,829	30,811
2027	26,633	-
2028-2031	<u>90,956</u>	<u>-</u>
Totals	<u>\$ 2,161,410</u>	<u>\$ 195,048</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

Other Loans/Notes

Community Development Authority - Component Units

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

City of Madison		
Section 17 loans	\$	85,000
CDBG home loan ¹		385,000
Affordable housing trust loan* ¹		273,337
Promissory note ²		60,000
HOME loan		280,000
CDBG loan ²		400,000
Impact C.I.L, LLC		983,017
Johnson Bank ³		<u>652,971</u>
 Total	 \$	 <u><u>3,119,325</u></u>

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

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

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

Years	<u>Other Loans/Notes - Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 100,968	\$ 29,578
2024	102,432	28,115
2025	104,127	26,420
2026	105,826	24,726
2027	39,263	22,951
2028-2032	225,899	85,169
2033-2037	<u>247,793</u>	<u>26,725</u>
 Total	 \$ 926,308	 \$ 243,684

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

F. LONG-TERM OBLIGATIONS (CONT.)

Leases

Refer to Note IV. G.

Other Debt Information

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

G. LEASE DISCLOSURES

Lessee - Leased Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Leased Assets Being Amortized:				
Buildings	\$ -	\$ 5,301,374	\$ -	\$ 5,301,374
Machinery and equipment	-	10,752	-	10,752
Total Leased Assets Being Amortized	-	5,312,126	-	5,312,126
Less: Accumulated Amortization				
Buildings	-	(652,422)	-	(652,422)
Machinery and equipment	-	(8,988)	-	(8,988)
Total Accumulated Amortization	-	(661,410)	-	(661,410)
Total governmental activities leased assets, net of accumulated amortization	\$ -	\$ 4,650,716	\$ -	\$ 4,650,716
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Leased Assets Being Amortized:				
Buildings	\$ -	\$ 8,196,859	\$ -	\$ 8,196,859
Land	-	1,855,826	-	1,855,826
Machinery and equipment	-	749,154	-	749,154
Total Leased Assets Being Amortized	-	10,801,839	-	10,801,839
Less: Accumulated Amortization				
Buildings	-	(777,971)	-	(777,971)
Land	-	(177,474)	-	(177,474)
Machinery and equipment	-	(107,022)	-	(107,022)
Total Accumulated Amortization	-	(1,062,467)	-	(1,062,467)
Total business-type activities leased assets, net of accumulated amortization	\$ -	\$ 9,739,372	\$ -	\$ 9,739,372

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Lessee - Lease Liabilities

	Date of Issue	Final Maturity	Interest Rate Percent	Original Indebtedness in Dollars	Balance in Dollars
Governmental Activities					
Building Lease	10/1/2003	9/30/2023	0.935864	140,335	61,193
Building Lease	1/1/2009	12/31/2025	0.935864	303,400	230,884
Building Lease	5/26/2009	5/31/2024	0.935864	51,018	30,427
Building Lease	1/1/2014	12/31/2026	0.935864	260,055	211,085
Building Lease	1/1/2014	12/31/2026	0.935864	54,958	44,611
Building Lease	1/1/2014	12/31/2026	0.935864	454,036	368,548
Building Lease	3/1/2016	2/28/2031	0.935864	65,104	59,123
Building Lease	12/1/2016	11/30/2036	0.935864	440,968	418,858
Building Lease	12/15/2018	12/31/2023	0.935864	14,509	7,397
Building Lease	11/1/2019	10/31/2034	0.935864	1,452,223	1,358,563
Building Lease	10/1/2020	12/31/2026	0.935864	67,398	54,740
Building Lease	12/1/2020	12/31/2030	0.935864	778,858	700,747
Building Lease	1/1/2021	12/31/2040	0.935864	1,218,511	1,176,320
Total governmental activities lease liabilities					4,722,496
	Date of Issue	Final Maturity	Interest Rate Percent	Original Indebtedness in Dollars	Balance in Dollars
Business-Type Activities					
Land Lease	9/15/1997	9/14/2037	0.935864	452,149	460,688
Building Lease	6/15/2016	6/30/2033	0.935864	323,848	299,994
Building Lease	1/1/2017	12/31/2041	0.935864	7,477,014	7,375,030
Land Lease	10/5/2018	10/4/2042	0.935864	1,403,677	1,289,833
Mach/Equip Lease	5/1/2022	12/31/2026	2.813855	749,154	665,269
Total business-type lease liabilities					\$ 10,090,814

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Variable Lease Contracts

Business-Type Activities

Lease Contract With Variable or Other Payments	Description of Variable or Other Payments	Amount of Variable Payments Paid This Fiscal Year
Transit Equipment Lease	Monthly lease payments based solely on a flat rate per tire-mile driven	\$ 123,506
Total business-type variable lease contracts		<u>\$ 123,506</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 577,261	\$ 41,173	\$ 618,434	\$ 486,400	\$ 103,517	\$ 589,917
2024	512,000	36,151	548,151	505,159	95,848	601,007
2025	519,010	31,352	550,362	524,510	87,915	612,425
2026	452,624	26,829	479,453	544,471	79,709	624,180
2027	285,189	23,449	308,638	871,111	71,791	942,902
2028 -2032	1,358,414	76,762	1,435,176	2,247,126	283,906	2,531,032
2033 -2037	756,901	25,651	782,552	2,445,629	174,316	2,619,945
2038 -2042	261,097	3,627	264,724	2,466,408	49,768	2,516,176
Total	<u>\$ 4,722,496</u>	<u>\$ 264,994</u>	<u>\$ 4,987,490</u>	<u>\$10,090,814</u>	<u>\$ 946,770</u>	<u>\$11,037,584</u>

The City did not recognize any amounts for lease residual value guarantees or lease termination penalties in 2022. The City did not enter into any commitments prior to the commencement of any lease terms. The City did not recognize any losses associated with lease impairment.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Lessor - Lease Receivables

	Date of Inception	Final Maturity	Interest Rate Percent	Receivable Balance in Dollars
Governmental Activities				
Land Lease	2/1/1981	1/31/2080	0.935864	70,990
Land Lease	2/1/1981	1/31/2080	0.935864	142,155
Land Lease	3/22/1985	3/21/2084	0.935864	3,605,575
Land Lease	5/1/1987	4/30/2086	0.935864	156,664
Land Lease	7/1/1987	6/30/2029	0.935864	26,836
Land Lease	1/1/1992	12/31/2026	0.935864	394
Land Lease	6/1/1993	5/31/2043	0.935864	540,850
Land Lease	7/1/1993	6/30/2043	0.935864	24,697
Land Lease	4/1/1994	5/31/2071	0.935864	157,440
Building Lease	4/1/1996	3/31/2032	0.935864	30,595
Land Lease	9/1/1996	8/31/2095	0.935864	160,772
Land Lease	12/1/1996	11/30/2095	0.935864	23,640
Land Lease	12/1/1996	11/30/2095	0.935864	171,223
Land Lease	12/1/1996	11/30/2095	0.935864	325,622
Building Lease	6/1/1997	5/31/2037	0.935864	735,758
Land Lease	1/1/1998	12/31/2033	0.935864	110,006
Land Lease	5/1/1998	4/30/2096	0.935864	152,260
Land Lease	1/1/2000	12/31/2099	0.935864	140,754
Land Lease	1/1/2001	12/31/2100	0.935864	46,299
Land Lease	1/1/2001	12/31/2100	0.935864	12,707
Land Lease	5/18/2001	5/17/2051	0.935864	127,309
Land Lease	6/28/2001	6/27/2061	0.935864	665,706
Land Lease	4/14/2003	4/13/2043	0.935864	495,467
Land Lease	1/1/2005	12/31/2103	0.935864	95,658
Land Lease	11/17/2005	11/16/2045	0.935864	2,109,872
Land Lease	1/24/2007	1/23/2037	0.935864	12,696
Land Lease	1/1/2008	12/31/2027	0.935864	30,757
Land Lease	1/1/2008	12/31/2106	0.935864	187,305
Building Lease	1/1/2008	12/31/2032	0.935864	28,555
Building Lease	1/1/2008	12/31/2107	0.935864	26,611

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Lessor - Lease Receivables (cont.)

	Date of Inception	Final Maturity	Interest Rate Percent	Receivable Balance in Dollars
Land Lease	1/1/2008	12/31/2107	0.935864	92,046
Land Lease	1/2/2008	12/31/2106	0.935864	1,094,028
Building Lease	1/1/2011	12/31/2028	0.935864	424,565
Land Lease	9/14/2012	9/13/2111	0.935864	955,691
Land Lease	11/9/2012	11/8/2111	0.935864	855,589
Land Lease	11/30/2012	11/29/2011	0.935864	1,046,004
Land Lease	5/2/2013	5/1/2112	0.935864	631,525
Building Lease	4/15/2015	12/31/2029	0.935864	58,606
Land Lease	6/1/2015	5/31/2030	0.935864	9,392
Land Lease	10/1/2015	9/30/2113	0.935864	159,377
Land Lease	11/1/2015	10/31/2114	0.935864	1,770,259
Land Lease	1/1/2016	12/31/2025	0.935864	312
Land Lease	12/1/2016	11/30/2026	0.935864	9,537
Building Lease	1/1/2017	12/31/2024	0.935864	8,958
Land Lease	1/1/2017	12/31/2115	0.935864	98,677
Building Lease	3/1/2017	12/31/2023	0.935864	29,806
Land Lease	4/1/2017	3/31/2067	0.935864	182,569
Building Lease	10/1/2017	9/30/2027	0.935864	4,312
Land Lease	12/1/2017	11/30/2115	0.935864	933,799
Land Lease	1/1/2018	12/31/2116	0.935864	161,889
Land Lease	5/1/2018	4/30/2028	0.935864	1,683
Building Lease	9/7/2019	9/6/2025	0.935864	93,650
Land Lease	10/1/2019	9/30/2029	0.935864	62,988
Building Lease	11/1/2019	10/31/2034	0.935864	611,354
Building Lease	12/20/2019	12/31/2025	0.935864	68,589
Building Lease	1/1/2020	11/1/2023	0.935864	5,958
Land Lease	7/1/2020	6/30/2028	0.935864	33,876
Building Lease	8/1/2020	7/31/2040	0.935864	1,218,462
Building Lease	1/1/2021	12/31/2035	0.935864	56,569
Land Lease	6/1/2021	5/31/2041	0.935864	103,904

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Lessor - Lease Receivables (cont.)

	Date of Inception	Final Maturity	Interest Rate Percent	Receivable Balance in Dollars
Building Lease	7/1/2021	6/30/2024	0.935864	35,422
Building Lease	7/1/2021	6/30/2024	0.935864	1,776
Building Lease	10/8/2021	10/7/2023	0.935864	16,553
Building Lease	1/1/2022	12/31/2024	2.813855	83,483
Land Lease	2/1/2022	1/31/2026	2.813855	17,835
Building Lease	2/1/2022	2/29/2024	2.813855	46,363
Building Lease	2/1/2022	4/30/2024	2.813855	27,952
Building Lease	5/24/2022	12/31/2024	2.813855	11,078
Land Lease	5/30/2022	5/29/2042	2.813855	589,301
Land Lease	6/18/2022	6/17/2026	2.813855	94,507
Building Lease	6/27/2022	6/30/2047	2.813855	1,806,812
Land Lease	9/1/2022	8/31/2032	2.813855	154,049
Land Lease	9/1/2022	8/31/2032	2.813855	147,629
Land Lease	12/1/2022	11/30/2052	2.813855	209,781
Total governmental lease receivables				24,441,688

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Lessor - Lease Receivables (cont.)

	Date of Inception	Final Maturity	Interest Rate Percent	Receivable Balance in Dollars
Business-Type Activities				
Building Lease	6/1/1997	5/31/2037	0.935864	662,035
Building Lease	1/12/1998	1/11/2028	0.935864	695,754
Building Lease	3/1/1998	2/28/2038	0.935864	694,670
Building Lease	6/1/2004	5/31/2024	0.935864	46,170
Land Lease	7/1/2004	6/30/2044	0.935864	19,111
Building Lease	8/1/2013	7/31/2023	0.935864	46,092
Building Lease	5/1/2014	4/30/2024	0.935864	135,081
Building Lease	10/10/2016	10/9/2036	0.935864	531,660
Building Lease	5/1/2017	4/30/2027	0.935864	218,704
Building Lease	12/6/2018	12/5/2048	0.935864	7,303,896
Building Lease	12/6/2018	12/5/2048	0.935864	6,984,195
Building Lease	12/5/2021	12/4/2041	2.813855	651,003
Building Lease	4/1/2022	3/31/2042	2.813855	649,259
Building Lease	7/1/2022	6/30/2042	2.813855	667,686
Total business-type lease receivables				<u>19,305,316</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities			Business-Type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 677,481	\$ 283,819	\$ 961,300	\$ 684,151	\$ 213,451	\$ 897,602	\$ 1,316,107	\$ 86,882	\$ 1,402,989
2024	601,322	274,222	875,544	616,601	206,368	822,969	1,050,436	75,904	1,126,340
2025	552,301	266,264	818,565	598,704	199,709	798,413	1,020,178	66,365	1,086,543
2026	489,710	259,559	749,269	615,326	192,842	808,168	1,030,187	56,811	1,086,998
2027	533,328	252,986	786,314	598,122	185,839	783,961	1,072,688	46,964	1,119,652
2028 -2032	2,604,673	1,161,552	3,766,225	3,644,147	810,836	4,454,983	3,648,194	107,444	3,755,638
2033 -2037	2,635,835	987,665	3,623,500	4,613,494	564,994	5,178,488	877,954	10,265	888,219
2038 -2042	2,528,186	804,894	3,333,080	3,861,880	298,843	4,160,723	-	-	-
2043 -2047	1,551,994	642,120	2,194,114	3,419,233	109,768	3,529,001	-	-	-
2048 -2052	740,408	561,648	1,302,056	653,658	2,595	656,253	-	-	-
2053 -2057	791,960	523,943	1,315,903	-	-	-	-	-	-
2058 -2062	867,146	484,534	1,351,680	-	-	-	-	-	-
2063 -2067	918,444	443,530	1,361,974	-	-	-	-	-	-
2068 -2072	1,030,580	398,072	1,428,652	-	-	-	-	-	-
2073 -2077	1,172,095	346,864	1,518,959	-	-	-	-	-	-
2078 -2082	1,325,516	288,439	1,613,955	-	-	-	-	-	-
2083 -2087	918,296	233,033	1,151,329	-	-	-	-	-	-
2088 -2092	832,985	195,547	1,028,532	-	-	-	-	-	-

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

G. LEASE DISCLOSURES (CONT.)

Lessor - Lease Receivables (cont.)

Years	Governmental Activities			Business-Type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2093 -2097	899,215	154,825	1,054,040	-	-	-	-	-	-
2098 -2102	951,688	112,317	1,064,005	-	-	-	-	-	-
2103 -2107	1,021,230	66,244	1,087,474	-	-	-	-	-	-
2108 -2112	766,037	22,501	788,538	-	-	-	-	-	-
2113 -2117	131,258	1,556	132,814	-	-	-	-	-	-
Total	\$ 24,541,688	\$ 8,766,134	\$ 33,307,822	\$ 19,305,316	\$ 2,785,245	\$ 22,090,561	\$ 10,015,744	\$ 450,635	\$ 10,466,379

Component Units - CDA	Date of Inception	Final Maturity	Interest Rate Percent	Receivable Balance in Dollars
	Building Lease	8/25/2003	8/24/2023	0.935864
Total component units lease receivables				<u>\$ 10,015,744</u>

The City recognized \$816,895, \$1,095,709, and \$1,517,121 of Governmental, Business-type, and Component Unit lease revenue respectively. The City recognized \$249,329, \$206,513, and \$22,140 of Governmental, Business-type, and Component Unit lease interest respectively.

The City did not recognize any amounts for leases with variable payments, residual value guarantees or lease termination penalties in 2022.

H. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 251,640,399
Construction in progress	37,802,125
Other capital assets, net of accumulated depreciation	855,318,213
Less: Capital related long-term debt outstanding (excluding unspent capital related debt proceeds)	(380,949,165)
Less: Unamortized premium	(32,863,752)
Total Net Investment in Capital Assets	<u>\$ 730,947,820</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

H. NET POSITION/FUND BALANCES (CONT.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Library	Debt Service	Capital Projects	Other Grants	Nonmajor Governmental Funds	Total
Fund Balances							
Nonspendable:							
Inventories	\$ 505,134	\$ -	\$ -	\$ 2,747,359	\$ -	\$ -	\$ 3,252,493
Prepaid items	3,538,082	210,446	-	48,419	14,830	143,787	3,955,564
Trust activities	-	-	-	-	-	640,765	640,765
Restricted for:							
Library	-	2,672,398	-	-	-	636,889	3,309,287
Grants activities	-	-	-	-	-	372,959	372,959
Loans	677,680	-	-	-	-	30,448,366	31,126,046
Debt service	-	-	21,692,020	-	-	5,224,059	26,916,079
Parks	-	-	-	-	-	976,649	976,649
Impact fees	-	-	-	-	-	24,240,225	24,240,225
TID activities	-	-	-	76,233,169	-	-	76,233,169
Landfill	-	-	-	-	-	217,625	217,625
Trust activities	-	-	-	-	-	3,605,790	3,605,790
Capital projects	-	-	-	50,695,930	-	-	50,695,930
Room tax	-	-	-	-	-	3,961,107	3,961,107
Committed for:							
Room tax	-	-	-	-	-	564,650	564,650
Loans	-	-	-	-	-	756,933	756,933
Assigned to:							
Capital projects	-	-	-	18,427,001	-	-	18,427,001
Encumbrances for open contracts	272,989	-	-	-	-	-	272,989
Operating Projects	537,610	-	-	-	-	-	537,610
Fund balance applied	3,400,000	-	-	-	-	-	3,400,000
Compensated absences	10,216,059	-	-	-	-	-	10,216,059
Premium stabilization	4,193,590	-	-	-	-	-	4,193,590
Unassigned (deficit)	66,116,185	-	-	-	(278,046)	(103,323)	65,734,816
Totals	<u>\$ 89,457,329</u>	<u>\$ 2,882,844</u>	<u>\$ 21,692,020</u>	<u>\$ 148,151,878</u>	<u>\$ (263,216)</u>	<u>\$ 71,686,481</u>	<u>\$ 333,607,336</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

H. NET POSITION/FUND BALANCES (CONT.)

Business-type Activities

Net investment in capital assets	
Land	\$ 88,336,570
Construction in progress	16,386,834
Other capital assets, net of accumulated depreciation	842,554,776
Less: Related long-term capital debt outstanding	(303,688,294)
Plus: Unspent capital related debt proceeds	19,044,551
Plus: Unamortized premium and loss/gain on refunding	(20,070,036)
Plus: Borrowed reserve fund	10,518,315
Total Net Investment in Capital Assets	<u>\$ 653,082,716</u>

I. COMPONENT UNITS

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

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

Major Component Units of the City of Madison

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

a. Summary of Significant Accounting Policies

Principles of Presentation

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

Basis of Presentation

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

Net position without donor restrictions – Net position that is not restricted by donors. Designations are voluntary board-approved segregations of net position without donor restrictions for specific purposes, projects, or investments. The Society's Board of Directors has the ability to designate net position without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time.

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

Cash and Cash Equivalents

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Restricted Cash and Cash Equivalents

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

Donor restricted funds	\$ 630,307
Reserves	399,378
Funds to be invested at the Foundation	<u>208,025</u>
	<u>\$ 1,237,710</u>

Pledges Receivable

Unconditional promises to give (pledges) are recognized as revenue in the period the promise to give is received. Unconditional promises to give due greater than one year are reported at their present 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.

Grants Receivable

Grants receivable represents the outstanding balance of grants due to the Society based upon costs incurred and other terms identified in the grant agreement. Management determines the need for an allowance for doubtful accounts based on a review of current grants receivable balances. Grants receivable written-off are charged against the allowance. Grants receivable are considered fully collectible; accordingly no allowance is considered necessary.

Inventories

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

Beneficial Interest in Assets Held by Madison Community Foundation

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

During the year ended December 31, 2022, the Society received notification from MCF that a portion of the agency endowment fund was contributed by third party donors. Historically, MCF has commingled the funds when reporting the balance of the agency endowment fund and incorrectly reported to the Society the portion that was contributed by third party donors. MCF conducted an inspection of the agency endowment funds and determined the amount from third party donors and related investment return from prior years to be \$124,107. MCF has transferred the amount to a sister fund to appropriately track and account for the funds in future periods. The Society is still the specified beneficiary of the sister fund. Accounting guidance prohibits these funds from being presented as a beneficial interest because the funds were contributed to MCF by third party donors and MCF has variance power. The derecognition of the beneficial interest is reflected as loss on MCF funds on the consolidated statements of activities as a non-operating item.

Beneficial Interest in Lead Trust Held by Others

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

Investments

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

Unearned Revenue

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

Refundable Advance

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

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

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

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

Estimates

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

Income Taxes

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

The Society must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not the position will be sustained. The Society does not believe there are any material uncertain tax positions and, accordingly, it did not recognize any liability for unrecognized tax benefits. For the year ended December 31, 2022, there were no interest or penalties recorded or included in the consolidated financial statements.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

Gift Shop Sales

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

Education Revenue

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

Contributions

Unconditional contributions are recognized as revenue when received or pledged. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of the donated assets are reported as contributions with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions. Membership, programs and exhibitions provide members and attendees access to the Gardens and events at the Gardens. Membership, programs, and exhibitions support and revenue are considered contributions due to the member or attendee receiving no substantial reciprocal benefits for the amount contributed to the Society.

Conditional contributions or grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Certain conditional grants received are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2022, there was approximately \$48,000 of conditional grants, which are expected to be recognized in subsequent years when the conditions are met.

Investment Income

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

Functional Allocation of Expenses

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

Major Component Units of the City of Madison (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 \$48,593 for the year ended December 31, 2022.

Related Parties

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

Adopted Accounting Pronouncements

During 2022, the Society adopted Accounting Standards Update No. 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed goods and services. The Society has adjusted the presentation of these consolidated financial statements accordingly and contributed goods and services has been presented separately on the consolidated statements of activities. ASU No. 2020-07 has been applied retrospectively to all periods presented.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

b. Relationship Between the Society and the City of Madison

Relationship

The Society and the City of Madison Parks Division work together for the benefit of Olbrich Botanical Gardens (Gardens), which is owned by the City of Madison (City). The City provides free use of space in the Olbrich Botanical Gardens building for the offices and gift shop of the Society. The Society had a net receivable from the City in the amount of \$42,494 at December 31, 2022 for funds the City collected on its behalf.

Capital Campaign

The Society donates funds to the City to make capital asset purchases for the Gardens or, if purchased directly by Society, donates all capital assets it purchases to the City. In 2014, the Society began the Rooted and Growing capital campaign to add a dedicated learning center to the Gardens and to build new greenhouses. The Society began the capital campaign with an initial goal of raising \$5 million which was subsequently increased to \$6 million. The capital campaign formally ended in December 2019. During the year ended December 31, 2022, the society transferred remaining funds to the City to complete the capital campaign. The payment to the City is reflected as capital assets donated to the City of Madison in the consolidated statement of functional expenses for the year ended December 31, 2022. There were no donor restricted net assets or net assets designated by the Board of Directors for the capital campaign at December 31, 2022.

c. Investments

Investments at December 31, 2022 consisted of the following:

Mutual funds	\$ 4,199,156
Common stock	2,952,031
Money market funds	<u>666,014</u>
Investments	<u><u>\$ 7,817,201</u></u>

Net Investment income consisted of the following:

Interest and dividends	\$ 194,116
Unrealized and realized gain (loss)	(1,483,565)
MCF income (loss), operating	(13,599)
Loss on beneficial interest in assets held by MCF, non-operating	(124,107)
Change in value of CLAT	14,315
Investment advisory fees	<u>(38,812)</u>
Investment Income	<u><u>\$(1,451,652)</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

Fair Value Measurements

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

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

- > Level 1 – Quoted prices in active markets for identical assets or liabilities.
- > Level 2 – Inputs other than Level One that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- > Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value: There have been no changes in the methodologies used at December 31, 2022.

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

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

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

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

	2022			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 1,940,826	\$ -	\$ -	\$ 1,940,826
Fixed income mutual funds	2,258,330	-	-	2,258,330
Common stocks	2,952,031	-	-	2,952,031
Beneficial interest in assets held by MCF	-	-	47,504	47,504
Beneficial interest in lead trust held by others	-	-	491,282	491,282
	<u>-</u>	<u>-</u>	<u>491,282</u>	<u>491,282</u>
Investments measured at fair value	<u>\$ 7,151,187</u>	<u>\$ -</u>	<u>\$ 538,786</u>	\$ 7,689,973
Money market funds				<u>666,014</u>
Total Investments				<u>\$ 8,355,987</u>

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

The following table presents the Society's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of December 31, 2022:

	Beneficial interest in assets held by MCF	Beneficial interest in lead trust held by others
Beginning Balance	\$ 185,209	\$ 572,580
Contributions	10,000	-
Distributions	(5,189)	(95,613)
Loss on beneficial interest in assets held by MCF, non operating	(124,107)	-
Change in Value	<u>(18,409)</u>	<u>14,315</u>
Ending Balance	<u>\$ 47,504</u>	<u>\$ 491,282</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

d. Pledges Receivable

Pledges receivable are expected to be collected as follows for the year ended December 31, 2022:

Receivable in less than one year	\$ 21,250
Receivable in one to five years	122,500
Receivable in greater than five years	<u>950,000</u>
Total Contributions Receivable	1,093,750
Less unamortized discount	<u>(152,185)</u>
Net contributions receivable	<u>\$ 941,565</u>

100 percent of pledges receivable were from two donors as of December 31, 2022. The Society applies a discount rate on long-term pledges receivable, which is based on treasury yield rates at the date of the gift. A discount rate of 1.82 percent on outstanding pledges was used by the Society as of December 31, 2022.

e. Contributed Goods and Services

The City provides certain services to the Society at no charge. Contributed services are valued and reported at the estimated fair value in the consolidated financial statements based on the employee's salary and benefit pro-rated for estimated time spent on the Society. The total amount of those services was \$58,429 in 2022.

The Society receives contributed goods which are used for various programmatic and fundraising purposes. Contributed goods are valued and reported at the estimated fair value based on the price if the Society were to purchase them. The total amount of those materials was \$41,290 in 2022. The Society utilizes the contributed services and goods for programmatic and support purposes, except for contributed goods received for fundraising which are monetized. There were no donor imposed restrictions on contributed goods and services during the years ending December 31, 2022.

The City provides free use of space in the Olbrich Botanical Gardens building for the Society. Management's policy is to utilize the contributed building for Society programs and support services. There are no donor restrictions associated with the contributed use of space. In valuing the contributed use of space, which is located in the City, the Society estimated the fair value based on the average price per square foot for commercial space in the City. The fair value of the use of space is estimated to be \$57,890 for the year ending December 31, 2022.

Contributed goods and services are recognized as contributed goods and services on the consolidated statements of activities and contributed goods and services allocated between program and support services on the consolidated statements of functional expenses.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Additionally, the Society received 21,828 hours of volunteer time, provided by 1,034 individuals and groups during 2022, 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 accounting principles generally accepted in the United States of America were not met.

f. Retirement Plan

All employees are eligible to participate in the Society's 401(k) retirement plan after six months of employment and upon attaining the age of 21. The Society may make matching contributions at its discretion. Participants are fully vested in their contributions to the plan. Participants become vested in the Society's matching contributions over a five-year graduated scale. The Society's contributions to the plan were \$38,644 in 2022.

g. Concentrations

Concentration of Credit Risk

The Society's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and pledges and grants receivable.

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 Federal Deposit Insurance Corporation insurance limit. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Two donors account for all of the Society's outstanding pledges receivable as of December 31, 2022. Two grantors account for all of the Society's outstanding grants receivable as of December 31, 2022.

Contributions

In 2022, no gifts made up more than 10% of contributions revenue.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

h. Net Position

The Society's Board of Directors has chosen to place the following designations on net position without donor restrictions for the year ended December 31, 2022:

Olbrich Botanical Society Foundation

Designated for education	\$ 46,422
Designated for orchid fund (conservatory)	48,082
Designated for general stewardship fund	1,147,811
Board designated endowment	<u>3,490,653</u>
Total Foundation	<u>\$ 4,732,968</u>

Olbrich Botanical Society

Designated for agency endowment at MCF	47,504
Undesignated	<u>2,892,501</u>
Total Society	<u>\$ 2,940,005</u>
Total Net Position Without Donor Restrictions	<u><u>\$ 7,672,973</u></u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Net Position with donor restrictions at December 31, 2022 are restricted for the following purposes:

Olbrich Botanical Society Foundation

Purpose-Restricted:

Stewardship Fund Garden for the Future	\$ 359,055
Stewardship fund land bank	201,173
Vera Lee Orchidst	1,100,000
Rose Garden Intern	111,454
Accumulated earnings (losses) on endowment	<u>(32,635)</u>
Total Purpose Restricted	<u>1,739,047</u>

Perpetual in Nature:

General endowment fund	30,650
Ursula Schmitt speakers fund	72,179
Shirley Homburg gift shop fund	11,500
Dusso conservatory fund	221,453
Music and arts endowment fund	<u>203,000</u>
Total perpetual in nature	<u>538,782</u>

Total Foundation \$ 2,277,829

Olbrich Botanical Society

Purpose Restricted:

Horticulture	8,310
Conservatory	5,618
Education	28,378
Other	<u>37,974</u>
Total Purpose Restricted	<u>80,280</u>

Time Restricted:

Beneficial interest in trust held by others	491,282
Pledges receivable	<u>941,565</u>
Total time restricted	<u>\$ 1,432,847</u>

Total Society \$ 1,513,127

Total Net Position with Donor Restrictions \$ 3,790,956

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

i. Other Madison Community Foundation Funds

The Society has received notification that it is a beneficiary of two funds at MCF: the Bolz Family Endowment Fund for Olbrich Botanical Gardens and the Olbrich Botanical Society (A) (the Funds). In 2006, the Bolz Family Foundation established the Bolz Family Endowment Fund for Olbrich Botanical Gardens. The Olbrich Botanical Society (A) fund is a sister fund established by contributions from various donors. The Funds are not presented as a beneficial interest because the Funds were contributed by third party donors and MCF has variance power. The fair value of the Funds at MCF was \$403,572 at December 31, 2022. The Society has the option to receive an annual distribution that represents 4.5% of the average value of the assets over a rolling 20-quarter period. The Society received distributions from the Funds of \$11,427 during 2022. These amounts are included in contributions on the consolidated statements of activities.

j. Endowment and Other Restrictions on Net Position

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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 for those endowments under the control of the society for the year ended December 31, 2022:

	With Donor Restrictions			
	Net Earnings on Endowment	Held in Perpetuity	Total	Total Endowment
Donor restricted	\$ (32,635)	\$ 538,782	\$ 506,147	\$ 506,147
Board designated	-	-	-	3,490,653
Total Funds	\$ (32,635)	\$ 538,782	\$ 506,147	\$ 3,996,800

Endowment activities were as followed:

	With Donor Restrictions			
	Net Earnings on Endowment	Held in Perpetuity	Total	Total Endowment
Beginning balance	\$ -	\$ 492,205	\$ 492,205	\$ 5,250,497
Additions	-	46,577	46,577	56,577
Investment return	(32,635)	-	(32,635)	(998,190)
Amounts appropriated for expenditure	-	-	-	(312,084)
Ending Balance	\$ (32,635)	\$ 538,782	\$ 506,147	\$ 3,996,800

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

The Society has excluded within its endowment any pledges receivable restricted to be held in perpetuity. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with current accounting guidance, deficiencies of this nature that are reported in net assets with donor restrictions were \$32,635 as of December 31, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new endowment contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in the net assets with donor restrictions.

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 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.

Each fiscal year, the Foundation may distribute a portion of the Foundation's net position. The distribution amount for any given year shall be determined by the board. The board approved an appropriation of \$312,084 for 2022, which consists of 4.5 percent of the average of the investment balance for the preceding 12 quarters with the last quarter being September 2022. Donor restricted net earnings on endowment whose restrictions are met within the same year as earned are included in investment income, net without donor restrictions in the consolidated statement of activities.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

k. Liquidity and Availability of Financial Assets

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

Year Ended December 31, 2022

Cash and cash equivalents	\$ 2,096,375
Pledges receivable	941,565
Grants Receivable	146,318
Due from City of Madison	42,494
Beneficial interest in Madison Community Foundation	47,504
Beneficial interest in lead trust held by others	491,282
Investments	<u>7,817,201</u>
Total financial assets available within one year	<u>11,582,739</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Donor restricted for purpose or time	(3,284,809)
Board designated for other purposes	(1,289,819)
Donor restricted endowment fund	(506,147)
Board designated endowment fund	<u>(3,490,653)</u>
Total financial assets available for general expenditure within one year	<u>\$ 3,011,311</u>

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

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

l. Subsequent Events

Management has evaluated subsequent events through April 18, 2023, the date which the consolidated financial statements were available for issue.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Madison Public Library Foundation, Inc. (MPLF)

Madison Public Library Foundation, Inc. (the Foundation) was formed in 1993 and is incorporated as a not-for-profit foundation. The Foundation's purpose is to develop programming to focus attention on public library services, facilities, and needs in the Madison, Wisconsin area and to receive, manage, and distribute funds exclusively for the benefit of the Madison Public Library.

a. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the Foundation is required to report information regarding its financial position and activities according to two classes of net position: net position without donor restrictions and net position with donor restrictions. Net position with donor restrictions has been limited by donors imposed time or purpose restrictions or is required to be maintained in perpetuity.

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

Use of Estimates

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

Exempt Status

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

Cash and Cash Equivalents

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Restricted Cash, Libraries

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

Monroe Street Library League	\$	27,613
South Madison Friends		8,220
Friends of Lakeview Library		<u>24,295</u>
Totals	\$	<u>60,128</u>

Certificates of Deposit

Certificates of deposit with original maturities greater than 3 months and remaining maturities of 12 months or less are classified as current assets on the statement of financial position. Certificates of deposit bear interest between .21-.31%, with penalties for early withdrawal. Any penalties for early withdrawal do not have a material effect on the financial statements.

Promises to Give

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

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

Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is computed on the straight-line method based on an estimated useful life of three to five years. Furniture and equipment was \$21,902. Depreciation expense was \$2,744. Accumulated depreciation was \$15,642.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Website Development Costs

Website development costs are stated at cost. Amortization of website development costs is computed on the straight-line method based upon the estimated useful lives of the assets, generally three years. Website development costs were \$26,702 and amortization expense was \$2,647 as of December 31, 2022. Accumulated amortization was \$26,702 as of December 31, 2022.

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.

In-kind contributions

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.

The Foundation receives contributions of food, beverages and other supplies for its events, which are recorded as revenue and expense in the year received based on the estimated fair market value. The estimated fair value of these contributions utilized is based on the amount provided by the donor. For the year ended December 31, 2022, \$32,106 of in-kind contributions were recorded as revenue and expense, respectively.

The Foundation's policy related to in-kind contributions is to utilize assets given to carry out the mission of the organization. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be disposed.

All in-kind contributions received by the Foundation for the year ended December 31, 2022 were considered without donor restrictions and able to be used by the Foundation as determined by the board of directors and management.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Revenue Recognition

Contributions are recognized when received.

Donor-restricted support is reported as an increase in net position with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), net position with donor restrictions is reclassified to net position without donor restrictions and reported in the statement of activities as net position released from restrictions.

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

Revenue Recognition - special events

The Foundation sells tickets and offers sponsorships for its special events. Ticket sales and sponsorships are nonrefundable and are comprised of an exchange element based on the value of benefits provided to the donors, and a contribution element for the difference between total ticket sales and sponsorships paid and the exchange element. The Foundation recognizes the exchange portion of these events in the year the event takes place (point in time), and the contribution portion immediately. Included in special event revenue on the statements of activities are ticket sales of \$113,805 for the year end December 31, 2022. Of the total ticket sales revenue, the exchange portion totaled \$31,135 for the year ended December 31, 2022.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Each employee of the Foundation works in a primary program area. Salaries and benefits are allocated on the basis of estimates of time. Certain other indirect, non-personnel costs are allocated by using the percentage of estimated staff time spent on program-related matters or supporting services (management and general) and applying those percentages to the allocation of other costs.

Accounting Standard Update

In September 2020, FASB issued Accounting Standards update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which provides more transparency and consistency to the presentation and disclosure of contributed nonfinancial assets.

The organization was required to adopt this new accounting standard during its fiscal year ended December 31, 2022. The adoption of this new standard requires the entity to apply presentation and disclosure changes retrospectively to all periods presented.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Subsequent Events

These financial statements have not been updated for subsequent events occurring after April 5, 2023, which is the date the MPLF financial statements were available to be issued. The Foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

b. Promises to Give

Unconditional Promises to Give

Unconditional promises to give at December 31, 2022 consisted of the following:

Pinney Branch Capital Campaign	\$	2,500
Book Fest		19,095
Annual		28,087
Other		57,704
John H. Lussier Charitable Lead Annuity Trust (CLAT)		<u>532,663</u>
Total Unconditional Promises to Give	\$	640,049
Less: Discounts to net present value		<u>(42,685)</u>
Unconditional Promises to Give - Net	\$	<u><u>597,364</u></u>

At December 31, 2022, \$202,999 of unconditional promises to give are receivable in less than one year and \$437,050 of unconditional promises to give are receivable in one to five years, and \$0 is receivable in more than five years.

Unconditional promises to give (excluding the CLAT) receivable in one year or more are discounted to net present value using a discount rate of 3.25%. The discount rate used for the CLAT was 2.75% as of December 31, 2022. Unconditional promises to give receivable in less than one year are measured at net realizable value which approximates fair value.

Split-interest agreements are trusts or other arrangements under which donors have designated beneficiaries. The Foundation is one of twenty beneficiaries of the John H. Lussier Charitable Lead Annuity Trust (CLAT). Under the CLAT, the foundation receives fixed annual annuity payments during the term of the trust, 10 years. The final distribution will be made in 2028. The Foundation was notified it was a beneficiary of the CLAT in 2019. The amounts to be received in the last year will be prorated based on the final balance held in the trust. Any changes in the discounted value of the CLAT are adjusted through the remaining unconditional promise to give balance and contribution revenue. The unconditional promise to give, net of the discount present value, was \$489,978 as of December 31, 2022.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

Major Component Units of the City of Madison (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 Statements of Financial Position as increases to beneficial interest in assets held by MCF.

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

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

The balances of the individual agency endowments at December 31, 2022 were:

Table with 2 columns: Fund Name and Amount. Lists various endowment funds such as Elizabeth Moon Proctor Scholarship and Professional Development Fund, Hawthorne Library Endowment Fund, etc., with a total of \$7,869,286.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

d. Fair Value Disclosure

The fair value measurement for the categories of assets that are measured at fair value on a recurring basis at December 31, 2022, are as follows:

	Fair Value Measurement Using			
	Fair Value	Quoted Prices in Active Markets for Identical Inputs (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
Beneficial interest in assets held at MCF ¹	\$ 7,869,286	\$ -	\$ -	\$ -
MCF pass thru fund ²	1,214	-	-	-
Totals	\$ 7,870,500	\$ -	\$ -	\$ -

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

² The Foundation has entered into an agreement to hold funds in an MCF pass thru fund which represent donations or pledge payments received 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 funds is measured at the proportional share of the underlying assets as reported to the Foundation by MCF.

The total purchases/contributions to the beneficial interest in assets held by MCF was \$231,061 for the year ended December 31, 2022.

The total purchases/contributions to the MCF pass thru fund was \$250,568 for the year ended December 31, 2022.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

e. Net position

Net Position Without Donor Restrictions

Net position without donor restrictions consists of net position available for operations of the Foundation and net position designated by the Foundation's Board of Directors for the following purposes as of December 31, 2022:

Madison Public Library Foundation Endowment Fund	\$ 6,105,434
Program Venture Fund	5,000
Undesignated	722,193
Total Net Position Without Donor Restrictions	\$ 6,832,627

Net Position With Donor Restrictions

Net position with donor restrictions consists of net position available for operations of the Foundation and net position designated by the Foundation's Board of Directors for the following purposes as of December 31, 2022:

Ashman Branch	\$ 1,500
Ashman Endowment	9,507
Book Festival	505,853
Central Endowment	40,146
Dream Bus	249,115
General Library	103,943
Hawthorne Branch	8,000
Hawthorne Endowment	29,792
Judy P. Olson Book Discussion Kit Endowment	16,154
Lakeview Branch	192,702
Lakeview Endowment	134,362
Friends of Lakeview Library	39,445
Meadowridge Endowment	22,908
Monroe Branch	4,750
Monroe Endowment	6,385
Monroe Library League	27,613
Pinney Branch	17,969
Pinney Capital Equity	2,500
Pinney Endowment	227,600
Print Books Purchase	554
Professional Development Endowment	2,807
Proctor Endowment	18,200
Reindahl Capital	107,164
Rosemary Lee Endowment	12,211
Sequoia Branch	1,450
Sequoia Endowment	80,883
South Madison Branch	250

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

South Madison Friends	8,220
South Madison Endowment	43,683
John H. Lussier Charitable Lead Annuity Trust	<u>489,978</u>
Net Position With Donor Restrictions	<u>\$ 2,405,644</u>

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

Net Position with Donor Restrictions – Perpetual Endowments

Net position with donor restrictions – perpetual endowments include net position set aside in perpetuity in accordance with donor restrictions as of December 31, 2022 consisted of the following:

Ashman Branch Endowment Fund	\$ 62,919
Central Branch Endowment Fund	153,384
Elizabeth Moon Proctor Scholarship and Professional Development Fund	51,964
Meadowridge Branch Endowment Fund	123,233
Monroe Branch Endowment Fund	39,127
Print Books Endowment Fund	112,083
Sequoia Branch Endowment Fund	299,847
South Madison Branch Endowment Fund	173,728
Judy P. Olson Endowment Fund	6,568
Professional Development Endowment	20,307
Rosemary Lee Endowment Fund	<u>75,500</u>
Net Position With Donor Restrictions – Perpetual Endowments	<u>\$ 1,118,660</u>

f. Endowments

The Foundation's endowments consist of 14 individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board of Directors to function as endowments, is classified and reported based on the existence or absence of donor-imposed restrictions.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

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

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

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

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

Endowment net position composition by type of net position as of December 31, 2022.

	Without Donor Restrictions	With Donor Restrictions - Time or Use	With Donor Restrictions - Perpetual Endowments
Donor-restricted endowment funds	\$ -	\$ 645,192	\$ 1,118,660
Board-designated endowment funds	6,105,434	-	-
Total Funds	\$ 6,105,434	\$ 645,192	\$ 1,118,660

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Changes in endowment net position for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions - Time or Use		With Donor Restrictions - Perpetual Endowments
Endowment net position -beginning of year	\$ 6,776,619	\$ 878,581	\$	1,081,505
Contributions	182,125	10,782		37,155
Amounts released for expenditure	(219,870)	(60,859)		-
Net investment income (loss)	(633,440)	(183,312)		-
Endowment Net Position - End of Year	\$ 6,105,434	\$ 645,192	\$	1,118,660

g. Mohaupt Fund for the Sequoya Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoya Branch Library (the Mohaupt Fund). MCF holds and manages the Mohaupt Fund and treats assets as a component fund. The balance held in the Mohaupt Fund is not included in the Foundation's financial statements as MCF retains variance power over the assets. Any distributions from the Mohaupt Fund will help fund the Foundation's charitable and exempt purposes. Distributions from the Mohaupt Fund were \$3,881 during 2022. The Mohaupt Fund had a fair value of \$95,467 as of December 31, 2022.

h. Commitments and Contingencies

Paycheck Protection Program

On February 5, 2021, the Foundation received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of \$81,240 (the PPP Loan). The Foundation obtained forgiveness of the PPP Loan on August 5, 2021 and recognized it as contribution revenue in the statements of activities.

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

i. Pension Plan

The Foundation's Defined Contribution Employee 401(K) Safe Harbor Retirement Plan covers all employees age 18. The Foundation matches contributions to the plan up to 5% of the individual participant's compensation. Pension Plan expense for the year ended December 31, 2022 was \$14,514.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

j. Availability of Financial Assets and Liquidity

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

The following reflects the Foundation's financial assets as of December 31, 2022 reduced by amounts not available for general use because of donor-imposed restrictions or internal designations, within one year of the statement of financial position date.

Financial Assets as of December 31, 2022	\$	10,440,719
Less: Those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions		(1,760,452)
Board designated endowment funds		(6,105,434)
Board designated other		(5,000)
Donor restricted endowment funds		<u>(1,763,852)</u>
Financial Assets Available to Meet Cash needs for General Expenditures Within One Year	\$	<u>805,981</u>

NONMAJOR COMPONENT UNITS OF THE CITY OF MADISON

Business Improvement District (BID)

a. Basis of Accounting/Measurement Focus

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

b. Cash and Investments

The BID, as a fund of the City, maintains common cash accounts at the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Madison as an individual municipality and, accordingly, the amount of insured funds is not determinable for the BID. The carrying amount was \$210,113.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Madison Parks Foundation, Inc (MPF)

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

a. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Revenue Recognition

The Foundation recognizes special event revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services related to special events are transferred at a point in time. The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been sustainably met. As of December 31, 2022, there were no conditional promises to give.

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

Contributions

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

Functional Allocation of Expenses

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

Contributed Nonfinancial Assets

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for tax years before 2018.

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

Use of Estimates

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

Subsequent Events

In preparing the MPF financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 12, 2023, the date the financial statements were available to be issued.

Change in Accounting Principles

Financial Accounting Standards Board ("FASB") Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as amended, supersedes or replaces nearly all GAAP nonfinancial asset contribution guidance. These standards increase the transparency of contributed nonfinancial assets for not-for-profit entities, as well as the amount of those contributions used in their programs and other activities. The Foundation has implemented ASU 2020-07 and has had no effect on these financial statements. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases*, as amended, supersedes or replaces nearly all GAAP nonfinancial asset contribution guidance. These standards increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Foundation has implemented ASU 2016-02 and has had no effect on these financial statements. The amendments have been applied retrospectively to all periods presented with no effect on net assets.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

b. Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash equivalents and investments. The Foundation maintains its cash equivalents with one financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the Foundation's cash balances at financial institutions may exceed federal depository insurance coverage and management considers this to be a normal business risk. At December 31, 2022, the Foundation had no uninsured balances with the financial institution.

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the value of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

The Foundation maintains its investments at a fiduciary trust company. These investments are not insured by the Securities Investor Protection Corporation (SIPC). At December 31, 2022, the Foundation held investments of \$3,889,309 which were not covered by SIPC insurance.

c. Investments

The Foundation's investments consist of cash and marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The Foundation's investments are comprised of the following as of December 31, 2022:

	Market	Cost
Cash	\$ 854,003	\$ 854,003
Equities	1,982,931	1,613,626
Fixed income	1,052,375	1,178,028
Totals	\$ 3,889,309	\$ 3,645,657

Investment income from these investments for the year ended December 31, 2022 is summarized as follows:

	2022
Interest and dividends	\$ 48,747
Net realized and unrealized gains	(644,746)
Investment expense	(30,823)
Totals	\$ (626,822)

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

d. Fair Value Measurement

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

		Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level One)	Fair Value Measurements Using: Significant Unobservable Inputs (Level Three)	
December 31, 2022				
Cash	\$ 854,003	\$ 854,003	\$ -	-
Equities	1,982,931	1,982,931	-	-
Fixed income	1,052,375	1,052,375	-	-
Beneficial Interest in assets held by MCF	81,342	-	81,342	
Totals	<u>\$ 3,970,651</u>	<u>\$ 3,889,309</u>	<u>\$ 81,342</u>	

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

Level One Fair Value Measurements

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

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Level Three Fair Value Measurements

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

e. Beneficial Interest in Agency Endowment

According to professional standards, the Foundation recognizes the fair value of donations as contributions when received and when the Foundation transfers the funds to Madison Community Foundation ("MCF") it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in agency endowment. The Foundation acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Fund if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Fund and normally makes an annual distribution to the Foundation that represents five percent of the average value of the assets in the Fund over the previous twelve quarters. The purpose of the distributions is to enable the Foundation to carry out its charitable and exempt purposes. The activity in the Fund at MCF was as follows for the year ended December 31, 2022:

	2022
Balance - January 1, 2022	\$ 93,683
Agency endowment return:	
Investment income	(8,180)
Distributions from agency endowment	(3,308)
Expense and fees	(853)
Balance - December 31, 2022	\$ 81,342

f. Net Position

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

Time and purpose restrictions	\$ 1,091,014
City Endowment	211,027
MCF Endowment	81,342
Total	\$ 1,383,383

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

Net position without donor restrictions as of December 31, 2022 are as follows:

Undesignated	1,879,923
Board Designated	<u>99,207</u>
Total Net Position without Donor Restrictions	<u>\$ 1,979,130</u>

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

g. Contributed Nonfinancial Assets

The Foundation's donated materials and services consist of the following:

Construction labor	\$ 64,335
Office space	15,000
Videography	<u>6,750</u>
	<u>\$ 86,085</u>

Contributed materials and services were used in the Foundation's operations and programs and are recognized at fair value based on current rates for similar services. Contributed construction labor was provided by contractors who renovated an existing building at one of the Foundation's parks. The City of Madison provides office space for the Foundation and does not charge rent. Videography services were used for the year-end appeal fundraiser.

h. Cooperative Agreement

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

In recognition of the Foundation's increasing role and commitment to the City's parks, the City and the Foundation agreed that the City will provide the Foundation with in-kind contributions and services, which include office space, the use of equipment, and office technology services. The estimated value of these contributions was \$15,000 in 2022.

i. Endowment

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

	Net Position with Donor Restrictions
Endowment net position, Beginning of year	\$ 247,138
Investment return:	
Unrealized gain	(38,556)
Investment Income	4,094
Amount appropriated for expenditure	(1,649)
Endowment Net Position, End of Year	\$ 211,027

Return Objectives and Risk Parameters

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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.

j. Liquidity and Availability of Financial Assets

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

The following table reflects the Foundation's financial assets as of December 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year.

	<u>December 31, 2022</u>
Cash and cash equivalents	\$ 9,110
Contributions receivable	74,658
Investments	3,889,309
Total Financial Assets	3,973,077
Less: Those unavailable for general expenditure within one year due to:	
City endowment fund	(211,027)
Other donor-imposed restrictions	(1,172,356)
Board-designated commitments	(99,207)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 2,490,487

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

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

I. COMPONENT UNITS (CONT.)

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

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

- > In July 2021, the FASB issued ASU 2021-05, Leases (Topic 842), which addresses issues related to accounting for certain leases with variable lease payments. ASU 2021-05 is effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the effect that ASU 2021-05 will have on its financial statements and related disclosures.

J. RESTATEMENT OF NET POSITION

The net position has been restated for the implementation of GASB Statement 87 - *Leases*.

The details of the restatements are as follows:

	<u>Water Utility</u>	<u>Transit Utility</u>	<u>Business-type Activities</u>	<u>CDA</u>	<u>Discretely Presented Component Units</u>
Net Position - December 31, 2021 (as reported)	\$ 154,584,076	\$ 39,027,525	\$ 684,444,181	\$ 50,244,062	\$ 80,485,060
Less: Adjustments related to GASB 87	<u>69,576</u>	<u>149,760</u>	<u>219,336</u>	<u>539,244</u>	<u>539,244</u>
Net Position - December 31, 2021 (as restated)	<u>\$ 154,514,500</u>	<u>\$ 38,877,765</u>	<u>\$ 684,224,845</u>	<u>\$ 49,704,818</u>	<u>\$ 79,945,816</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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

During the reporting period, the WRS recognized \$21,289,335 in contributions from the City and \$227,752, in contributions from the CDA.

Contribution rates for the plan year reported as of December 31, 2022 are:

Employee Category	Employee		Employer	
General (Executives & Elected Officials)	6.75	%	6.75	%
Protective with Social Security	6.75	%	11.75	%
Protective without Social Security	6.75	%	16.35	%

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

City Information

At December 31, 2022, the City reported an asset of \$147,384,003, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 1.82854391%, which was an increase of 0.01862334% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$(13,290,712).

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 238,243,850	\$ 17,193,477
Changes in assumptions	27,490,609	-
Net differences between projected and actual earnings on pension plan investments	-	329,935,664
Changes in proportion and differences between employer contributions and proportionate share of contributions	358,351	368,285
Employer contributions subsequent to the measurement date	21,887,375	-
Totals	\$ 287,980,185	\$ 347,497,426

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

CDA Information

At December 31, 2022, the CDA reported an asset of \$1,572,369, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The CDA's proportion of the net pension asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the CDA's proportion was 0.019507856%, which was an increase of 0.00145351% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the CDA recognized pension expense of \$(212,787).

At December 31, 2022, the CDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,387,640	\$ 158,652
Changes in assumptions	299,556	-
Net differences between projected and actual earnings on pension plan investments	-	3,292,127
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,636	4,490
Employer contributions subsequent to the measurement date	226,161	-
Total	\$ 2,917,993	\$ 3,455,269

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

City Information

\$21,887,375 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, 2023. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net) (in dollars)
2023	(6,929,874)
2024	(39,953,613)
2025	(17,594,570)
2026	(16,926,559)

CDA Information

\$226,161 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net) (in dollars)
2023	(65,035)
2024	(376,955)
2025	(165,121)
2026	(158,326)

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Actuarial assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation:	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2020 WRS Experience Mortality Table
Post-retirement Adjustments*:	1.7%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

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

Asset Allocation Targets and Expected Returns ¹ As of December 31, 2021	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
<u>Core Fund Asset Class</u>			
Global Equities	52.0	6.8	4.2
Fixed Income	25.0	4.3	1.8
Inflation Sensitive	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Total Core Fund ³	115.0	6.6	4.0
<u>Variable Fund Asset</u>			
U.S. Equities	70.0	6.3	3.7
International Equities	30.0	7.2	4.6
Total Variable Fund	100.0	6.8	4.2

¹ Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations

² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Single discount rate. A single discount rate of 6.80% was used to measure the total pension liability for the current year, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80 percent and a long term bond rate of 1.84 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City and CDA's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City and CDA's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what its proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension (asset) liability	\$ 104,579,400	\$ (147,384,003)	\$ (328,750,771)
CDA's proportionate share of the net pension (asset) liability	\$ 1,115,707	\$ (1,572,369)	\$ (3,507,284)

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

At December 31, 2022, the City and CDA reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

Protective employees of the City hired prior to 1948 are covered under the City's police and firemen's pension funds established under Chapter 62 of the Wisconsin Statutes. The City has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. The total City contribution to the fund during 2022 was \$2,184. The present value of estimated future payments based on past service is \$76,490 and is included in the statement of net position.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

B. RISK MANAGEMENT

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

Self Insurance

For workers compensation claims, the uninsured risk of loss is \$650,000 per occurrence and \$750,000 per occurrence for police and fire personnel. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 14,167,585	\$ 14,362,289
Current year claims and changes in estimates	4,160,300	2,982,519
Claim payments	<u>(3,965,596)</u>	<u>(4,511,562)</u>
Unpaid Claims - End of Year	<u>\$ 14,362,289</u>	<u>\$ 12,833,246</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

B. RISK MANAGEMENT (CONT.)

Public Entity Risk Pool

Transit Mutual Insurance Corporation of Wisconsin (TMI)

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

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

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

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

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

The City's share of this corporation is 30.57% 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, 2022

NOTE V - OTHER INFORMATION (CONT.)

B. RISK MANAGEMENT (CONT.)

Public Entity Risk Pool (cont.)

Wisconsin Municipal Mutual Insurance Company (WMMIC)

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2022, WMMIC was owned by twenty members, eighteen of which were equity members.

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2022. This is a quota share reinsurance agreement with General Reinsurance Corporation (60%) and Governmental Entities Mutual (GEM) Insurance Company (40%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,500,000 per occurrence up to the maximum loss of \$12,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$12,000,000 per occurrence. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

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

C. COMMITMENTS AND CONTINGENCIES

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

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

In September of 2018 the Common Council approved a contract with New Flyer Corp. for the purchase of up to 72 buses over a five-year period. As of December 31, 2022, 57 buses had been purchased under this contract.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

C. COMMITMENTS AND CONTINGENCIES (CONT.)

Under terms of stipulation orders issued by the State of Wisconsin Department of Industry, Labor and Human Relations, the City is making monthly payments to former employees of the City. These future amounts of \$96,326 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	\$ 159,264,798
Nonmajor Governmental Funds	322,418
General Fund	272,989
Other Grants Fund	1,683,639

D. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

The City contributes to the premiums for eligible police and fire employees who retire before age 55, but not before age 50. The contributions for these employees continues until age 55, as defined by the union contract. Retirees are responsible for the premiums after that time. The City will contribute, on behalf of eligible police and police supervisors who retired prior to January 1, 2022, 90% of the appropriate premium rates of the lowest bidder among the health care providers offered. For those that retire January 1, 2022 or later, the City will contribute 88% of the average for Dane County Tier 1 service providers. The City will contribute, on behalf of eligible fire employees and fire supervisors, 90% of the average for Dane County Tier 1 service providers for those who retired after January 1, 2017 but before January 1, 2021. For those that retire January 1, 2021 or later, the City will contribute 88% of the average for Dane County Tier 1 service providers. The City will contribute, on behalf of eligible teamsters, up to 100% of the appropriate premium rates of the lowest bidder among the health care providers offered for a maximum of five years, the employee reaches age 65 or until the retiree is eligible for Medicare, whichever is earlier. The contributions for eligible teamsters will not be adjusted annually, the City's contribution will remain at the rate determined in the year of retirement, and the retiree is responsible for any difference in rates.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

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

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

Employees covered by benefit terms. At December 31, 2022, the following employees were covered by the benefit terms:

City Information

Active plan members	2,542
Inactive plan members or beneficiaries currently receiving benefit payments	677
	3,219

CDA Information

Active plan members	45
Inactive plan members or beneficiaries currently receiving benefit payments	12
	57

The City's total OPEB liability of \$69,016,664 and the CDA's total liability of \$641,123 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%	
Salary increases	3.00%	
Healthcare cost trend rates	7.5%	Initially reduced by decrements to an ultimate of 4.5% after 7 years
Retirees' share of benefit-related costs	100%	
Discount Rate	4.31%	

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

Mortality rates are from SOA Pub-2010 Total Dataset Mortality Table fully generational using Scale MP-2021.

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

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

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

Changes in the Total OPEB Liability

	City	CDA
	Total OPEB Liability	Total OPEB Liability
Balances at January 1, 2022	\$ 84,581,716	\$ 674,836
Changes for the year:		
Service cost	6,395,625	59,411
Interest	2,003,055	18,607
Changes of benefit terms	317,279	2,947
Changes in assumptions	(10,807,645)	10,481
Differences between expected and actual experience	(9,767,097)	(90,730)
Benefit payments	(3,706,269)	(34,429)
Net changes	\$ (15,565,052)	\$ (33,713)
Balances at December 31, 2022	\$ 69,016,664	\$ 641,123

Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent in 2021 to 4.31 percent in 2022.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City and CDA, as well as what the City and CDA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current discount rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
City's Total OPEB liability	\$ 74,655,827	\$ 69,016,664	\$ 63,892,470
CDA's Total OPEB liability	\$ 693,507	\$ 641,123	\$ 593,522

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

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

Changes in the Total OPEB Liability (cont.)

Sensitivity of the City and CDA's total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the City and CDA, as well as what the City and CDA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5% decreasing to 6.5%) or 1-percentage-point higher (7.5% increasing to 8.5%) than the current healthcare cost trend rates:

	1% Decrease (7.5% Decreasing to 6.5%)	Healthcare Cost Trend Rates	1% Increase (7.5% Increasing to 8.5%)
City's Total OPEB liability	\$ 62,673,895	\$ 69,016,664	\$ 76,465,341
CDA's Total OPEB liability	\$ 582,203	\$ 641,123	\$ 710,317

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

City Information

For the year ended December 31, 2022, the City recognized OPEB expense of \$6,174,836. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-	\$ 15,524,417
Changes of assumptions	9,243,261		10,534,158
Total	<u>\$ 9,243,261</u>		<u>\$ 26,058,575</u>

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

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

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (cont.)***

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

Fiscal Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (2,541,123)
2024	(2,541,123)
2025	(2,541,123)
2026	(1,726,469)
2027	(1,997,305)
Thereafter	(5,468,171)

CDA Information

For the year ended December 31, 2022, the CDA recognized OPEB expense of \$57,360. At December 31, 2022, the CDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 144,212
Changes of assumptions	85,864	97,856
Total	\$ 85,864	\$ 242,068

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

Fiscal Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (23,605)
2024	(23,605)
2025	(23,605)
2026	(16,038)
2027	(18,554)
Thereafter	(50,797)

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

E. RELATED PARTIES

Related Parties - Primary Government

The City had the following related party transactions during 2022.

Name	Committee	Affiliated Organization	Amount
Maia Pearson	Police Civilian Oversight Board	African Center for Community Development	\$ 150,395
Nicholas Pjevach	Madison Arts Commission	Arts and Literature Laboratory	39,550
Jolynne Roorda	Madison Public Library Board	Arts and Literature Laboratory	
Lisa Jameson	Disability Rights Commission	Goodman Community Center	524,387
Lois Braun-Oddo	Urban Design Commission	InSite Consulting Architects	83,977
Louis Olson	Building Code, Fire Code, Conveyance Code and Licensing Appeals Board	J. H. Findorff & Son, Inc.	32,040
Jesse Shields	Sustainable Madison Committee	Madison Gas & Electric Company	8,578,786
Christopher Brockel	Madison Food Policy Council	Madison Northside Planning Council, Inc.	67,064
Jacquelyn Hunt	Police Civilian Oversight Board	Nehemiah Community Development Corporation	76,378
Karen Reece	Alcohol License Review Committee	Nehemiah Community Development Corporation	
Anne Morrison	Housing Strategy Committee/ Madison Development Corporation Board of Directors	New Year Investments, LLC	434,701
Jasmine Banks	Affirmative Action Commission/MLK Humanitarian Award Committee	Operation Fresh Start	373,923
Isadore Knox	Police Civilian Oversight Board	Overture Center	1,607,678
Sam Dunaiski	Sustainable Madison Committee	RENEW Wisconsin	151,170
Marcia Caton Campbell	Farmland Preservation Task Force	Rooted, Inc.	118,040
Hedi Rudd	Madison Food Policy Council	Rooted, Inc.	
Nicholas Zavos	Capital Area Regional Planning Commission	Self-employed, Lobbyist	41,250
Jeannette LeZaks	Sustainable Madison Committee/Farmland Preservation Task Force	Slipstream	45,162
Claire Schaefer	Lake Monona Waterfront Ad Hoc Committee	Sustain Dane	371,382
Angela Jones	Community Development Block Grant Committee	United Way of Dane County	24,158

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

E. RELATED PARTIES (CONT.)

Related Parties - Primary Government (cont.)

Name	Committee	Affiliated Organization	Amount
Corinda Rainey-Moore	Equal Opportunities Commision/MLK Humanitarian Award Committee	UnityPoint Health Meriter	16,397
Lindsey Day Farnsworth	Madison Food Policy Council/Public Market Development Committee	University of Wisconsin - Madison	1,134,654
Davy Mayer	Downtown Coordinating Committee	University of Wisconsin - Madison	
David McLean	Landmarks Commission	University of Wisconsin - Madison	
Arnold Mendez	Plan Commission	University of Wisconsin - Madison	
Megan Miller	Community Development Block Grant Committee	University of Wisconsin - Madison	
Ryan Moze	Affirmative Action Commission	University of Wisconsin - Madison	
Shiva Bidar-Sielaff	Community Services Committee/Madison Guaranteed Income Pilot Program Advisory Task Force	University of Wisconsin - Madison	
Richard Riphon	Building Code, Fire Code, Conveyance Code and Licensing Appeals Board	University of Wisconsin - Madison	
		Total	<u>13,871,092</u>

The City Attorney has reviewed the related party transaction schedule and the parties have stipulated that either no matters related to the affiliated entity appeared before them, or, if they did, they properly recused themselves.

Related Parties - CDA

The administration and operation of the CDA is performed by employees of the City. The CDA pays the City for these services, as well as other allocated costs.

F. JOINT OPERATIONS

Administrative offices and court facilities of the City are housed in a building that includes similar facilities for Dane County. The building is owned jointly by the City and the County. The County acts as the fiscal agent for operating costs of the building. Such occupancy expenses are paid to Dane County and have been recorded as operating costs in the applicable City department.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

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 recognized and attempted to balance the competing desires of the cities, the town, and existing town property owners and residents. The plan terminated on October 30, 2022, at which time the town ceased to exist as a separate entity in accordance with the terms of this plan. As a result of the agreement, the City received \$1.3 million in net cash while also taking on approximately \$804,000 in outstanding debt from direct borrowing and placements.

A complete copy of the City of Madison, City of Fitchburg, and Town of Madison Cooperative Plan can be obtained from the City of Madison.

On February 18, 2005, the Town of Blooming Grove and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the City and the town and the existing town and City property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 22 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 31, 2027, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Madison.

On January 17, 2007, the Town of Burke, the Village of DeForest, the City of Sun Prairie, and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the cities, the village, and the town and the existing town, village, and City property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 29 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 26, 2036, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Madison.

H. JOINT VENTURE

The City of Madison and Dane County jointly operate the Public Health for Madison and Dane County (PHMDC), which provides public health services to its citizens.

The governing body is made up of eight members. One alder member is appointed by the Mayor of the City of Madison, as confirmed by the common council, and a supervisor is appointed by the Dane County Executive, as confirmed by the county board. The mayor and county executive jointly appoint the remaining six board members from citizens involved in the health profession. The governing body has authority to adopt its own budget, subject to approval by the common council and county board. The City of Madison made a payment totaling \$7,591,070 to the PHMDC for 2022. 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, 2022 is available directly from the City of Madison, the fiscal agent for PHMDC.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

H. JOINT VENTURE (CONT.)

The City of Madison accounts for its share of the operations in the general fund. The City does not have an equity interest in the organization.

The City of Madison is a member of the Metropolitan Unified Fiber Network Consortium, which is an unincorporated nonprofit association organized under Chapter 184 of the Wisconsin Statutes, the Uniform Unincorporated Nonprofit Association Act. This association was created to implement a community area network to improve broadband adoption among businesses and residential groups, help spur economic development, improve network connectivity for public safety, education and library entities as well as expand broadband services to service organizations providing services to disadvantaged, at-risk population within the community.

Fiscal information of the association as of December 31, 2022 is available directly from the City of Madison, the fiscal agent Metropolitan Unified Fiber Network Consortium.

The City of Madison accounts for its share of the operations in the general fund. The City does not have an equity interest in the organization.

I. TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which: (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled, and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City, through its Tax Incremental Financing Districts (TIDs), has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plans. The City disburses loans to developers. The developer guarantees a certain amount of increment each year. The developers pay property taxes as they become due, and if they generate the guaranteed increment, an equal amount of loan balance is forgiven. Total amount of loans forgiven during 2022 were \$8,137,577. \$0 in loans were disbursed during 2022.

CITY OF MADISON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE V - OTHER INFORMATION (CONT.)

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

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

- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 99, *Omnibus 2022*
- > Statement No. 100, *Accounting Changes and Error Corrections*
- > Statement No. 101, *Compensated Absences*

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 255,431,538	\$ 255,431,538	\$256,431,253	\$ 999,715
Intergovernmental	40,986,451	40,986,451	40,718,930	(267,521)
Licenses and permits	8,039,120	8,039,120	9,182,207	1,143,087
Fines and forfeitures	5,650,000	5,650,000	5,419,349	(230,651)
Charges for services	16,062,015	16,062,015	17,747,548	1,685,533
Investment income (loss)	1,000,000	1,000,000	(10,880,549)	(11,880,549)
Miscellaneous	14,085,000	14,085,000	21,680,019	7,595,019
Total Revenues	<u>\$ 341,254,124</u>	<u>\$ 341,254,124</u>	<u>\$340,298,757</u>	<u>\$ (955,367)</u>
EXPENDITURES				
Current				
General Government				
Common council	890,577	984,341	757,602	226,739
Mayor	1,235,849	1,206,822	1,174,054	32,768
Municipal court	230,111	230,043	207,780	22,263
Attorney	2,979,123	2,978,874	3,014,190	(35,316)
Assessor	2,867,419	2,991,319	2,860,301	131,018
Clerk	3,541,911	3,547,222	2,957,858	589,364
Finance	4,159,134	4,271,015	4,222,541	48,474
Information technology	9,438,775	9,448,556	7,769,178	1,679,378
Human resources	1,707,959	1,861,387	1,921,043	(59,656)
EAP	473,019	473,118	463,181	9,937
Department of Civil Rights	2,171,235	2,233,751	2,006,077	227,674
Total General Government	<u>\$ 29,695,112</u>	<u>\$ 30,226,448</u>	<u>\$ 27,353,805</u>	<u>\$ 2,872,643</u>
Public Safety				
Fire	63,742,785	66,804,948	65,368,265	1,436,683
Police	83,995,148	83,689,403	81,498,708	2,190,695
Office of Independent Monitor	461,884	468,373	52,551	415,822
Public health	7,489,070	7,489,070	7,489,070	-
Total Public Safety	<u>\$ 155,688,887</u>	<u>\$ 158,451,794</u>	<u>\$154,408,594</u>	<u>\$ 4,043,200</u>
Public Works and Transportation				
Engineering	4,528,690	4,673,535	4,704,947	(31,412)
Streets	26,703,376	28,038,515	26,633,786	1,404,729
Transit utility	9,126,564	9,126,564	9,126,564	-
Transportation	533,224	536,946	288,185	248,761
Traffic engineering	8,429,177	8,299,059	8,186,184	112,875
Total Public Works and Transportation	<u>\$ 49,321,031</u>	<u>\$ 50,674,619</u>	<u>\$ 48,939,666</u>	<u>\$ 1,734,953</u>

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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (cont.)				
Planning and Development				
Office of the director of planning	\$ 622,820	\$ 624,281	\$ 435,558	\$ 188,723
Planning	3,477,424	3,564,074	3,390,871	173,203
Building inspection	4,935,448	4,792,680	4,868,276	(75,596)
Community development	14,532,182	14,522,437	13,915,211	607,226
Economic development	2,182,679	2,183,390	1,928,989	254,401
Total Planning and Development	<u>\$ 25,750,553</u>	<u>\$ 25,686,862</u>	<u>\$ 24,538,905</u>	<u>\$ 1,147,957</u>
Culture and Recreation				
Parks	15,535,000	15,663,789	15,014,465	649,324
Total Culture and Recreation	<u>\$ 15,535,000</u>	<u>\$ 15,663,789</u>	<u>\$ 15,014,465</u>	<u>\$ 649,324</u>
Miscellaneous	9,155,218	7,495,092	2,284,766	5,210,326
Total Miscellaneous	<u>\$ 9,155,218</u>	<u>\$ 7,495,092</u>	<u>\$ 2,284,766</u>	<u>\$ 5,210,326</u>
Debt Service	56,108,323	56,108,323	56,108,323	-
Total Expenditures	<u>\$ 341,254,124</u>	<u>\$ 344,306,927</u>	<u>\$ 328,648,524</u>	<u>\$ 15,658,403</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (3,052,803)</u>	<u>\$ 11,650,233</u>	<u>\$ 14,703,036</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (3,052,803)</u>	<u>\$ 11,650,233</u>	<u>\$ 14,703,036</u>
FUND BALANCES, Beginning of Year	<u>77,807,096</u>	<u>77,807,096</u>	<u>77,807,096</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 77,807,096</u></u>	<u><u>\$ 74,754,293</u></u>	<u><u>\$ 89,457,329</u></u>	<u><u>\$ 14,703,036</u></u>

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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 19,066,904	\$ 19,066,904	\$ 19,066,904	\$ -
Intergovernmental	1,334,460	1,337,033	1,353,171	16,138
Public charges for services	824,468	815,968	816,153	185
Miscellaneous	299,513	919,736	922,210	2,474
Total Revenues	<u>\$ 21,525,345</u>	<u>\$ 22,139,641</u>	<u>\$ 22,158,438</u>	<u>\$ 18,797</u>
EXPENDITURES				
Current				
Culture and recreation	18,806,926	20,290,557	18,984,173	1,306,384
Debt service				
Lease principal payment	-	-	206,821	(206,821)
Lease interest payment	-	-	15,908	(15,908)
Total Expenditures	<u>\$ 18,806,926</u>	<u>\$ 20,290,557</u>	<u>\$ 19,206,902</u>	<u>\$ 1,083,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,718,419</u>	<u>\$ 1,849,084</u>	<u>\$ 2,951,536</u>	<u>\$ 1,102,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,000	157,334	16,000	(141,334)
Transfers out	<u>(2,804,419)</u>	<u>(2,831,829)</u>	<u>(2,804,419)</u>	<u>27,410</u>
Total Other Financing Sources (Uses)	<u>\$ (2,788,419)</u>	<u>\$ (2,674,495)</u>	<u>\$ (2,788,419)</u>	<u>\$ (113,924)</u>
Net Change in Fund Balance	\$ (70,000)	\$ (825,411)	\$ 163,117	\$ 988,528
FUND BALANCES - Beginning of Year	<u>2,719,727</u>	<u>2,719,727</u>	<u>2,719,727</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,649,727</u>	<u>\$ 1,894,316</u>	<u>\$ 2,882,844</u>	<u>\$ 988,528</u>

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

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - OTHER GRANTS For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 40,397,902	\$ 43,231,930	\$ 69,162,512	\$ 25,930,582
Investment income	2,100	2,850	14,743	11,893
Miscellaneous	-	10,000	197,573	187,573
Total Revenues	\$ 40,400,002	\$ 43,244,780	\$ 69,374,828	\$ 26,130,048
EXPENDITURES				
Current				
General government	9,450,978	9,450,978	-	9,450,978
Public safety	2,818,056	4,022,392	1,852,478	2,169,914
Public works and transportation	-	-	44,257	(44,257)
Planning and development	14,759,983	16,433,425	52,453,493	(36,020,068)
Debt service				
Lease principal payment	-	-	104,618	104,618
Lease interest payment	-	-	13,915	13,915
Total Expenditures	\$ 27,029,017	\$ 29,906,795	\$ 54,468,761	\$ (24,561,966)
Excess (deficiency) of revenues over (under) expenditures	\$ 13,370,985	\$ 13,337,985	\$ 14,906,067	\$ 1,568,082
OTHER FINANCING SOURCES (USES)				
Transfers in	532,165	632,165	265,376	(366,789)
Transfers out	(14,165,000)	(14,165,000)	(15,740,906)	(1,575,906)
Total Other Financing Sources (Uses)	\$ (13,632,835)	\$ (13,532,835)	\$ (15,475,530)	\$ (1,942,695)
Net Change in Fund Balance	\$ (261,850)	\$ (194,850)	\$ (569,463)	\$ (374,613)
FUND BALANCES - Beginning of Year	306,247	306,247	306,247	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 44,397	\$ 111,397	\$ (263,216)	\$ (374,613)

CITY OF MADISON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CITY) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2022

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/22	1.82854391%	\$ (147,384,003)	\$ 223,111,361	66.06%	106.02%
12/31/21	1.80992057	(112,995,852)	224,020,519	50.44	105.26
12/31/20	1.78514709	(57,561,292)	215,094,354	26.76	102.96
12/31/19	1.74727964	62,162,732	205,699,683	30.22	96.45
12/31/18	1.68891241	(50,145,814)	205,730,250	24.37	102.93
12/31/17	1.62005356	13,353,109	191,009,837	6.99	99.12
12/31/16	1.58205299	25,708,053	183,244,827	14.03	98.20
12/31/15	1.57042163	(38,573,852)	178,424,442	21.62	102.74

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CITY) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2022

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
12/31/22	\$ 21,887,375	\$ 21,887,375	\$ -	\$ 230,851,540	9.48%
12/31/21	21,348,035	21,348,035	-	223,111,361	9.57
12/31/20	21,185,232	21,185,232	-	224,020,519	9.46
12/31/19	19,003,865	19,003,865	-	215,094,354	8.84
12/31/18	18,257,506	18,257,506	-	205,699,683	8.88
12/31/17	17,686,491	17,686,491	-	198,994,273	8.89
12/31/16	15,854,458	15,854,458	-	191,009,837	8.30
12/31/15	15,418,160	15,418,160	-	183,244,827	8.41

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

CITY OF MADISON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2022

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/22	0.01950786%	\$ (1,572,369)	\$ 3,119,143	50.41%	106.02%
12/31/21	0.01805435	(1,127,158)	2,950,806	38.20	105.26
12/31/20	0.01697768	(547,438)	2,560,588	21.38	102.96
12/31/19	0.01644257	584,975	2,301,605	25.42	96.45
12/31/18	0.01621912	(481,564)	2,271,038	21.20	102.93
12/31/17	0.01611899	132,859	2,220,313	5.98	99.12
12/31/16	0.01613057	262,120	2,237,306	11.72	98.20
12/31/15	0.01596426	(392,124)	2,131,088	18.40	102.74

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CDA) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2022

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
12/31/22	\$ 226,161	\$ 226,161	\$ -	\$ 3,177,871	7.12%
12/31/21	227,752	227,752	-	3,119,143	7.30
12/31/20	211,327	211,327	-	2,950,806	7.16
12/31/19	180,744	180,744	-	2,560,588	7.06
12/31/18	173,813	173,813	-	2,301,605	7.55
12/31/17	169,849	169,849	-	2,271,038	7.48
12/31/16	157,746	157,746	-	2,220,313	7.10
12/31/15	157,204	157,204	-	2,237,396	7.03

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

CITY OF MADISON

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS December 31, 2022

	2022		2021		2020	
	City	CDA	City	CDA	City	CDA
Total OPEB Liability						
Service Cost	\$ 6,395,625	\$ 59,411	\$ 6,453,630	\$ 51,490	\$ 4,899,074	\$ 38,057
Interest	2,003,055	18,607	1,848,237	14,746	2,427,734	18,859
Changes of benefit terms	317,279	2,947	-	-	(77,170)	-
Differences between expected and actual experience	(9,767,097)	(90,730)	(1,923,599)	(15,347)	(3,920,592)	(30,456)
Changes of assumptions	(10,807,645)	10,481	(912,876)	10,032	11,299,076	21,883
Benefit payments	(3,706,269)	(34,429)	(3,239,437)	(25,846)	(3,529,397)	(27,417)
Net change in Total OPEB Liability	\$ (15,565,052)	\$ (33,713)	\$ 2,225,955	\$ 35,075	\$ 11,098,725	\$ 20,926
Total OPEB Liability - Beginning	84,581,716	674,836	82,355,761	639,761	71,257,036	618,835
Total OPEB Liability - Ending	\$ 69,016,664	\$ 641,123	\$ 84,581,716	\$ 674,836	\$ 82,355,761	\$ 639,761
Covered-employee payroll	\$ 230,851,540	\$ 3,177,871	\$ 223,111,361	\$ 3,119,143	\$ 224,020,519	\$ 2,950,806
Total OPEB Liability as a percentage of covered-employee payroll	29.90 %	20.17 %	37.91 %	21.64 %	36.76 %	21.68 %
			2019	2018		
Total OPEB Liability			City	CDA	City	CDA
Service Cost			\$ 4,291,031	\$ 33,038	\$ 4,672,941	\$ 40,885
Interest			2,792,310	24,250	2,516,975	22,021
Changes of benefit terms			-	-	-	-
Differences between expected and actual experience			(2,300,267)	(19,977)	(5,179,468)	(45,317)
Changes of assumptions			4,468,248	38,805	(1,341,239)	(11,735)
Benefit payments			(3,252,602)	(28,247)	(2,854,098)	(24,971)
Net change in Total OPEB Liability			\$ 5,998,720	\$ 47,869	\$ (2,184,889)	\$ (19,117)
Total OPEB Liability - Beginning			65,258,316	570,966	67,443,205	590,083
Total OPEB Liability - Ending			\$ 71,257,036	\$ 618,835	\$ 65,258,316	\$ 570,966
Covered-employee payroll			\$ 205,413,778	\$ 2,489,055	\$ 194,757,906	\$ 2,750,141
Total OPEB Liability as a percentage of covered-employee payroll			34.69 %	24.86 %	33.51 %	20.76 %

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

CITY OF MADISON

SCHEDULE OF CHANGES IN EMPLOYER'S OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS December 31, 2022

Notes to Schedule:

Benefit changes. There has been one substantive plan provision change since the last full valuation. For Police and Police Supervisors retiring on or after January 1, 2022, the City will contribute up to 88% of the average for Dane County Tier1 service providers. Previously the City would contribute up to 90% of the lowest Dane County Tier 1 service providers. This change caused a slight increase in liabilities.

Changes of assumptions:

Discount Rate - The discount rate has been updated from 2.25% to 4.31% in the December 31, 2022 valuation. This change caused a significant decrease in the City's liabilities.

Health Care and Subsidy Trend Rates - The health care and subsidy trend rates remain at an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50% for the December 31, 2022 valuation.

Mortality. Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to:

- a. General and Teamsters Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
- b. Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021
- c. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

Valuation Date:

December 31, 2022 with no adjustments to the December 31, 2022 measurement date. Liabilities as of January 1, 2022 are based on actuarial valuation date of January 1, 2021 projected to January 1, 2022 on a "no gain / no loss" basis.

Methods and assumptions used to determine total other post-employment benefits liability:

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	8 years
Asset valuation method	Not applicable
Inflation	2.50 percent
Healthcare cost trend rates	7.5 percent initial, decreasing 0.5 percent every year
Salary increases	3.0 percent average, including inflation
Investment rate of return	Not applicable
Retirement age	Based upon rates from the December 31, 2021 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on SOA Pub-2010 General, Public Safety and Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

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

Other Information:

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

See independent auditors' report.

CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2022

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	\$ 307,443,254
Sale of capital assets	1,004,395
Total Revenues - GAAP Basis	308,447,649
Add: Transfers In	32,085,750
Less: Transfers Out	<u>(234,642)</u>
Total Revenues - Budgetary Basis	<u>\$ 340,298,757</u>
Total Expenditures - GAAP Basis	\$ 262,492,903
Add: Transfers Out	66,390,263
Less: Transfers In	<u>(234,642)</u>
Total Expenditures - Budgetary Basis	<u>\$ 328,648,524</u>

The budgeted amounts presented include all amendments made. Budget amendments or transfers that exceed \$50,000 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 \$272,989. Budgets are adopted at the agency level of expenditure.

CITY OF MADISON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2022

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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 400,000	\$ 400,000	\$ 651,844	\$ 251,844
Total Revenues	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 651,844</u>	<u>\$ 251,844</u>
EXPENDITURES				
Debt service				
Principal retirement	84,017,500	84,017,500	73,808,452	10,209,048
Interest and fiscal charges	15,299,239	15,299,239	12,056,176	3,243,063
Total Expenditures	<u>\$ 99,316,739</u>	<u>\$ 99,316,739</u>	<u>\$ 85,864,628</u>	<u>\$ 13,452,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (98,916,739)</u>	<u>\$ (98,916,739)</u>	<u>\$ (85,212,784)</u>	<u>\$ 13,703,955</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	290,087	290,087
Premium on debt issued	-	-	6,310,064	6,310,064
Transfers in	90,502,768	90,502,768	72,358,726	(18,144,042)
Transfers out	(30,008)	(30,008)	-	30,008
Total Other Financing Sources (Uses)	<u>\$ 90,472,760</u>	<u>\$ 90,472,760</u>	<u>\$ 78,958,877</u>	<u>\$ (11,513,883)</u>
Net Change in Fund Balance	<u>\$ (8,443,979)</u>	<u>\$ (8,443,979)</u>	<u>\$ (6,253,907)</u>	<u>\$ 2,190,072</u>
FUND BALANCES - Beginning of Year	<u>27,945,927</u>	<u>27,945,927</u>	<u>27,945,927</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 19,501,948</u></u>	<u><u>\$ 19,501,948</u></u>	<u><u>\$ 21,692,020</u></u>	<u><u>\$ 2,190,072</u></u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 36,688,142	\$ 36,688,142	\$ 36,688,144	\$ 2
Special assessments	5,000,000	5,000,000	4,859,465	(140,535)
Intergovernmental	127,756,905	133,886,905	3,849,907	(130,036,998)
Intergovernmental charges for services	410,000	410,000	299,303	(110,697)
Public charges for services	498,901	498,901	235,218	(263,683)
Investment income	968,000	980,500	2,148,921	1,168,421
Miscellaneous	1,185,000	1,367,442	5,152,919	3,785,477
Total Revenues	<u>\$ 172,506,948</u>	<u>\$ 178,831,890</u>	<u>\$ 53,233,877</u>	<u>\$ (125,598,013)</u>
EXPENDITURES				
Current				
General government	3,697,595	3,697,595	5,604,200	(1,906,605)
Public safety	711,600	711,600	618,175	93,425
Public works and transportation	14,090,282	14,090,282	15,311,677	(1,221,395)
Planning and development	18,389,000	18,389,000	3,031,052	15,357,948
Culture and recreation	2,105,000	2,105,000	2,133,659	(28,659)
Capital Outlay	230,709,085	239,683,773	63,528,119	176,155,654
Debt service				
Lease principal payment	820,000	820,000	820,000	-
Lease interest payment	22,140	22,140	22,140	-
Total Expenditures	<u>\$ 270,544,702</u>	<u>\$ 279,519,390</u>	<u>\$ 91,069,022</u>	<u>\$ 188,450,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (98,037,754)</u>	<u>\$ 100,687,500</u>	<u>\$ (37,835,145)</u>	<u>\$ 62,852,355</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	106,367,862	108,311,862	71,951,566	(36,360,296)
Intergovernmental loans	-	-	5,422,142	5,422,142
Sale of capital assets	-	-	1,760,013	1,760,013
Transfers in	8,713,595	9,321,095	5,093,808	(4,227,287)
Transfers out	(15,073,798)	(15,073,798)	(17,943,287)	(2,869,489)
Total Other Financing Sources (Uses)	<u>\$ 100,007,659</u>	<u>\$ 102,559,159</u>	<u>\$ 66,284,242</u>	<u>\$ (36,274,917)</u>
Net Change in Fund Balance	\$ 1,969,905	\$ 1,871,659	\$ 28,449,097	\$ 26,577,438
FUND BALANCES - Beginning of Year	<u>119,702,781</u>	<u>119,702,781</u>	<u>119,702,781</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 121,672,686</u>	<u>\$ 121,574,440</u>	<u>\$ 148,151,878</u>	<u>\$ 26,577,438</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources, other than major capital projects, that are legally restricted to expenditure for specific purposes.

Community Development Block Grant – Accounts for intergovernmental and other revenues legally restricted to support expenditures for CDBG City program.

Revolving Loans – Accounts for housing and development loans.

Other Restricted Funds – Accounts for resources, other than grants, that are restricted for particular purposes.

PERMANENT FUNDS

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

Endowments and Donations – Accounts for the resources restricted for Park uses and Cemetery care.

CITY OF MADISON

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2022

	Special Revenue			Total Nonmajor Special Revenue Funds
	Community Development Block Grant	Revolving Loans	Other Restricted Funds	
ASSETS				
Cash and investments	\$ 4,972,325	\$ 1,783,543	\$ 6,941,950	\$ 13,697,818
Receivables				
Taxes	-	-	4,406,531	4,406,531
Accounts	-	-	973,784	973,784
Accrued revenue	58,523	-	5,446,069	5,504,592
Accrued interest	-	-	349	349
Long-term loans	18,795,400	5,430,100	298,337	24,523,837
Due from other funds	-	-	188,502	188,502
Due from other governmental units	5,636,320	-	291	5,636,611
Prepaid items	10,058	60,187	73,543	143,788
Restricted cash and investments	867,043	-	21,552,307	22,419,350
TOTAL ASSETS	\$ 30,339,669	\$ 7,273,830	\$ 39,881,663	\$ 77,495,162
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,321,612	\$ 3,790	\$ 285,196	\$ 1,610,598
Accrued liabilities	44,468	2,860	292,028	339,356
Due to other governmental units	218,236	-	(11,047)	207,189
Advances from other funds	-	347,362	-	347,362
Unearned revenues	867,043	-	-	867,043
Total Liabilities	<u>\$ 2,451,359</u>	<u>\$ 354,012</u>	<u>\$ 566,177</u>	<u>\$ 3,371,548</u>
Deferred Inflows of Resources				
Unavailable revenues	4,289,518	-	3,031,059	7,320,577
Total Deferred Inflows of Resources	<u>\$ 4,289,518</u>	<u>\$ -</u>	<u>\$ 3,031,059</u>	<u>\$ 7,320,577</u>
Fund Balances				
Nonspendable	10,058	60,187	73,543	143,788
Restricted	23,588,734	6,859,631	34,992,624	65,440,989
Committed	-	-	1,321,583	1,321,583
Unassigned (deficit)	-	-	(103,323)	(103,323)
Total Fund Balances	<u>\$ 23,598,792</u>	<u>\$ 6,919,818</u>	<u>\$ 36,284,427</u>	<u>\$ 66,803,037</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 30,339,669	\$ 7,273,830	\$ 39,881,663	\$ 77,495,162

Permanent Funds	Total Nonmajor Governmental Funds
\$ 4,878,556	\$ 18,576,374
-	4,406,531
-	973,784
-	5,504,592
11,574	11,923
-	24,523,837
-	188,502
-	5,636,611
-	143,788
-	22,419,350
<u>\$ 4,890,130</u>	<u>\$ 82,385,292</u>
\$ 17	\$ 1,610,615
-	339,356
-	207,189
-	347,362
-	867,043
<u>\$ 17</u>	<u>\$ 3,371,565</u>
6,669	7,327,246
<u>\$ 6,669</u>	<u>\$ 7,327,246</u>
640,765	784,553
4,242,679	69,683,668
-	1,321,583
-	(103,323)
<u>\$ 4,883,444</u>	<u>\$ 71,686,481</u>
<u>\$ 4,890,130</u>	<u>\$ 82,385,292</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2022

	Special Revenue			Total
	Community Development Block Grant	Revolving Loans	Other Restricted Funds	Nonmajor Special Revenue Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 18,600,541	\$ 18,600,541
Intergovernmental	5,078,969	-	233,104	5,312,073
Public charges for services	443,327	2,135	18,285,660	18,731,122
Licenses and permits	-	-	375,036	375,036
Investment income (loss)	170,455	70,305	508,101	748,861
Miscellaneous	94	16,745	3,071	19,910
Total Revenues	<u>\$ 5,692,845</u>	<u>\$ 89,185</u>	<u>\$ 38,005,513</u>	<u>\$ 43,787,543</u>
EXPENDITURES				
Current				
General government	-	-	5,821,438	5,821,438
Public safety	-	-	149,152	149,152
Public works and transportation	-	-	8,251,726	8,251,726
Planning and development	6,606,602	80,638	3,847,105	10,534,345
Culture and recreation	-	-	183,973	183,973
Debt service				
Lease principal payment	-	-	68,919	68,919
Lease interest payment	-	-	6,081	6,081
Total Expenditures	<u>\$ 6,606,602</u>	<u>\$ 80,638</u>	<u>\$ 18,328,394</u>	<u>\$ 25,015,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (913,757)</u>	<u>\$ 8,547</u>	<u>\$ 19,677,119</u>	<u>\$ 18,771,909</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	43,593	43,593
Transfers in	-	-	3,784,064	3,784,064
Transfers out	(12,406)	(123,489)	(14,779,082)	(14,914,977)
Total Other Financing Sources (Uses)	<u>\$ (12,406)</u>	<u>\$ (123,489)</u>	<u>\$ (10,951,425)</u>	<u>\$ (11,087,320)</u>
Net Change in Fund Balances	<u>\$ (926,163)</u>	<u>\$ (114,942)</u>	<u>\$ 8,725,694</u>	<u>\$ 7,684,589</u>
FUND BALANCES - Beginning of Year	<u>24,524,955</u>	<u>7,034,760</u>	<u>27,558,733</u>	<u>59,118,448</u>
FUND BALANCES - END OF YEAR	<u>\$ 23,598,792</u>	<u>\$ 6,919,818</u>	<u>\$ 36,284,427</u>	<u>\$ 66,803,037</u>

Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ 18,600,541
-	5,312,073
91,671	18,822,793
-	375,036
(306,350)	442,511
-	19,910
<u>\$ (214,679)</u>	<u>\$ 43,572,864</u>
-	5,821,438
8,455	157,607
-	8,251,726
-	10,534,345
37,208	221,181
-	68,919
-	6,081
<u>\$ 45,663</u>	<u>\$ 25,061,297</u>
<u>\$ (260,342)</u>	<u>\$ 18,511,567</u>
-	43,593
-	3,784,064
(214,749)	(15,129,726)
<u>\$ (214,749)</u>	<u>\$ (11,302,069)</u>
\$ (475,091)	\$ 7,209,498
<u>5,358,535</u>	<u>64,476,983</u>
<u>\$ 4,883,444</u>	<u>\$ 71,686,481</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 3,616,729	\$ 8,326,339	\$ 5,078,969	\$ (3,247,370)
Public charges for services	1,336,162	2,546,162	443,327	(2,102,835)
Investment income	181,450	181,450	170,455	(10,995)
Miscellaneous	-	-	94	94
Total Revenues	<u>\$ 5,134,341</u>	<u>\$ 11,053,951</u>	<u>\$ 5,692,845</u>	<u>\$ (5,361,106)</u>
EXPENDITURES				
Current				
Planning and development	5,121,935	11,159,402	6,606,602	4,552,800
Total Expenditures	<u>\$ 5,121,935</u>	<u>\$ 11,159,402</u>	<u>\$ 6,606,602</u>	<u>\$ 4,552,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,406</u>	<u>\$ (105,451)</u>	<u>\$ (913,757)</u>	<u>\$ (808,306)</u>
OTHER FINANCING USES				
Transfers out	(12,406)	(12,406)	(12,406)	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (117,857)</u>	<u>\$ (926,163)</u>	<u>\$ (808,306)</u>
FUND BALANCES - Beginning of Year	<u>24,524,955</u>	<u>24,524,955</u>	<u>24,524,955</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 24,524,955</u>	<u>\$ 24,407,098</u>	<u>\$ 23,598,792</u>	<u>\$ (808,306)</u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVOLVING LOANS For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ -	\$ -	\$ 2,135	\$ 2,135
Investment income	-	-	70,305	70,305
Miscellaneous	-	-	16,745	16,745
Total Revenues	\$ -	\$ -	\$ 89,185	\$ 89,185
EXPENDITURES				
Current				
Planning and development	1,827,000	1,827,000	80,638	1,746,362
Total Expenditures	\$ 1,827,000	\$ 1,827,000	\$ 80,638	\$ 1,746,362
Excess (deficiency) of revenues over (under) expenditures	(1,827,000)	(1,827,000)	8,547	1,835,547
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	1,184,000	1,184,000	-	(1,184,000)
Transfers out	-	-	(123,489)	(123,489)
Total Other Financing Sources (Uses)	1,184,000	1,184,000	(123,489)	(1,307,489)
Net Change in Fund Balance	\$ (643,000)	\$ (643,000)	\$ (114,942)	\$ 528,058
FUND BALANCES - Beginning of Year	7,034,760	7,034,760	7,034,760	-
FUND BALANCES - END OF YEAR	\$ 6,391,760	\$ 6,391,760	\$ 6,919,818	\$ 528,058

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OTHER RESTRICTED FUNDS For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 14,250,000	\$ 14,250,000	\$ 18,600,541	\$ 4,350,541
Intergovernmental	157,000	2,212,000	233,104	(1,978,896)
Licenses and permits	342,000	342,000	375,036	33,036
Public charges for services	13,712,313	13,712,313	18,285,660	4,573,347
Investment income	89,990	89,990	508,101	418,111
Miscellaneous	1,000	10,918	3,071	(7,847)
Total Revenues	<u>\$ 28,552,303</u>	<u>\$ 30,617,221</u>	<u>\$ 38,005,513</u>	<u>\$ 7,388,292</u>
EXPENDITURES				
Current				
General government	5,876,428	5,886,346	5,821,438	64,908
Public safety	159,500	214,500	149,152	65,348
Public works and transportation	7,672,559	7,672,559	8,251,726	(579,167)
Planning and development	7,000,000	9,000,000	3,847,105	5,152,895
Culture and recreation	228,834	228,834	183,973	44,861
Debt service	-	-	75,000	75,000
Total Expenditures	<u>\$ 20,937,321</u>	<u>\$ 23,002,239</u>	<u>\$ 18,328,394</u>	<u>\$ 4,673,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,614,982</u>	<u>\$ 7,614,982</u>	<u>\$ 19,677,119</u>	<u>\$ 12,062,137</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	7,000,000	7,000,000	-	(7,000,000)
Sale of capital assets	-	-	43,593	43,593
Transfers in	(1,095,572)	(1,124,251)	3,784,064	4,908,315
Transfers out	(10,589,501)	(11,197,001)	(14,779,082)	(3,582,081)
Total Other Financing Sources (Uses)	<u>\$ (4,685,073)</u>	<u>\$ (5,321,252)</u>	<u>\$ (10,951,425)</u>	<u>\$ (5,630,173)</u>
Net Change in Fund Balance	<u>\$ (2,929,909)</u>	<u>\$ (2,293,730)</u>	<u>\$ 8,725,694</u>	<u>\$ 11,019,424</u>
FUND BALANCES - Beginning of Year	<u>27,558,733</u>	<u>27,558,733</u>	<u>27,558,733</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 24,628,824</u></u>	<u><u>\$ 25,245,168</u></u>	<u><u>\$ 36,284,427</u></u>	<u><u>\$ 11,039,259</u></u>

ENTERPRISE FUNDS

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

Parking Utility – Accounts for operations of the parking system.

Convention Center – Accounts for operations of the Monona Terrace Convention Center.

Golf Courses – Accounts for operations of the golf courses.

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2022

	Parking Utility	Convention Center	Golf Courses	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 20,243,909	\$ 4,225,954	\$ 923,047	\$ 25,392,910
Accounts receivable	297,662	717,622	-	1,015,284
Accrued revenue	32,536	-	-	32,536
Inventories	-	116,154	-	116,154
Prepaid items	115,739	76,140	9,844	201,723
Leases receivable	462,656	-	-	462,656
Total Current Assets	<u>\$ 21,152,502</u>	<u>\$ 5,135,870</u>	<u>\$ 932,891</u>	<u>\$ 27,221,263</u>
Noncurrent Assets				
Capital Assets				
Land	6,329,997	25,254	802,253	7,157,504
Construction work in progress	22,135	-	-	22,135
Land improvements	691,055	69,033	5,544,155	6,304,243
Buildings	79,535,941	60,357,435	874,697	140,768,073
Machinery and equipment	6,219,911	3,059,321	1,585,199	10,864,431
Intangibles	704,205	23,150	-	727,355
Leased assets	-	323,848	749,154	1,073,002
Accumulated depreciation/amortization	<u>(34,923,358)</u>	<u>(40,595,322)</u>	<u>(6,810,425)</u>	<u>(82,329,105)</u>
Net Capital Assets	<u>\$ 58,579,886</u>	<u>\$ 23,262,719</u>	<u>\$ 2,745,033</u>	<u>\$ 84,587,638</u>
Restricted net pension asset	2,570,482	1,396,500	401,612	4,368,594
Lease receivable, noncurrent	14,244,422	-	-	14,244,422
Total Assets	<u>\$ 96,547,292</u>	<u>\$ 29,795,089</u>	<u>\$ 4,079,536</u>	<u>\$ 130,421,917</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	4,990,782	3,308,404	770,317	9,069,503
Other post-employment benefits related amounts	306,340	120,493	32,296	459,129
Total Deferred Outflows of Resources	<u>\$ 5,297,122</u>	<u>\$ 3,428,897</u>	<u>\$ 802,613</u>	<u>\$ 9,528,632</u>

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2022

LIABILITIES	Parking Utility	Convention Center	Golf Courses	Totals
Liabilities				
Current Liabilities				
Accounts payable	568,737	634,051	45,923	1,248,711
Accrued liabilities	476,702	318,703	70,668	866,073
Deposits	-	1,262,731	3,309	1,266,040
Current portion of general obligation long-term debt	-	163,966	24,621	188,587
Current portion of leases payable	-	24,617	159,373	183,990
Current portion of advances from other funds	-	56,503	16,106	72,609
Current portion of accrued compensated absences	343,133	232,448	54,919	630,500
Unearned revenue	-	128,110	-	128,110
Due to other funds	-	-	552,005	552,005
Total Current Liabilities	\$ 1,388,572	\$ 2,821,129	\$ 926,924	\$ 5,136,625
Noncurrent Liabilities				
General obligation long-term debt	-	1,027,652	98,485	1,126,137
Leases payable	-	275,377	505,897	781,274
Advances from other funds	-	59,600	16,989	76,589
Accrued compensated absences	1,279,989	867,102	204,864	2,351,955
Other post-employment benefits	2,287,346	899,683	241,147	3,428,176
Total Noncurrent Liabilities	\$ 3,567,335	\$ 3,129,414	\$ 1,067,382	\$ 7,764,131
Total Liabilities	\$ 4,955,907	\$ 5,950,543	\$ 1,994,306	\$ 12,900,756
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	6,075,511	4,114,117	902,106	11,091,734
Other post-employment benefits related amounts	863,631	339,693	91,050	1,294,374
Lease-related amounts	14,421,006	-	-	14,421,006
Total Deferred Inflows of Resources	\$ 21,360,148	\$ 4,453,810	\$ 993,156	\$ 26,807,114
NET POSITION				
Net investment in capital assets	58,579,886	21,771,107	1,956,657	82,307,650
Restricted for pension	2,570,482	1,396,500	401,612	4,368,594
Unrestricted (deficit)	14,377,991	(347,974)	(463,582)	13,566,435
TOTAL NET POSITION	\$ 75,528,359	\$ 22,819,633	\$ 1,894,687	\$ 100,242,679

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2022

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 12,315,056	\$ 4,186,887	\$ 4,271,349	\$ 20,773,292
Total Operating Revenues	<u>\$ 12,315,056</u>	<u>\$ 4,186,887</u>	<u>\$ 4,271,349</u>	<u>\$ 20,773,292</u>
OPERATING EXPENSES				
Operation and Maintenance	11,847,221	8,415,016	3,391,420	23,653,657
Depreciation	2,717,252	1,884,958	209,352	4,811,562
Total Operating Expenses	<u>\$ 14,564,473</u>	<u>\$ 10,299,974</u>	<u>\$ 3,600,772</u>	<u>\$ 28,465,219</u>
Operating Income (Loss)	<u>\$ (2,249,417)</u>	<u>\$ (6,113,087)</u>	<u>\$ 670,577</u>	<u>\$ (7,691,927)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	419,963	1	8,897	428,861
Interest and amortization	-	(31,643)	(17,681)	(49,324)
Gain (loss) on sale of assets	1,575	-	(1,580)	(5)
Intergovernmental revenues	17,517	454	-	17,971
Miscellaneous	824,693	110,772	63,994	999,459
Total Nonoperating Revenues (Expenses)	<u>\$ 1,263,748</u>	<u>\$ 79,584</u>	<u>\$ 53,630</u>	<u>\$ 1,396,962</u>
Income (Loss) Before Transfers and Capital Contributions	<u>\$ (985,669)</u>	<u>\$ (6,033,503)</u>	<u>\$ 724,207</u>	<u>\$ (6,294,965)</u>
TRANSFERS				
Transfers in	-	4,150,573	-	4,150,573
Transfers out	(1,550,030)	(338,200)	(202,759)	(2,090,989)
Net Transfers	<u>\$ (1,550,030)</u>	<u>\$ 3,812,373</u>	<u>\$ (202,759)</u>	<u>\$ 2,059,584</u>
Income (Loss) Before Contributions	<u>\$ (2,535,699)</u>	<u>\$ (2,221,130)</u>	<u>\$ 521,448</u>	<u>\$ (4,235,381)</u>
Capital Contributions	-	-	1,065,007	1,065,007
Capital Contributions - Municipal	2,330	-	-	2,330
Change in Net Position	<u>\$ (2,533,369)</u>	<u>\$ (2,221,130)</u>	<u>\$ 1,586,455</u>	<u>\$ (3,168,044)</u>
NET POSITION - Beginning of Year	<u>78,061,728</u>	<u>25,040,763</u>	<u>308,232</u>	<u>103,410,723</u>
NET POSITION - END OF YEAR	<u><u>\$ 75,528,359</u></u>	<u><u>\$ 22,819,633</u></u>	<u><u>\$ 1,894,687</u></u>	<u><u>\$ 100,242,679</u></u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2022

	<u>Parking Utility</u>	<u>Convention Center</u>	<u>Golf Courses</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 13,642,082	\$ 4,271,054	\$ 4,483,473	\$ 22,396,609
Customer deposits received (returned)	-	161,553	(9,814)	151,739
Paid to suppliers for goods and services	(4,220,076)	(2,961,112)	(1,686,639)	(8,867,827)
Paid to employees for services	(7,840,331)	(5,266,229)	(1,815,436)	(14,921,996)
Net Cash Flows From Operating Activities	<u>\$ 1,581,675</u>	<u>\$ (3,794,734)</u>	<u>\$ 971,584</u>	<u>\$ (1,241,475)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(52,265)	(165,176)	(217,441)
Transfers in	-	4,150,573	-	4,150,573
Transfers out	(1,550,030)	(338,200)	(202,759)	(2,090,989)
Net Cash Flows From Noncapital Financing Activities	<u>\$ (1,550,030)</u>	<u>\$ 3,760,108</u>	<u>\$ (367,935)</u>	<u>\$ 1,842,143</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(113,489)	(24,621)	(138,110)
Interest paid	-	(26,452)	(17,681)	(44,133)
Long-term debt issued	-	512,398	-	512,398
Acquisition and construction of capital assets	(370,665)	(414,726)	(83,544)	(868,935)
Contribution in aid of construction	2,330	-	-	2,330
Net interest/amortization on leases	-	(23,854)	(83,884)	(107,738)
Net Cash Flows From Capital and Related Financing Activities	<u>\$ (368,335)</u>	<u>\$ (66,123)</u>	<u>\$ (209,730)</u>	<u>\$ (644,188)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	419,963	1	8,897	428,861
Net Cash Flows From Investing Activities	<u>\$ 419,963</u>	<u>\$ 1</u>	<u>\$ 8,897</u>	<u>\$ 428,861</u>
Net Change in Cash and Cash Equivalents	\$ 83,273	\$ (100,748)	\$ 402,816	\$ 385,341
CASH AND CASH EQUIVALENTS - Beginning of Year	20,160,636	4,326,702	520,231	25,007,569
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 20,243,909</u></u>	<u><u>\$ 4,225,954</u></u>	<u><u>\$ 923,047</u></u>	<u><u>\$ 25,392,910</u></u>

	Parking Utility	Convention Center	Golf Courses	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ (2,249,417)	\$ (6,113,087)	\$ 670,577	\$ (7,691,927)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Nonoperating income	842,210	111,226	63,994	1,017,430
Depreciation	2,717,252	1,884,958	209,352	4,811,562
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	(195,553)	(410,724)	87,783	(518,494)
Due from other governmental units	116,989	155,515	-	272,504
Inventories	-	17,575	-	17,575
Prepaid items	(1,140)	(5,056)	110	(6,086)
Accounts payable	69,146	422,257	25,448	516,851
Other current liabilities	(46,295)	11,723	-	(34,572)
Customer deposits	-	161,553	(9,814)	151,739
Accrued compensated absences	(5,330)	109,069	14,418	118,157
Other post-employment benefits, deferrals and liabilities	162,346	(131,756)	(15,787)	14,803
Pension related deferrals and liabilities	171,467	(7,987)	(74,497)	88,983
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,581,675</u>	<u>\$ (3,794,734)</u>	<u>\$ 971,584</u>	<u>\$ (1,241,475)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	<u>\$ 20,243,909</u>	<u>\$ 4,225,954</u>	<u>\$ 923,047</u>	<u>\$ 25,392,910</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,243,909</u>	<u>\$ 4,225,954</u>	<u>\$ 923,047</u>	<u>\$ 25,392,910</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributed capital assets additions	\$ -	\$ -	\$ 1,065,007	\$ 1,065,007

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, 2022

	Fleet Services	City Insurance	Worker's Compensation	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 5,969,936	\$ 472,659	\$ 15,323,930	\$ 21,766,525
Accounts receivable	94,081	210,425	-	304,506
Due from other governmental units	18,680	-	-	18,680
Inventories	1,079,657	-	-	1,079,657
Prepaid items	38,278	74,613	1,662	114,553
Total Current Assets	<u>\$ 7,200,632</u>	<u>\$ 757,697</u>	<u>\$ 15,325,592</u>	<u>\$ 23,283,921</u>
Noncurrent Assets				
Restricted assets				
Cash and investments	-	159,789	481,085	640,874
Net pension asset	1,150,799	83,965	40,995	1,275,759
Investment in mutual insurance company	-	3,815,820	-	3,815,820
Total Restricted assets	<u>\$ 1,150,799</u>	<u>\$ 4,059,574</u>	<u>\$ 522,080</u>	<u>\$ 5,732,453</u>
Capital Assets:				
Land	2,570,970	-	-	2,570,970
Land improvements	71,990	-	-	71,990
Buildings	35,522,103	-	-	35,522,103
Machinery and equipment	99,405,784	-	-	99,405,784
Intangibles	119,525	-	-	119,525
Accumulated depreciation/amortization	(71,065,655)	-	-	(71,065,655)
Net Capital Assets	<u>\$ 66,624,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,624,717</u>
Total Noncurrent Assets	<u>\$ 67,775,516</u>	<u>\$ 4,059,574</u>	<u>\$ 522,080</u>	<u>\$ 72,357,170</u>
Total Assets	<u>\$ 74,976,148</u>	<u>\$ 4,817,271</u>	<u>\$ 15,847,672</u>	<u>\$ 95,641,091</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	2,450,722	163,539	83,361	2,697,622
Other post-employment benefits related amounts	150,558	6,694	253	157,505
Total Deferred Outflows of Resources	<u>\$ 2,601,280</u>	<u>\$ 170,233</u>	<u>\$ 83,614</u>	<u>\$ 2,855,127</u>
LIABILITIES				
Current Liabilities				
Accounts payable	262,854	2,546	243,329	508,729
Accrued liabilities	723,545	15,156	7,615	746,316
Claims payable	-	2,897,125	9,936,121	12,833,246
Current portion of general obligation long-term debt	8,706,643	-	-	8,706,643
Current portion of accrued compensated absences	177,351	18,686	7,726	203,763
Total Current Liabilities	<u>\$ 9,870,393</u>	<u>\$ 2,933,513</u>	<u>\$ 10,194,791</u>	<u>\$ 22,998,697</u>
Noncurrent Liabilities				
General obligation long-term debt	59,700,832	-	-	59,700,832
Accrued compensated absences	525,805	55,401	22,907	604,113
Other post-employment benefits	1,124,174	49,982	1,888	1,176,044
Total Noncurrent Liabilities	<u>\$ 61,350,811</u>	<u>\$ 105,383</u>	<u>\$ 24,795</u>	<u>\$ 61,480,989</u>
Total Liabilities	<u>\$ 71,221,204</u>	<u>\$ 3,038,896</u>	<u>\$ 10,219,586</u>	<u>\$ 84,479,686</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	2,957,056	209,024	111,477	3,277,557
Other post-employment benefits related amounts	424,454	18,872	713	444,039
Total Deferred Inflows of Resources	<u>\$ 3,381,510</u>	<u>\$ 227,896</u>	<u>\$ 112,190</u>	<u>\$ 3,721,596</u>
NET POSITION				
Net investment in capital assets	(877,925)	-	-	(877,925)
Restricted for pension	1,150,799	83,965	40,995	1,275,759
Unrestricted	2,701,840	1,636,747	5,558,515	9,897,102
TOTAL NET POSITION	<u>\$ 2,974,714</u>	<u>\$ 1,720,712</u>	<u>\$ 5,599,510</u>	<u>\$ 10,294,936</u>

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2022

	Fleet Services	City Insurance	Worker's Compensation	Totals
OPERATING REVENUES:				
Charges for services	\$ 20,512,838	\$ 2,750,000	\$ 3,750,000	\$ 27,012,838
Total Operating Revenues	<u>\$ 20,512,838</u>	<u>\$ 2,750,000</u>	<u>\$ 3,750,000</u>	<u>\$ 27,012,838</u>
OPERATING EXPENSES:				
Operation and Maintenance	11,741,160	3,056,354	2,851,972	17,649,486
Depreciation	8,439,828	-	-	8,439,828
Total Operating Expenses	<u>\$ 20,180,988</u>	<u>\$ 3,056,354</u>	<u>\$ 2,851,972</u>	<u>\$ 26,089,314</u>
Operating Income (Loss)	<u>\$ 331,850</u>	<u>\$ (306,354)</u>	<u>\$ 898,028</u>	<u>\$ 923,524</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	7,267	106	7,373
Interest and amortization	(1,708,624)	-	-	(1,708,624)
Gain on sale of assets	1,228,641	-	-	1,228,641
Miscellaneous	92,091	219,136	39,473	350,700
Total Nonoperating Revenues (Expenses)	<u>\$ (387,892)</u>	<u>\$ 226,403</u>	<u>\$ 39,579</u>	<u>\$ (121,910)</u>
Income (Loss) Before Transfers	<u>\$ (56,042)</u>	<u>\$ (79,951)</u>	<u>\$ 937,607</u>	<u>\$ 801,614</u>
TRANSFERS				
Transfers in	38,937	-	-	38,937
Transfers out	-	(43,046)	-	(43,046)
Net Transfers	<u>\$ 38,937</u>	<u>\$ (43,046)</u>	<u>\$ -</u>	<u>\$ (4,109)</u>
Change in Net Position	<u>\$ (17,105)</u>	<u>\$ (122,997)</u>	<u>\$ 937,607</u>	<u>\$ 797,505</u>
NET POSITION - Beginning of Year	<u>2,991,819</u>	<u>1,843,709</u>	<u>4,661,903</u>	<u>9,497,431</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,974,714</u></u>	<u><u>\$ 1,720,712</u></u>	<u><u>\$ 5,599,510</u></u>	<u><u>\$ 10,294,936</u></u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2022

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 20,586,710	\$ 2,941,294	\$ 3,789,473	\$ 27,317,477
Paid to suppliers for goods and services	(7,154,706)	(3,431,818)	(3,609,051)	(14,195,575)
Paid to employees for services	(2,900,961)	(250,420)	(124,588)	(3,275,969)
Net Cash Flows From Operating Activities	<u>\$ 10,531,043</u>	<u>(740,944)</u>	<u>55,834</u>	<u>\$ 9,845,933</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(43,046)	-	(43,046)
Net Cash Flows From Noncapital Financing Activities	<u>\$ -</u>	<u>(43,046)</u>	<u>-</u>	<u>\$ (43,046)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(8,160,216)	-	-	(8,160,216)
Interest paid	(1,769,676)	-	-	(1,769,676)
Long-term debt issued	9,908,305	-	-	9,908,305
Acquisition and construction of capital assets	(7,755,677)	-	-	(7,755,677)
Transfers in	38,937	-	-	38,937
Sale of assets	1,485,055	-	-	1,485,055
Net Cash Flows From Capital and Related Financing Activities	<u>\$ (6,253,272)</u>	<u>-</u>	<u>-</u>	<u>\$ (6,253,272)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Marketable securities sold (purchased)	-	331,060	(68,486)	262,574
Investment income	-	7,267	106	7,373
Net Cash Flows From Investing Activities	<u>\$ -</u>	<u>338,327</u>	<u>(68,380)</u>	<u>\$ 269,947</u>
Net Change in Cash and Cash Equivalents	<u>\$ 4,277,771</u>	<u>(445,663)</u>	<u>(12,546)</u>	<u>\$ 3,819,562</u>
CASH AND CASH EQUIVALENTS - Beginning of Year				
	<u>1,692,165</u>	<u>918,322</u>	<u>15,336,476</u>	<u>17,946,963</u>
CASH AND CASH EQUIVALENTS - END OF YEAR				
	<u>\$ 5,969,936</u>	<u>\$ 472,659</u>	<u>\$ 15,323,930</u>	<u>\$ 21,766,525</u>

	<u>Fleet Services</u>	<u>City Insurance</u>	<u>Worker's Compensation</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ 331,850	\$ (306,354)	\$ 898,028	\$ 923,524
Adjustments to reconcile operating income to net cash from operating activities				
Nonoperating income	92,091	219,136	39,473	350,700
Depreciation	8,439,828	-	-	8,439,828
Change in assets, deferred inflows, liabilities, and deferred outflows				
Accounts receivable	(23,294)	(27,842)	-	(51,136)
Due from other governmental units	5,075	-	-	5,075
Inventories	(155,660)	-	-	(155,660)
Prepaid items	2,263,362	(63,477)	(77)	2,199,808
Accounts payable	120,078	2,372	93,412	215,862
Accrued liabilities	15,941	(558,446)	(972,135)	(1,514,640)
Accrued compensated absences	35,091	7,228	6,588	48,907
Other post-employment benefits, deferrals and liabilities	(346,809)	6,753	707	(339,349)
Pension related deferrals and liabilities	(246,510)	(20,314)	(10,162)	(276,986)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 10,531,043</u>	 <u>\$ (740,944)</u>	 <u>\$ 55,834</u>	 <u>\$ 9,845,933</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 5,969,936	\$ 472,659	\$ 15,323,930	\$ 21,766,525
Restricted cash and investments - statement of net position	-	159,789	481,085	640,874
Less: Noncash equivalents	-	(159,789)	(481,085)	(640,874)
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 5,969,936</u>	 <u>\$ 472,659</u>	 <u>\$ 15,323,930</u>	 <u>\$ 21,766,525</u>
NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
None				

CUSTODIAL FUNDS

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

Board of Education – Accounts for Bassett Fund monies.

Board of Health – Accounts for Department of Public Health for Madison and Dane County monies.

Metropolitan Unified Fiber Network Consortium – Accounts for Metropolitan Unified Fiber Network Consortium monies

Tax Collection Fund – Accounts for the tax roll collected, which includes Dane County, Madison Area Technical College and overlapping School Districts.

Madison School District Investment Fund – Accounts for the Madison Metropolitan School District (MMSD) monies.

CITY OF MADISON

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
As of December 31, 2022

	Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Tax Collection Fund	Madison School District Investment Fund	Total Custodial Funds
ASSETS						
Cash and investments	\$ 384,599	\$ 8,407,832	\$ 897,645	\$ 215,661,661	\$ 21,452,021	\$ 246,803,758
Taxes receivable	-	-	-	271,327,149	-	271,327,149
Total Assets	<u>\$ 384,599</u>	<u>\$ 8,407,832</u>	<u>\$ 897,645</u>	<u>\$ 486,988,810</u>	<u>\$ 21,452,021</u>	<u>\$ 518,130,907</u>
LIABILITIES						
Accounts payable	-	-	-	18,117	-	18,117
Due to other governmental units	-	-	-	486,970,693	-	486,970,693
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,988,810</u>	<u>\$ -</u>	<u>\$ 486,988,810</u>
NET POSITION						
Restricted	<u>384,599</u>	<u>8,407,832</u>	<u>897,645</u>	<u>-</u>	<u>21,452,021</u>	<u>31,142,097</u>
TOTAL NET POSITION	<u><u>\$ 384,599</u></u>	<u><u>\$ 8,407,832</u></u>	<u><u>\$ 897,645</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,452,021</u></u>	<u><u>\$ 31,142,097</u></u>

CITY OF MADISON

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended December 31, 2022

	Board of Education	Board of Health	Metropolitan Unified Fiber Network Consortium	Tax Collection Fund	Madison School District Investment Fund	Total Custodial Funds
ADDITIONS						
Gifts and bequests	\$ -	\$ 310,285	\$ -	\$ -	\$ -	\$ 310,285
Interest and dividends	-	-	11,960	-	1,097,328	1,109,288
Property taxes collected for other governments	-	-	-	461,729,078	-	461,729,078
Investments	4,972	33,852,515	844,487	-	550,789,984	585,491,958
Total Additions	\$ 4,972	\$ 34,162,800	\$ 856,447	\$ 461,729,078	\$ 551,887,312	\$ 1,048,640,609
DEDUCTIONS						
Administrative expense	-	29,184,299	736,411	-	-	29,920,710
Property taxes distributed to other governments	-	-	-	461,729,078	-	461,729,078
Distributions	-	-	-	-	551,027,478	551,027,478
Total Deductions	\$ -	\$ 29,184,299	\$ 736,411	\$ 461,729,078	\$ 551,027,478	\$ 1,042,677,266
Change in Fiduciary Net Position	\$ 4,972	\$ 4,978,501	\$ 120,036	\$ -	\$ 859,834	\$ 5,963,343
NET POSITION - Beginning of Year	379,627	3,429,331	777,609	-	20,592,187	25,178,754
NET POSITION - END OF YEAR	\$ 384,599	\$ 8,407,832	\$ 897,645	\$ -	\$ 21,452,021	\$ 31,142,097

CITY OF MADISON

COMBINING STATEMENT OF NET POSITION NONMAJOR COMPONENT UNITS As of December 31, 2022

	Business Improvement District	Madison Parks Foundation	Total Nonmajor Component Units
ASSETS			
Cash and investments	\$ 210,113	\$ 3,898,419	\$ 4,108,532
Receivables			
Accounts	5,325	-	5,325
Special assessments	223,424	-	223,424
Pledge	-	74,658	74,658
Prepaid items	-	1,305	1,305
Beneficial interest in assets held by MCF	-	81,342	81,342
	\$ 438,862	\$ 4,055,724	\$ 4,494,586
LIABILITIES			
Accounts payable	\$ 64,972	\$ 690,523	\$ 755,495
Accrued liabilities	-	2,688	2,688
	\$ 64,972	\$ 693,211	\$ 758,183
DEFERRED INFLOWS OF RESOURCES			
Assessments for subsequent year	311,678	-	311,678
	\$ 311,678	\$ -	\$ 311,678
NET POSITION			
Restricted for:			
Parks	-	1,383,383	1,383,383
Unrestricted	62,212	1,979,130	2,041,342
	\$ 62,212	\$ 3,362,513	\$ 3,424,725
TOTAL NET POSITION	\$ 62,212	\$ 3,362,513	\$ 3,424,725

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR COMPONENT UNITS For the Year Ended December 31, 2022

	Business Improvement District	Madison Parks Foundation	Total Nonmajor Component Units
OPERATING REVENUES			
Special assessments	\$ 316,586	\$ -	\$ 316,586
Charges for services	159,201	82,920	242,121
Grants and donations	33,682	979,375	1,013,057
Total Operating Revenues	\$ 509,469	\$ 1,062,295	\$ 1,571,764
OPERATING EXPENSES			
Operation and maintenance	517,984	1,010,585	1,528,569
Total Operating Expenses	\$ 517,984	\$ 1,010,585	\$ 1,528,569
Operating Income (loss)	\$ (8,515)	\$ 51,710	\$ 43,195
NONOPERATING REVENUES			
Investment income (loss)	3,605	(619,494)	(615,889)
Total Nonoperating Revenues	\$ 3,605	\$ (619,494)	\$ (615,889)
Change in Net Position	\$ (4,910)	\$ (567,784)	\$ (572,694)
NET POSITION -			
Beginning of Year	67,122	3,930,297	3,997,419
NET POSITION - END OF YEAR	\$ 62,212	\$ 3,362,513	\$ 3,424,725

CITY OF MADISON

STATEMENT OF NET POSITION AND
GOVERNMENTAL COMPONENT UNIT BALANCE SHEET
BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2022

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 210,113	\$ -	\$ 210,113
Receivables			
Accounts	5,325	-	5,325
Special assessments	223,424	-	223,424
Total Assets	<u>\$ 438,862</u>	<u>\$ -</u>	<u>\$ 438,862</u>
LIABILITIES			
Accounts payable	\$ 64,972	\$ -	\$ 64,972
Total Liabilities	<u>\$ 64,972</u>	<u>\$ -</u>	<u>\$ 64,972</u>
DEFERRED INFLOWS OF RESOURCES			
Assessments for subsequent year	311,678	-	311,678
Total Deferred Inflows of Resources	<u>\$ 311,678</u>	<u>\$ -</u>	<u>\$ 311,678</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned	62,212	(62,212)	-
Total Fund Balance	<u>\$ 62,212</u>	<u>\$ (62,212)</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 438,862</u>		
Net Position			
Unrestricted		62,212	62,212
TOTAL NET POSITION		<u>\$ 62,212</u>	<u>\$ 62,212</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, 2022

	Business Improvement District	Adjustments	Statement of Activities
REVENUES			
Special assessments	\$ 316,586	\$ -	\$ 316,586
Charges for services	159,201	-	159,201
Investment income	3,605	-	3,605
Contributions	33,682	-	33,682
Total Revenues	<u>\$ 513,074</u>	<u>\$ -</u>	<u>\$ 513,074</u>
EXPENDITURES/EXPENSES			
Planning and development	517,984	-	517,984
Total Expenditures/Expenses	<u>\$ 517,984</u>	<u>\$ -</u>	<u>\$ 517,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,910)</u>	<u>\$ 4,910</u>	<u>\$ -</u>
Change in Net Position	\$ -	\$ 4,910	\$ (4,910)
FUND BALANCE/NET POSITION			
Beginning of Year	<u>67,122</u>	<u>-</u>	<u>67,122</u>
END OF YEAR	<u><u>\$ 62,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,212</u></u>

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUSINESS IMPROVEMENT DISTRICT For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ 310,898	\$ 316,586	\$ 5,688
Charges for services	151,725	159,201	7,476
Investment income	750	3,605	2,855
Grants and donations	35,000	33,682	(1,318)
Total Revenues	\$ 498,373	\$ 513,074	\$ 14,701
EXPENDITURES			
Audit fees	2,000	2,020	(20)
Management fees	233,778	255,062	(21,284)
Miscellaneous	15,000	15,274	(274)
Advertising/marketing	15,000	16,423	(1,423)
Maps	25,000	17,647	7,353
Map distribution	2,500	1,423	1,077
Trolley	1,500	7,384	(5,884)
Planters	5,000	-	5,000
Winter light program	35,000	57,481	(22,481)
Ambassadors	43,200	35,383	7,817
Gift certificates	2,500	3,112	(612)
BID website	10,000	12,806	(2,806)
Parking passes	500	888	(388)
Postage	1,000	1,518	(518)
TOS programming	50,000	47,397	2,603
Night Market	39,500	39,493	7
Community Relations/Outreach	16,000	4,673	11,327
Total Expenditures	\$ 497,478	\$ 517,984	\$ (20,506)
Net Change in Fund Balance	\$ 895	\$ (4,910)	\$ (5,805)
FUND BALANCE - Beginning of Year	67,122	67,122	-
FUND BALANCE - END OF YEAR	\$ 68,017	\$ 62,212	\$ (5,805)

CITY OF MADISON

**SEWER REVENUE BOND COVENANT
For the Year Ended December 31, 2022**

	<u>Sewer Utility</u>
OPERATING REVENUES	
Charges for services	\$ 50,964,628
OPERATING EXPENSES	
Operation and maintenance	37,983,620
Depreciation	<u>3,161,807</u>
Total Operating Expenses	<u>\$ 41,145,427</u>
 Sewer Net Operating Income	 <u>\$ 9,819,201</u>
NONOPERATING REVENUES	
Investment income	497,478
OTHER ADJUSTMENTS	
Depreciation	<u>3,161,807</u>
 NET SEWER REVENUES AVAILABLE FOR DEBT SERVICE	 <u><u>\$ 13,478,486</u></u>

CAPITAL PROJECTS FUND

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

Special Assessments Improvements – Accounts for long-term receivables associated with the city's Special Assessment Improvement Program.

TIF Districts – Accounts for expenditures outlined in the Tax Increment District (TID) project plans and related revenues and proceeds from long-term borrowing.

Other Capital Projects – Accounts for financial resources used for the acquisition or construction of equipment, facilities, and infrastructure.

CITY OF MADISON

SCHEDULE OF BALANCE SHEET - CAPITAL PROJECTS As of December 31, 2022

	Capital Projects				Total Capital Projects Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
ASSETS					
Cash and investments	\$ 9,804,616	\$ 76,255,546	\$ 71,496,450	\$ -	\$157,556,612
Receivables					
Taxes	4,687,388	38,856,035	-	-	43,543,423
Accounts	39,716	1,354,536	552,743	-	1,946,995
Special assessments	11,972,143	-	-	-	11,972,143
Long-term loans	6,553	-	-	-	6,553
Leases	-	-	4,180,251	-	4,180,251
Due from other governmental units	95,011	-	11,742,349	-	11,837,360
Advances to other funds	347,362	-	4,166,219	(4,166,219)	347,362
Inventories	-	-	2,747,359	-	2,747,359
Prepaid items	-	1,167	47,252	-	48,419
TOTAL ASSETS	\$ 26,952,789	\$116,467,284	\$ 94,932,623	\$ (4,166,219)	\$234,186,477
LIABILITIES					
Accounts payable	\$ 12,549	\$ 13,814	\$ 18,635,568	\$ -	\$ 18,661,931
Accrued liabilities	-	11,208	276,944	-	288,152
Due to other governmental units	22,354	-	-	-	22,354
Due to other funds	3,530,137	-	-	-	3,530,137
Advances from other funds	-	4,166,219	-	(4,166,219)	-
Unearned revenues	1,540,877	-	-	-	1,540,877
Total Liabilities	\$ 5,105,917	\$ 4,191,241	\$ 18,912,512	\$ (4,166,219)	\$ 24,043,451
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	13,111,541	1,354,536	4,542,036	-	19,008,113
Lease-related amounts	-	-	4,127,000	-	4,127,000
Property taxes for subsequent year	-	38,856,035	-	-	38,856,035
Total Deferred Inflows of Resources	\$ 13,111,541	\$ 40,210,571	\$ 8,669,036	\$ -	\$ 61,991,148
FUND BALANCES					
Nonspendable	-	1,167	2,794,611	-	2,795,778
Restricted	-	76,233,169	50,695,930	-	126,929,099
Assigned	8,735,331	(4,168,864)	13,860,534	-	18,427,001
Total Fund Balances	\$ 8,735,331	\$ 72,065,472	\$ 67,351,075	\$ -	\$148,151,878
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 26,952,789	\$116,467,284	\$ 94,932,623	\$ (4,166,219)	\$234,186,477

CITY OF MADISON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CAPITAL PROJECTS For the Year Ended December 31, 2022

	Capital Projects				Total Capital Project Funds
	Special Assessments Improvements	TIF Districts	Other Capital Projects	Eliminations	
	\$	\$	\$	\$	
REVENUES					
Taxes	-	\$ 36,688,144	-	-	\$ 36,688,144
Special assessments	4,859,465	-	-	-	4,859,465
Intergovernmental	-	1,668,800	2,181,107	-	3,849,907
Intergovernmental charges for services	-	-	299,303	-	299,303
Public charges for services	-	11,000	224,218	-	235,218
Investment income	416,138	987,982	744,801	-	2,148,921
Miscellaneous	-	1,953,386	3,199,533	-	5,152,919
Total Revenues	\$ 5,275,603	\$ 41,309,312	\$ 6,648,962	\$ -	\$ 53,233,877
EXPENDITURES					
Current					
General government	-	-	5,604,200	-	5,604,200
Public safety	-	-	618,175	-	618,175
Public works and transportation	-	-	15,311,677	-	15,311,677
Planning and development	120,188	-	2,910,864	-	3,031,052
Culture and recreation	-	-	2,133,659	-	2,133,659
Capital Outlay	-	6,258,310	57,269,809	-	63,528,119
Debt service					
Lease principal payment	-	820,000	-	-	820,000
Lease interest payment	-	22,140	-	-	22,140
Total Expenditures	\$ 120,188	\$ 7,100,450	\$ 83,848,384	\$ -	\$ 91,069,022
Excess (deficiency) of revenues over (under) expenditures	\$ 5,155,415	\$ 34,208,862	\$ (77,199,422)	\$ -	\$ (37,835,145)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	8,900,000	63,051,566	-	71,951,566
Intergovernmental loans issued	-	-	5,422,142	-	5,422,142
Sale of capital assets	-	-	1,760,013	-	1,760,013
Transfers in	50,000	-	7,578,084	(2,534,276)	5,093,808
Transfers out	(2,744,209)	(13,780,300)	(3,953,054)	2,534,276	(17,943,287)
Total Other Financing Sources (Uses)	\$ (2,694,209)	\$ (4,880,300)	\$ 73,858,751	\$ -	\$ 66,284,242
Net Change in Fund Balances	\$ 2,461,206	\$ 29,328,562	\$ (3,340,671)	\$ -	\$ 28,449,097
FUND BALANCE - Beginning of Year	6,274,125	42,736,910	70,691,746	-	119,702,781
FUND BALANCE - END OF YEAR	\$ 8,735,331	\$ 72,065,472	\$ 67,351,075	\$ -	\$ 148,151,878

STATISTICAL SECTION

CITY OF MADISON

INDEX TO THE STATISTICAL SECTION December 31, 2022

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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 MADISONNET POSITION BY COMPONENT
Last Ten Fiscal Years

Functions/Programs	Fiscal Year			
	2022	2021	2020	2019
Governmental Activities				
Net investment in capital assets	\$ 730,947,820	\$ 740,301,263	\$ 754,118,252	\$ 745,491,927
Restricted	284,926,186	227,446,780	164,047,971	104,497,274
Unrestricted (deficit)	<u>(64,009,118)</u>	<u>(84,650,758)</u>	<u>(78,459,632)</u>	<u>(40,596,812)</u>
Total Governmental Activities Net Position	<u>\$ 951,864,888</u>	<u>\$ 883,097,285</u>	<u>\$ 839,706,591</u>	<u>\$ 809,392,389</u>
Business-type Activities				
Net investment in capital assets	\$ 653,082,716	\$ 620,926,585	\$ 586,205,054	\$ 594,855,763
Restricted	47,516,232	42,511,591	30,844,343	16,272,554
Unrestricted	<u>34,538,697</u>	<u>21,006,005</u>	<u>19,103,962</u>	<u>21,768,407</u>
Total Business-type Activities Net Position	<u>\$ 735,137,645</u>	<u>\$ 684,444,181</u>	<u>\$ 636,153,359</u>	<u>\$ 632,896,724</u>
Primary Government				
Net investment in capital assets	\$ 1,384,030,536	\$ 1,361,227,848	\$ 1,340,323,306	\$ 1,340,347,690
Restricted	332,442,418	269,958,371	194,892,314	120,769,828
Unrestricted (deficit)	<u>(29,470,421)</u>	<u>(63,644,753)</u>	<u>(59,355,670)</u>	<u>(18,828,405)</u>
Total Primary Government Net Position	<u>\$ 1,687,002,533</u>	<u>\$ 1,567,541,466</u>	<u>\$ 1,475,859,950</u>	<u>\$ 1,442,289,113</u>

Source: City of Madison Finance Department

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 722,844,218	\$ 713,627,552	\$ 696,130,916	\$ 686,732,418	\$ 697,100,797	\$ 669,740,170
143,527,401	142,807,418	112,778,836	130,519,817	96,845,672	102,065,176
<u>(53,568,052)</u>	<u>(5,615,467)</u>	<u>40,794,284</u>	<u>24,198,147</u>	<u>(11,365,460)</u>	<u>(15,122,827)</u>
<u>\$ 812,803,567</u>	<u>\$ 850,819,503</u>	<u>\$ 849,704,036</u>	<u>\$ 841,450,382</u>	<u>\$ 782,581,009</u>	<u>\$ 756,682,519</u>
\$ 533,375,162	\$ 494,387,567	\$ 459,130,784	\$ 449,895,013	\$ 439,940,358	\$ 425,067,257
29,207,255	12,787,770	12,101,837	17,878,796	9,239,578	7,321,422
48,708,804	61,701,866	78,720,796	67,862,809	58,556,914	51,792,342
<u>\$ 611,291,221</u>	<u>\$ 568,877,203</u>	<u>\$ 549,953,417</u>	<u>\$ 535,636,618</u>	<u>\$ 507,736,850</u>	<u>\$ 484,181,021</u>
\$ 1,256,219,380	\$ 1,208,015,119	\$ 1,155,261,700	\$ 1,136,627,431	\$ 1,137,041,155	\$ 1,094,807,427
172,734,656	155,595,188	124,880,673	148,398,613	106,085,250	109,386,598
<u>(4,859,248)</u>	<u>56,086,399</u>	<u>119,515,080</u>	<u>92,060,956</u>	<u>47,191,454</u>	<u>36,669,515</u>
<u>\$ 1,424,094,788</u>	<u>\$ 1,419,696,706</u>	<u>\$ 1,399,657,453</u>	<u>\$ 1,377,087,000</u>	<u>\$ 1,290,317,859</u>	<u>\$ 1,240,863,540</u>

Table 2

CITY OF MADISON

CHANGES IN NET POSITION Last Ten Fiscal Years

	Fiscal Year			
	2022 ⁵	2021	2020	2019
Primary Government				
Expenses				
Governmental activities				
General government	\$ 40,521,094	\$ 34,545,400	\$ 38,953,333	\$ 41,586,079
Administration	-	-	-	-
Public safety	140,858,019	137,071,682	160,688,660	160,822,447
Public works and transportation	93,589,275	94,686,457	88,638,696	92,141,702
Planning and development	93,517,253	75,710,257	34,620,491	46,925,502
Culture and recreation	44,991,217	41,920,554	45,742,613	46,900,454
Interest and fiscal charges	9,921,604	9,802,741	9,759,723	9,458,851
Total governmental activities	<u>\$ 423,398,462</u>	<u>\$ 393,737,091</u>	<u>\$ 378,403,516</u>	<u>\$ 397,835,035</u>
Business-type activities				
Water	31,987,549	30,510,250	31,740,380	33,477,692
Sewer	44,495,272	44,299,588	41,421,083	42,448,262
Stormwater	17,391,257	16,843,807	18,726,791	16,805,641
Parking utility	14,563,115	13,478,024	20,598,205	12,313,365
Transit	61,558,057	58,557,772	61,180,712	64,781,713
Convention center	10,335,881	8,087,693	9,227,892	11,484,032
Golf courses	3,611,869	3,324,184	3,195,406	3,106,737
Total business-type activities	<u>\$ 183,943,000</u>	<u>\$ 175,101,318</u>	<u>\$ 186,090,469</u>	<u>\$ 184,417,442</u>
Total Primary Government Expenses	<u>\$ 607,341,462</u>	<u>\$ 568,838,409</u>	<u>\$ 564,493,985</u>	<u>\$ 582,252,477</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 3,718,460	\$ 3,163,091	\$ 2,883,298	\$ 3,667,402
Public safety	18,903,111	15,801,519	13,036,691	15,971,106
Public works and transportation	22,873,933	15,441,647	15,754,947	17,545,762
Planning and development	11,624,114	11,545,986	9,471,241	5,157,300
Culture and recreation	1,851,072	1,824,192	1,233,071	6,750,159
Operating grants and contributions	94,160,780	55,788,288	29,798,074	25,742,434
Capital grants and contributions	17,156,189	17,109,137	17,230,566	18,751,727
Total governmental activities program revenues	<u>\$ 170,287,659</u>	<u>\$ 120,673,860</u>	<u>\$ 89,407,888</u>	<u>\$ 93,585,890</u>
Business-type activities				
Charges for services				
Water	48,139,943	48,111,893	44,929,870	43,944,888
Sewer	50,964,628	47,618,433	42,739,775	40,947,494
Stormwater	22,506,277	21,611,202	19,597,848	17,293,542
Parking utility	12,315,056	8,710,330	6,848,767	16,739,751
Transit	10,559,127	10,122,406	9,429,535	15,067,977
Convention center	4,186,887	1,519,386	1,193,688	5,184,806
Golf courses	4,271,349	4,193,247	3,613,737	2,727,858
Operating grants and contributions	31,607,163	31,353,819	39,772,472	28,104,899
Capital grants and contributions	18,802,218	20,725,078	13,608,377	11,995,773
Total business-type activities program revenues	<u>\$ 203,352,648</u>	<u>\$ 193,965,794</u>	<u>\$ 181,734,069</u>	<u>\$ 182,006,988</u>
Total Primary Government Program Revenue	<u>\$ 373,640,307</u>	<u>\$ 314,639,654</u>	<u>\$ 271,141,957</u>	<u>\$ 275,592,878</u>
Net (expense)/revenue				
Government activities	\$ (253,110,803)	\$ (273,063,231)	\$ (288,995,628)	\$ (304,249,145)
Business-type activities	19,409,648	18,864,476	(4,356,400)	(2,410,454)
Total Primary Government	<u>\$ (233,701,155)</u>	<u>\$ (254,198,755)</u>	<u>\$ (293,352,028)</u>	<u>\$ (306,659,599)</u>

Fiscal Year					
2018	2017 ⁴	2016	2015	2014 ³	2013
\$ 38,195,056	\$ 37,776,791	\$ 38,026,460	\$ 32,364,752 ¹	\$ 2,121,656	\$ 2,255,651
-	-	-	-	22,848,442	20,687,499
145,499,533	145,485,840	138,832,946	127,693,407	115,721,627	113,255,320
91,619,298	78,568,257	73,049,893	76,018,961	73,923,377	81,105,591
41,665,883	44,592,108	37,986,391	48,069,978	67,065,104	57,401,249
43,669,631	45,818,401	40,912,451	40,131,614 ²	17,345,247	14,714,621
8,581,608	9,021,539	8,673,810	8,521,134	8,527,351	11,180,783
<u>\$ 369,231,009</u>	<u>\$ 361,262,936</u>	<u>\$ 337,481,951</u>	<u>\$ 332,799,846</u>	<u>\$ 307,552,804</u>	<u>\$ 300,600,714</u>
32,190,652	31,574,165	27,087,143	26,845,428	25,954,120	25,549,223
38,804,951	36,428,410	34,597,239	32,799,172	30,879,641	29,045,341
14,675,487	13,334,019	12,800,118	13,176,054	12,341,348	11,978,662
10,406,064	10,102,429	9,070,617	9,070,059	9,326,944	9,023,631
61,746,157	64,998,558	64,010,188	61,721,601	61,402,871	58,787,093
11,169,804	10,946,668	10,348,530	9,311,942	10,252,087	10,093,985
3,124,969	3,127,281	3,320,180	2,835,591	2,861,549	2,909,508
<u>\$ 172,118,084</u>	<u>\$ 170,511,530</u>	<u>\$ 161,234,015</u>	<u>\$ 155,759,847</u>	<u>\$ 153,018,560</u>	<u>\$ 147,387,443</u>
<u>\$ 541,349,093</u>	<u>\$ 531,774,466</u>	<u>\$ 498,715,966</u>	<u>\$ 488,559,693</u>	<u>\$ 460,571,364</u>	<u>\$ 447,988,157</u>
\$ 4,166,311	\$ 4,158,506	\$ 1,582,945	\$ 1,327,316 ¹	\$ 3,044,967	\$ 3,099,468
14,159,152	15,009,256	15,791,545	15,283,825	13,034,385	13,457,460
17,443,301	11,634,568	10,131,496	3,337,537	12,098,555	8,237,731
3,307,780	10,074,010	10,439,621	10,717,502	3,455,614	3,522,503
6,715,572	6,443,102	5,135,854	3,189,570 ²	592,074	561,459
20,186,786	15,800,682	16,115,215	18,037,173	13,328,609	15,023,919
15,202,376	21,289,542	13,861,387	24,293,877	41,419,302	30,504,459
<u>\$ 81,181,278</u>	<u>\$ 84,409,666</u>	<u>\$ 73,058,063</u>	<u>\$ 76,186,800</u>	<u>\$ 86,973,506</u>	<u>\$ 74,406,999</u>
35,099,182	34,919,941	35,552,491	29,513,563	29,866,020	28,922,282
37,923,065	36,080,764	34,293,941	32,845,454	33,241,202	30,909,466
16,002,076	15,635,997	15,188,100	14,586,406	14,423,757	13,723,265
15,527,351	16,018,656	14,923,974	13,660,478	13,361,272	12,320,855
16,654,793	18,503,174	18,328,051	18,045,485	18,010,975	17,468,166
5,582,570	5,028,238	5,442,720	4,686,368	4,359,290	4,595,060
2,434,016	2,832,151	3,187,116	3,052,335	2,652,013	2,676,118
29,436,884	29,384,584	27,269,559	27,087,906	26,399,858	25,915,025
17,075,653	16,335,615	14,482,850	13,694,134	18,075,551	7,746,128
<u>\$ 175,735,590</u>	<u>\$ 174,739,120</u>	<u>\$ 168,668,802</u>	<u>\$ 157,172,129</u>	<u>\$ 160,389,938</u>	<u>\$ 144,276,365</u>
<u>\$ 256,916,868</u>	<u>\$ 259,148,786</u>	<u>\$ 241,726,865</u>	<u>\$ 233,358,929</u>	<u>\$ 247,363,444</u>	<u>\$ 218,683,364</u>
\$(288,049,731)	\$(276,853,270)	\$(264,423,888)	\$(256,613,046)	\$(220,579,298)	\$(226,193,715)
3,617,506	4,227,590	7,434,787	1,412,282	7,371,378	(3,111,078)
<u>\$(284,432,225)</u>	<u>\$(272,625,680)</u>	<u>\$(256,989,101)</u>	<u>\$(255,200,764)</u>	<u>\$(213,207,920)</u>	<u>\$(229,304,793)</u>

Table 2 (Cont.)

CITY OF MADISON

CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year			
	2022	2021	2020	2019
Governmental Activities:				
Taxes				
Property taxes, levied for general purposes	\$ 240,440,441	\$ 237,466,156	\$ 231,086,115	\$ 224,423,270
Property taxes, levied for the library	19,066,904	18,849,564	19,163,603	17,703,565
Property taxes, levied for TIF districts	36,688,144	32,595,416	25,533,533	19,241,269
Other taxes	20,012,520	13,595,359	7,174,015	20,311,690
Intergovernmental revenues not restricted to specific programs	27,906,006	28,354,484	28,322,440	26,647,087
Investment income	(7,445,530)	(281,153)	5,753,519	9,322,707
Miscellaneous	3,540,185	1,780,443	1,818,362	3,000,331
Gain (loss) on sale of assets	4,267,116	3,079,973	595,515	553,157
Transfers - Internal	(22,597,380)	(18,986,317)	(137,272)	(20,365,109)
Total governmental activities general revenues	<u>\$ 321,878,406</u>	<u>\$ 316,453,925</u>	<u>\$ 319,309,830</u>	<u>\$ 300,837,967</u>
Business-type Activities:				
Other taxes	6,868,624	6,902,604	6,023,521	-
Investment income	896,175	289,125	1,079,000	2,736,703
Miscellaneous	1,188,046	330,458	373,242	553,172
Gain (loss) on sale of assets	(47,073)	2,917,842	-	360,973
Special item - Water utility	-	-	-	-
Transfers - Internal	22,597,380	18,986,317	137,272	20,365,109
Total business-type activities general revenues	<u>\$ 31,503,152</u>	<u>\$ 29,426,346</u>	<u>\$ 7,613,035</u>	<u>\$ 24,015,957</u>
Total Primary Government General Revenues	<u>\$ 353,381,558</u>	<u>\$ 345,880,271</u>	<u>\$ 326,922,865</u>	<u>\$ 324,853,924</u>
Change in Net Position				
Governmental activities	\$ 68,767,603	\$ 43,390,694	\$ 30,314,202	\$ (3,411,178)
Business-type activities	<u>50,912,800</u>	<u>48,290,822</u>	<u>3,256,635</u>	<u>21,605,503</u>
Total Primary Government Change in Net Position	<u>\$ 119,680,403</u>	<u>\$ 91,681,516</u>	<u>\$ 33,570,837</u>	<u>\$ 18,194,325</u>

Source: City of Madison Finance Department

- ¹ Beginning in 2015 Administration is included in the general government
- ² Beginning in 2015 Parks is included in culture and recreation
- ³ December 31, 2014, restated net position for GASB 68
- ⁴ December 31, 2017, restated net position for GASB 75
- ⁵ December 31, 2022, restated net position for GASB 87

Fiscal Year					
2018	2017 ⁴	2016	2015	2014 ³	2013
\$ 213,268,863	\$ 203,006,609	\$ 194,019,578	\$ 188,040,216	\$ 182,858,993	\$ 179,480,708
17,779,030	16,915,564	16,288,835	15,453,334	14,513,083	13,839,511
30,545,605	19,043,987	17,893,720	13,759,032	11,939,533	10,134,337
19,280,303	17,027,958	15,957,567	15,261,034	13,606,870	12,240,012
25,393,200	25,915,387	23,943,199	24,058,453	25,723,753	24,711,209
5,854,258	4,473,178	4,810,159	2,804,384	4,914,140	(673,893)
2,783,864	2,057,816	4,051,870	5,193,375	4,605,664	4,402,902
551,145	1,209,681	1,024,070	1,351,317	3,659,078	1,944,748
<u>(45,640,707)</u>	<u>(11,681,443)</u>	<u>(5,311,456)</u>	<u>(11,550,524)</u>	<u>(15,343,326)</u>	<u>(12,338,829)</u>
<u>\$ 269,815,561</u>	<u>\$ 277,968,737</u>	<u>\$ 272,677,542</u>	<u>\$ 254,370,621</u>	<u>\$ 246,477,788</u>	<u>\$ 233,740,705</u>
-	-	-	-	-	-
1,817,938	1,870,056	1,123,765	838,752	878,504	393,470
371,411	1,080,123	443,209	498,258	490,977	1,951,480
7,968	9,825	3,582	(1,080,767)	370,450	(1,778,331)
-	54,749	-	-	-	-
<u>45,640,707</u>	<u>11,681,443</u>	<u>5,311,456</u>	<u>11,550,524</u>	<u>15,343,326</u>	<u>12,338,829</u>
<u>\$ 47,838,024</u>	<u>\$ 14,696,196</u>	<u>\$ 6,882,012</u>	<u>\$ 11,806,767</u>	<u>\$ 17,083,257</u>	<u>\$ 12,905,448</u>
<u>\$ 317,653,585</u>	<u>\$ 292,664,933</u>	<u>\$ 279,559,554</u>	<u>\$ 266,177,388</u>	<u>\$ 263,561,045</u>	<u>\$ 246,646,153</u>
\$ (18,234,170)	\$ 1,115,467	\$ 8,253,654	\$ (2,242,425)	\$ 25,898,490	\$ 7,546,990
<u>51,455,530</u>	<u>18,923,786</u>	<u>14,316,799</u>	<u>13,219,049</u>	<u>24,454,635</u>	<u>9,794,370</u>
<u>\$ 33,221,360</u>	<u>\$ 20,039,253</u>	<u>\$ 22,570,453</u>	<u>\$ 10,976,624</u>	<u>\$ 50,353,125</u>	<u>\$ 17,341,360</u>

Table 3

CITY OF MADISON

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 4,043,216	\$ 3,615,426	\$ 3,740,399	\$ 4,209,585	\$ 3,570,997	\$ 6,676,920	\$ 4,700,292	\$ 8,729,033	\$ 8,222,830	\$ 8,146,653
Restricted	677,680	763,680	763,680	779,273	822,139	-	-	-	-	-
Assigned	18,620,248	17,056,222	22,329,709	9,977,440	8,645,543	9,495,705	10,209,047	7,479,909	8,877,458	13,064,529
Unassigned	66,116,185	56,371,768	43,978,379	53,171,709	49,318,212	42,025,347	39,306,185	38,428,656	39,157,966	38,581,069
Total General Fund	\$ 89,457,329	\$ 77,807,096	\$ 70,812,167	\$ 68,138,007	\$ 62,356,891	\$ 58,197,972	\$ 54,215,524	\$ 54,637,598	\$ 56,258,254	\$ 59,792,251
All Other Governmental Funds										
Nonspendable	\$ 3,805,607	\$ 3,731,662	\$ 3,332,463	\$ 2,705,488	2,682,667	\$ 2,484,251	\$ 2,541,344	\$ 636,096	\$ -	\$ -
Restricted	220,977,185	195,479,558	174,940,774	123,797,287	134,274,680	154,674,606	110,607,410	73,582,930	-	-
Committed	1,321,583	1,944,324	3,144,761	4,458,560	12,435,477	1,007,604	1,591,645	4,552,377	-	-
Assigned	18,427,001	13,996,121	15,193,759	8,352,618	21,407,705	15,421,485	20,533,818	19,028,843	-	-
Unassigned (deficit)	(381,369)	-	(2,942,965)	-	(11,323,728)	(15,553,974)	-	-	-	-
Total All Other Governmental Funds	\$ 244,150,007	\$ 215,151,665	\$ 193,668,792	\$ 139,313,953	159,476,801	\$ 158,033,972	\$ 135,274,217	\$ 97,800,246	\$ 92,029,459	\$ 101,321,844
Total Fund Balances	\$ 333,607,336	\$ 292,958,761	\$ 264,480,959	\$ 207,451,960	\$ 221,833,692	\$ 216,231,944	\$ 189,489,741	\$ 152,437,844	\$ 148,287,713	\$ 161,114,095

Source: City of Madison Finance Department

Table 4

CITY OF MADISON

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year			
	2022	2021	2020	2019
REVENUES				
Taxes	\$ 316,178,224	\$ 302,476,710	\$ 282,957,266	\$ 281,679,794
Special assessments	4,859,465	3,450,558	3,602,951	4,275,595
Intergovernmental	120,396,593	85,050,941	57,501,002	53,026,886
Licenses and permits	9,557,243	8,669,008	6,777,447	7,700,349
Fines and forfeitures	5,419,349	4,843,905	3,902,015	6,452,870
Intergovernmental charges for services	299,303	2,711,804	7,451,554	8,895,746
Public charges for services	37,621,712	32,320,119	27,763,211	25,964,230
Investment income (loss)	(7,622,530)	1,061,190	5,897,383	10,239,976
Grants and donations	-	-	-	-
Miscellaneous	9,725,746	3,360,896	2,122,070	9,776,653
Total Revenues	<u>\$ 496,435,105</u>	<u>\$ 443,945,131</u>	<u>\$ 397,974,899</u>	<u>\$ 408,012,099</u>
EXPENDITURES				
Current				
General government	40,100,617	35,667,873	36,388,954	37,782,876
Administration	-	-	-	-
Public safety	156,889,232	153,352,890	152,915,661	141,678,912
Public works and transportation	63,438,500	59,818,181	56,052,468	49,812,437
Culture and recreation	36,549,928	35,462,392	35,808,899	38,601,471
Planning and development	90,314,054	80,216,662	32,563,191	40,343,000
Capital Outlay	63,528,119	40,882,641	44,141,333	98,526,072
Debt service				
Principal retirement	73,808,452	86,634,779	80,381,093	62,776,875
Interest and fiscal charges	12,056,176	13,198,761	13,909,701	13,896,552
Lease principal payment	1,409,630	-	-	-
Lease interest payment	68,805	-	-	-
Total Expenditures	<u>\$ 538,163,513</u>	<u>\$ 505,234,179</u>	<u>\$ 452,161,300</u>	<u>\$ 483,418,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (41,728,408)</u>	<u>\$ (61,289,048)</u>	<u>\$ (54,186,401)</u>	<u>\$ (75,406,096)</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	72,241,653	87,524,493	60,452,362	64,654,330
Intergovernmental loans	5,422,142	-	-	-
General obligation refunding debt issued	-	-	45,978,388	-
Premium on debt issued	6,310,064	8,647,860	2,443,803	6,325,495
Interest on capital leases	-	-	-	-
Sale of capital assets	2,808,001	1,706,684	79,408	80,999
Transfers in	113,603,724	101,618,524	87,818,405	102,540,800
Transfers out	<u>(118,008,601)</u>	<u>(109,730,711)</u>	<u>(85,556,966)</u>	<u>(112,577,261)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 82,376,983</u>	<u>\$ 89,766,850</u>	<u>\$ 111,215,400</u>	<u>\$ 61,024,363</u>
Net Change in Fund Balances	<u>\$ 40,648,575</u>	<u>\$ 28,477,802</u>	<u>\$ 57,028,999</u>	<u>\$ (14,381,733)</u>
Debt services as a percentage of non-capital expenditures	17.7 %	21.3 %	23.0 %	19.2 %

Source: City of Madison Finance Department

- 1 2015 double the number of assessment fund districts finalized than in previous years.
- 2 Beginning in 2015 Administration was consolidated to general government.
- 3 Beginning in 2013, the non-capitalized portion of capital outlay has been included in 'non-capital expenditures'. The non-capitalized portion of capital outlay can be found on page 54.
- 4 Beginning in 2017, smaller donations for the library were reclassified to miscellaneous revenue.
- 5 Effective October 30th, 2022, the Town of Madison was merged with the cities of Madison and Fitchburg.

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 280,873,801	\$ 255,994,118	\$ 244,159,701	\$ 232,513,616	\$ 222,918,478	\$ 215,694,569
4,294,695	3,603,220	3,380,545	6,510,649 ¹	3,555,076	3,433,496
46,151,555	47,533,164	44,713,157	48,120,548	42,048,795	42,699,076
8,223,531	8,003,350	9,638,235	6,975,916	5,563,190	5,694,748
6,360,901	6,614,108	7,694,509	7,012,225	6,583,550	7,003,338
4,998,982	-	-	-	-	-
22,471,566	31,423,696	24,096,115	23,560,642	12,349,216	11,674,054
7,333,935	4,328,764	4,721,172	2,750,270	4,712,405	(928,585)
-	- ⁴	1,094,437	326,485	691,517	2,875,771
2,857,539	3,185,339	2,112,144	5,017,982	11,606,825	14,295,196
<u>\$ 383,566,505</u>	<u>\$ 360,685,759</u>	<u>\$ 341,610,015</u>	<u>\$ 332,788,333</u>	<u>\$ 310,029,052</u>	<u>\$ 302,441,663</u>
35,804,545	35,066,148	35,057,714	30,180,556	4,790,434	1,645,978
-	-	-	- ²	21,328,316	19,942,313
136,200,771	130,557,767	127,780,666	121,413,860	114,952,846	113,057,244
48,124,008	43,994,136	44,207,213	45,448,660	56,788,138	55,384,932
36,377,166	37,585,445	31,595,640	32,842,736	13,275,660	12,533,252
40,853,027	36,710,172	34,556,301	29,073,026	34,043,194	34,687,925
120,587,477	73,795,990	41,803,806	74,653,601	57,605,100	58,901,304
63,584,609	54,504,739	59,714,249	53,233,284	47,826,378	47,589,243
12,404,803	11,278,441	11,545,249	11,247,273	10,959,890	11,439,196
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 493,936,406</u>	<u>\$ 423,492,838</u>	<u>\$ 386,260,838</u>	<u>\$ 398,092,996</u>	<u>\$ 361,569,956</u>	<u>\$ 355,181,387</u>
<u>\$(110,369,901)</u>	<u>\$(62,807,079)</u>	<u>\$(44,650,823)</u>	<u>\$(65,304,663)</u>	<u>\$(51,540,904)</u>	<u>\$(52,739,724)</u>
87,675,220	87,634,104	71,076,662	66,802,278	42,529,234	48,926,937
-	-	-	-	-	-
-	-	10,610,598	6,698,966	-	-
4,759,354	6,602,862	5,069,697	4,865,460	4,757,647	4,172,560
3,960,000	-	-	-	-	-
812,802	2,582,286	628,630	1,351,317	3,659,078	1,944,748
113,518,626	85,584,748	78,898,569	74,112,020	73,033,560	72,023,687
<u>(123,047,235)</u>	<u>(92,854,718)</u>	<u>(84,581,436)</u>	<u>(84,375,247)</u>	<u>(85,264,997)</u>	<u>(84,682,383)</u>
<u>\$ 87,678,767</u>	<u>\$ 89,549,282</u>	<u>\$ 81,702,720</u>	<u>\$ 69,454,794</u>	<u>\$ 38,714,522</u>	<u>\$ 42,385,549</u>
<u>\$(22,691,134)</u>	<u>\$ 26,742,203</u>	<u>\$ 37,051,897</u>	<u>\$ 4,150,131</u>	<u>\$(12,826,382)</u>	<u>\$(10,354,175)</u>
19.8 %	18.2 %	20.2 %	18.9 %	19.1 %	19.1 % ³

Table 5

CITY OF MADISON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

(in thousands)

Fiscal Year	Levy Year						Personal Property ⁵	Total Assessed Value ¹	Less: TIF Increment Value ²	Total Taxable Assessed Value	Total Direct Tax Rate	Equalized Value	Ratio of Assessed to Equalized ³
		Residential	Commercial	Manufacturing	Agricultural	Other							
2022	2021	\$ 22,693,088	\$ 13,234,201	\$ 378,561	\$ 6,847	\$ 5,627	\$ 656,190	\$ 36,974,514	\$ 1,877,009	35,097,505	8.31 %	38,606,699	95.8 %
2021	2020	20,126,193	11,544,662	385,138	5,411	4,720	665,046	32,731,170	1,572,209	31,158,961	8.67	32,940,368	99.4
2020	2019	18,787,992	11,113,686	359,257	4,034	10,648	660,121	30,935,738	1,416,204	29,519,534	8.90	33,036,794	93.6
2019	2018	17,836,985	10,359,906	351,400	4,266	15,937	619,613	29,188,107	1,092,809	28,095,298	9.04	30,910,698	94.4
2018	2017	16,795,804	9,902,126	261,092	4,017	17,279	593,760	27,574,078	808,555	26,765,523	9.22	28,727,408	96.0
2017 ⁴	2016	15,736,372	9,513,217	261,837	3,980	18,555	751,388	26,285,349	1,226,207	25,059,142	9.47	26,768,654	98.2
2016	2015	14,772,268	8,154,921	257,207	3,815	18,752	732,471	23,939,434	746,325	23,193,109	9.49	24,596,422	97.3
2015	2014	14,139,751	7,689,111	249,363	5,187	15,683	712,141	22,811,236	701,631	22,109,605	9.48	23,685,668	96.3
2014	2013	13,636,868	7,347,451	247,797	6,661	16,225	703,178	21,958,180	551,556	21,406,624	9.50	22,710,892	96.7
2013	2012	13,223,785	7,118,629	268,622	5,495	14,782	719,138	21,350,451	461,115	20,889,336	9.30	21,853,251	97.7

Source: Statement of Assessment for the City of Madison

¹ Total Assessed Value does not include exempt properties. The City of Madison Assessor's Office does not assess property classified as exempt.

² TIF assessments are taxable only to the districts

³ Assessment ratio is calculated by the State of Wisconsin Equalization Board

⁴ Amended Statement of Assessment submitted to Wisconsin Department of Revenue

⁵ The change in personal property value is due to a change in state law exempting certain personal property from taxation

Table 6

CITY OF MADISON

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			
	Library	General Fund	Total Direct	Madison School District ¹	Dane County	State of Wisconsin ²	Madison Area Technical College
2022	\$ 0.61	\$ 7.71	\$ 8.31	\$ 11.50	\$ 2.69	-	\$ 0.81
2021	0.64	8.04	8.67	11.92	2.84	-	0.92
2020	0.68	8.24	8.90	11.78	2.87	-	0.94
2019	0.66	8.42	9.04	11.58	2.91	-	0.95
2018	0.72	8.60	9.22	11.99	3.09	-	0.97
2017	0.73	8.76	9.47	12.26	3.03	0.17	0.99
2016	0.74	8.76	9.49	12.54	3.06	0.18	0.96
2015	0.72	8.77	9.48	12.38	3.02	0.18	0.97
2014	0.69	8.81	9.50	12.16	2.97	0.17	1.89
2013	0.67	8.65	9.30	11.80	2.87	0.17	1.86

Source: Annual City of Madison Adopted Operating Budget

Rates are per \$1,000 of assessed value.

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

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

Table 7

CITY OF MADISON

PRINCIPAL PROPERTY TAXPAYERS Prior Year and Ten Years Ago

Tax Payer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CG Growth LLC	\$ 164,765,000	1	0.53 %	\$ -	-	- %
American Family Insurance	132,034,700	2	0.42	163,071,400	2	0.77
Madison Malls Ground LLC	107,353,000	3	0.34	-	-	-
University Research Park, Inc.	91,644,900	4	0.29	-	-	-
Core Campus Madison LLC	89,500,000	5	0.29	-	-	-
Covance Laboratories, Inc.	78,699,000	6	0.25	117,717,000	5	0.56
Core Campus II Madison LLC	76,700,000	7	0.25	-	-	-
777 University Ave LLC	68,979,700	8	0.22	-	-	-
AX Madison Junction LP	62,830,000	9	0.20	-	-	-
Domain Apartments LLC	58,210,000	10	0.19	-	-	-
Madison Joint Venture	-	-	-	187,304,500	1	0.88
Stephen D Brown Properties	-	-	-	131,305,900	3	0.62
Wingra Building Group/Dean Medical Center	-	-	-	122,715,100	4	0.58
McCormick/Soderholm Properties	-	-	-	114,749,000	6	0.54
Gialamas Company	-	-	-	101,571,400	7	0.48
Terrance R. Wall	-	-	-	96,376,300	8	0.45
Mullins, Carol	-	-	-	82,886,400	9	0.39
Urban Land Interest	-	-	-	73,076,500	10	0.34
Total	\$ 930,716,300		2.98 %	\$ 1,190,773,500		5.62 %

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

Source: City of Madison Assessor's Office

Table 8

CITY OF MADISON

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Levy Year ¹	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections of the Levy in Subsequent Years	Total Collections to Date ¹	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2022	2021	\$ 259,044,042	\$ 258,775,993	99.90 %	\$ -	\$ 258,775,993	99.90 %
2021	2020	255,933,573	254,746,725	99.54	1,072,377	255,819,102	99.96
2020	2019	250,016,152	249,178,049	99.66	708,153	249,886,202	99.95
2019	2018	241,829,722	240,941,642	99.63	754,115	241,695,757	99.94
2018	2017	231,041,537	229,767,881	99.45	1,214,599	230,982,480	99.97
2017	2016	219,728,630	219,181,700	99.75	482,333	219,664,033	99.97
2016	2015	209,856,552	209,124,596	99.65	671,644	209,796,240	99.97
2015	2014	202,870,333	202,157,694	99.65	613,578	202,771,272	99.95
2014	2013	198,441,725	197,888,080	99.72	479,688	198,367,768	99.96
2013	2012	193,400,074	192,614,826	99.59	667,104	193,281,930	99.94

Source: City of Madison Finance Department

Note - All delinquent real estate taxes are purchased 100% by Dane County.

¹ Collections as of January 31, 2022.

Table 9

CITY OF MADISON

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Debt	Restricted Debt Service	Net General Obligation Debt	Ratio of Net General Obligation Debt to Equalized Property Value ¹	Net General Obligation Debt Per Capita ²
2022	\$ 625,687,903	\$ 20,123,572	\$ 605,564,331	1.57 %	\$ 2,168
2021	598,306,424	18,819,139	579,487,285	1.76	2,219
2020	602,019,368	15,241,038	586,778,330	1.78	2,263
2019	548,761,844	19,692,455	529,069,389	1.71	2,070
2018	512,385,646	17,648,002	494,737,644	1.72	1,959
2017	474,670,956	16,951,496	457,719,460	1.71	1,830
2016	433,785,148	15,658,006	418,127,142	1.70	1,691
2015	404,537,868	15,028,581	389,509,287	1.64	1,608
2014	377,337,106	16,527,618	360,809,488	1.59	1,502
2013	372,778,147	16,405,285	356,372,862	1.63	1,504

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 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 232.

² Population data can be found in Table 15: Demographic and Economic Statistics, on page 242.

Table 10

CITY OF MADISON

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita
	General Obligation Debt	Other Loans/Notes	Leases	General Obligation Debt	Water Utility	Sanitary Sewer Utility	Leases			
2022	\$ 531,832,125	\$ 5,422,142	\$ 4,722,496	\$ 93,855,778	\$ 164,350,711	\$ 60,971,187	\$ 10,090,814	\$ 871,245,253	4.22 %	\$ 3,112
2021	529,243,688	-	820,000	69,062,736	207,796,320	49,811,881	-	856,734,625	4.82	3,305
2020	526,266,750	-	1,620,000	75,752,618	218,334,794	59,299,893	-	881,274,055	5.11	3,408
2019	486,801,626	-	2,405,000	61,960,218	226,823,268	44,342,529	260,500	822,593,141	5.06	3,218
2018	466,130,630	-	3,170,000	46,255,016	222,179,105	52,606,786	1,025,500	791,367,037	5.24	3,134
2017	433,330,438	-	4,181,585	41,340,518	187,690,887	42,900,834	1,765,500	711,209,762	5.00	2,844
2016	395,721,685	-	4,881,585	38,063,463	197,686,093	46,572,358	2,510,500	685,435,684	4.99	2,773
2015	367,176,802	-	5,506,585	37,361,066	179,666,207	34,115,796	3,275,500	627,101,956	4.87	2,589
2014	342,207,487	-	6,061,585	35,129,619	141,968,952	36,790,831	4,020,500	566,178,974	4.58	2,358
2013	339,230,797	-	9,446,585	33,547,350	147,452,311	32,972,504	4,720,500	567,370,047	4.67	2,395

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 See Table 15: Demographic and Economic Statistics on page 242 for personal income and population data.

Table 11

CITY OF MADISON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of December 31, 2022

Government Unit	Governmental Activities Debt Outstanding	Percentage Applicable to City	Amount Applicable to City ²
Direct			
City of Madison	\$ 541,976,763	100.00 %	\$ 541,976,763
Indirect			
Dane County School Districts: ¹	512,920,000	43.91	225,223,172
DeForest	139,638,000	11.03	15,402,071
Madison Metropolitan	199,250,000	89.72	178,767,100
McFarland	57,120,000	10.46	5,974,752
Middleton-Cross Plains	185,020,000	22.73	42,055,046
Monona Grove	78,070,000	0.18	140,526
Sun Prairie Area	320,060,000	15.31	49,001,186
Verona	149,600,000	3.72	5,565,120
Waunakee Community	55,875,000	2.52	1,408,050
Madison Area Technical College	<u>171,190,000</u>	32.00	<u>54,780,800</u>
Total Overlapping	<u>\$ 1,868,743,000</u>		<u>\$ 578,317,823</u>
Total Direct and Overlapping	<u>\$ 2,410,719,763</u>		<u>\$ 1,120,294,586</u>

Source: City of Madison Finance Department

- ¹ Under Wisconsin annexation laws, properties annexed from one municipality to another do not automatically change school districts. Therefore, portions of the City of Madison are in seven school districts in addition to the Madison Metropolitan School District.
- ² The percent applicable to the City is calculated by dividing the City's equalized value into the total equalized value of the indirect debt entity.

Table 12

CITY OF MADISON

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

<i>(in thousands)</i>	Fiscal Year					Fiscal Year				
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Equalized Value ¹	\$ 38,606,699	\$ 32,940,368	\$ 33,036,794	\$ 30,910,698	\$ 28,727,408	\$ 26,768,654	\$ 24,596,422	\$ 23,685,668	\$ 22,710,892	\$ 21,853,251
Debt limit ²	1,930,335	1,647,018	1,651,840	1,545,535	1,436,370	1,338,433	1,229,821	1,184,283	1,135,545	1,092,663
Debt Applicable to Limit										
General Obligation Debt	586,701	562,693	569,848	519,336	484,747	447,740	409,860	381,836	355,769	352,797
General Obligation Debt - Joint Venture	1,410	1,682	2,005	2,055	2,314	905	745	559	676	698
Total debt applicable to debt limit	<u>\$ 588,111</u>	<u>\$ 564,375</u>	<u>\$ 571,853</u>	<u>\$ 521,391</u>	<u>\$ 487,061</u>	<u>\$ 448,645</u>	<u>\$ 410,605</u>	<u>\$ 382,395</u>	<u>\$ 356,445</u>	<u>\$ 353,495</u>
Less: Debt Service fund available for payment of principal	<u>\$ 20,124</u>	<u>\$ 18,819</u>	<u>\$ 15,241</u>	<u>\$ 19,692</u>	<u>\$ 17,648</u>	<u>\$ 16,951</u>	<u>\$ 15,658</u>	<u>\$ 15,029</u>	<u>\$ 16,528</u>	<u>\$ 16,405</u>
Net debt applicable to debt limit	<u>\$ 567,987</u>	<u>\$ 545,556</u>	<u>\$ 556,612</u>	<u>\$ 501,699</u>	<u>\$ 469,413</u>	<u>\$ 431,694</u>	<u>\$ 394,947</u>	<u>\$ 367,366</u>	<u>\$ 339,917</u>	<u>\$ 337,090</u>
Total debt applicable to the limit as a percentage of debt limit	30.5 %	34.3 %	34.6 %	33.7 %	33.9 %	33.5 %	33.4 %	32.3 %	31.4 %	32.4 %

¹ Source: Wisconsin Department of Revenue

² In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's Jurisdiction.

Table 13

CITY OF MADISON

PLEGGED REVENUE COVERAGE - SEWER UTILITY AND LANDFILL REMEDIATION Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ³	
2022	\$ 51,462,106	\$ 37,983,620	\$ 13,478,486	\$ 4,470,000	\$ 1,520,920	2.25
2021	47,812,020	37,549,401	10,262,619	4,340,000 ⁶	1,705,635	1.70
2020	43,000,162	36,217,953	6,782,209	3,605,000	1,577,583	1.31
2019	41,788,314	33,524,128	8,264,186	3,490,000 ⁵	1,857,893	1.55
2018	38,502,920	32,313,830	6,189,090	3,545,000	1,594,893	1.20
2017	36,503,015	29,551,555	6,951,460	3,455,000	1,696,584	1.35
2016	34,429,789	30,178,299	4,251,490	2,605,000	1,290,698	1.09
2015	33,001,939	26,528,035	6,473,904	2,515,000 ⁴	1,391,516	1.66
2014	33,841,450	25,705,916	8,135,534	2,015,000	1,215,554	2.52
2013	31,400,922	24,650,879	6,750,043	2,535,000	1,577,317	1.64

Source: City of Madison Finance Department

Note: Sewer Revenue Bonds are now backed by sewer rates only. Prior to 2020, the Sewer Revenue Bonds were also backed by landfill remediation fees.

¹ Operating Revenues plus investment income.

² Total Operating Expenses do not include interest, depreciation or amortization expenses.

³ Gross interest. Amount is not net of tax credits, when available.

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

⁵ Actual principal paid in 2019 was \$8,095,000 in order to retire \$4,605,000 of 2008 Revenue Bonds.

⁶ Actual principal paid in 2021 was \$9,175,000 in order to retire \$4,835,000 of 2010 Revenue Bonds.

Table 14

CITY OF MADISON

PLEDGED REVENUE COVERAGE - WATER UTILITY Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Operating Expenses ²	Net Available Revenues for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest ³	
2022	\$ 47,850,861	\$ 17,606,116	\$ 30,244,745	\$ 11,525,000	\$ 6,833,129	1.65
2021	48,080,279	15,927,457	32,152,822	12,705,000	5,999,067	1.72
2020	45,440,204	16,979,254	28,460,950	7,455,000	6,810,091	2.00
2019	44,956,425	17,285,238	27,671,187	9,255,000	8,837,736	1.53
2018	35,512,284	17,928,862	17,583,422	6,890,000	6,356,118	1.33
2017	35,431,200	18,431,561	16,999,639	8,825,000	7,535,483	1.04
2016	35,909,550	15,356,637	20,552,913	6,120,000	6,447,693	1.64
2015	29,744,626	15,250,082	14,494,544	5,935,000	5,416,433	1.28
2014	30,332,733	15,092,223	15,240,510	4,935,000	5,179,428	1.51
2013	28,964,481	14,122,833	14,841,648	3,975,000	4,367,205	1.78

Source: City of Madison Finance Department

Note: Water Utility Revenue Bond Covenant can be found in the Madison Water Utility Financial Statements.

¹ Operating Revenues plus investment income.

² Total Operating Expenses do not include interest, depreciation or amortization expenses.

³ Gross interest. Amount is not net of available tax credits, when available.

Table 15

CITY OF MADISON

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Fiscal Year	Population ¹	Personal Income ² <i>(in thousands)</i>	Per Capita Personal Income ³		Annualized Unemployment Rates ⁴		
			Dane County	State of Wisconsin	City of Madison	Dane County	State of Wisconsin
2022	279,012	\$ 20,602,392	\$ 73,841	\$ 61,210	2.1 %	2.2 %	2.9 %
2021	259,233	18,421,615	71,062	59,787	2.8	2.8	3.8
2020	257,197	17,149,124	66,677	55,904	4.8	4.8	6.3
2019	255,650	16,276,724	63,668	52,893	2.4	2.4	3.3
2018	252,546	15,242,919	60,357	50,908	2.2	2.2	3.0
2017	250,073	14,352,440	57,393	48,758	2.3	2.4	3.3
2016	247,207	13,784,262	55,760	47,205	2.9	2.9	4.1
2015	242,216	13,182,848	54,426	46,548	3.1	3.2	4.6
2014	240,153	12,403,662	51,649	44,709	3.7	3.8	5.5
2013	236,900	11,851,870	50,029	43,050	4.6	4.6	6.7

¹ Provided by Demographic Services Center, Wisconsin State Department of Administration, generally published August of the subsequent reporting period.

² Personal income is computed by multiplying City population by County per capita personal income.

³ Source - Bureau of Economic Analysis - U.S. Department of Commerce, except for 2021 Dane County, which is an estimate based on the prior nine years of growth.

⁴ Source - Department of Workforce Development - State of Wisconsin - Annualized Unemployment Rates.

Table 16

CITY OF MADISON

PRINCIPAL EMPLOYERS Prior Year and Ten Years Ago

Employer	2021			2012		
	Employees ¹	Rank	Percentage of Total Area Employment ²	Employees ³	Rank	Percentage of Total Area Employment
State of Wisconsin	45,058 ^{4,5}	1	11.21 %	16,300	2	4.96 %
University of Wisconsin	24,232 ^{4,5}	2	6.03	21,624	1	6.58
UW Health	15,500 ⁶	3	3.86	-		-
Epic Systems	9,700	4	2.41	6,704	4	2.04
SSM Health Care	6,850 ⁵	5	1.70	-		-
United States Government	5,724	6	1.42	4,990	6	1.52
Madison Metropolitan School District	4,030 ⁵	7	1.00	6,400	5	1.95
American Family Mutual Insurance Group	3,646 ⁵	8	0.91	3,392	10	1.03
Exact Sciences	3,206	9	0.80	-		-
UnityPoint Health - Meriter	3,130	10	0.78	3,424	8	1.04
University of Wisconsin Medical Foundation	-		-	3,794	7	1.15
Dean Health Systems	-		-	3,410	9	1.04
University Hospitals and Clinics	-		-	7,924	3	2.41
Total	121,076		30.12 %	77,962		23.72 %

¹ Sources: Madison InBusiness, 2020 Report; Dane County; UW Madison 2020-2021 Data Digest

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

³ Source: Telephone survey of individual employers, August 2011

⁴ Includes full- and part-time, limited term and student employees.

⁵ Includes full- and part-time employees.

⁶ Includes all State and University of Wisconsin employees within Dane County.

Table 17

CITY OF MADISON

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

Function/Program	Full-time Equivalent Employees (FTEs)			
	2022	2021	2020	2019
Public Safety and Health				
Fire	438	417	413	411
Police	606	598	604	599
Public Health - Madison and Dane County	180	157	146	143
Office of Independent Monitor ⁵	3	3	-	-
General Government				
Common Council	5	4	4	4
Mayor	12	12	12	12
Municipal Court	5	5	5	5
Administration				
Department of Civil Rights	21	19	18	18
Attorney	24	24	25	26
Assessor	26	24	24	24
Clerk	10	10	10	9
Treasurer	-	-	-	-
Finance	-	-	-	-
Information Technology	57	54	54	54
Human Resources	18	18	18	18
Employee Assistance Program ¹	4	4	4	4
Finance/City Treasurer ⁴	48	48	48	47
Public Facilities				
Monona Terrace	55	55	55	55
Department of Public Works and Transportation				
Engineering	146	144	144	117
Sewer Utility ²	17	17	17	38
Stormwater Utility ²	13	12	12	15
Parks	140	138	140	171
Golf Enterprise	8	8	8	8
Streets	235	229	227	191
Water Utility	130	130	130	130
Metro Transit	467	462	462	457
Traffic Engineering	68	67	66	67
Parking Utility	75	75	75	75
Fleet Services	37	39	43	43

Full-time Equivalent Employees (FTEs)

2018	2017	2016	2015	2014	2013
411	393	393	389	390	389
588	584	593	586	581	580
138	138	138	136	135	134
-	-	-	-	-	-
4	2	2	2	2	2
12	12	12	12	12	12
5	5	5	5	5	5
18	16	16	15	15	15
26	27	27	27	27	27
24	24	24	24	24	24
9	9	8	8	7	7
6	6	6	5	5	5
41	42	42	39	38	38
54	53	53	49	48	47
17	16	16	18	18	18
3	3	3	-	-	-
-	-	-	-	-	-
55	55	55	55	55	55
115	112	77	149	143	138
36	35	44	-	-	-
12	11	39	-	-	-
172	167	165	161	148	144
8	8	8	8	8	8
193	190	187	183	177	177
130	130	130	129	128	128
473	476	474	472	472	466
66	64	63	64	62	62
71	71	69	70	74	75
43	43	43	43	43	43

Table 17 (Cont.)

CITY OF MADISON

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

Function/Program	Full-time Equivalent Employees (FTEs)			
	2022	2021	2020	2019
Department of Planning & Community & Economic Development				
Office of the Director of Planning and Community and Economic Development	5	5	8	8
Community Development Authority Housing Operations and Redevelopment	53	53	52	49
Community Development Division ³	41	42	41	41
Economic Development Division	20	20	19	18
Planning Division	34	35	32	32
Building Inspection Division	45	44	46	46
Library	137	135	139	137
Total	3,183	3,107	3,101	3,072

Source - City's Annual Operating Budget

- ¹ Employee Assistance Program was created in 2016. Its functions were previously included in Human Resources.
- ² The City Engineer serves as the manager of the Sewer and Stormwater Utilities.
- ³ In 2012, 18 FTE's were moved to the Community Development Block Grant Office. Effective with the 2016 budget, Community Development Block Grant personnel have been moved to the Community Development Division.
- ⁴ The Finance and Treasurer's departments were consolidated in 2019.
- ⁵ The City created the Office of Independent Monitor in 2021.

Full-time Equivalent Employees (FTEs)					
2018	2017	2016	2015	2014	2013
8	8	8	8	7	7
43	43	43	41	40	41
41	39	39	37	36	38
17	17	16	16	18	18
36	36	32	32	30	29
46	45	48	47	47	47
135	131	131	128	127	124
3,056	3,011	3,009	2,958	2,922	2,903

Table 18

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Government				
Information Technology				
Webpage visits	5,953,396	7,144,554	5,896,319	6,114,219
Online payments transactions	571,247	511,281	468,774	423,443
Public Safety				
Fire				
EMS responses	27,938	24,170	22,865	21,667
Fire/service responses	6,581	6,174	10,111	9,357
Fires extinguished	611	342	361	412
Public Health				
Inspections/Pre-inspections	2,216	858	2,990	1,233
Police				
Calls for service	137,456	125,272 ³	216,867	211,507
Arrests	6,824	6,583 ⁴	13,797	12,455
Citations	2,196	2,289	3,711	4,193
Traffic violations	9,331	6,712	13,884	14,128
Public works and transportation				
Metro Transit				
Annual rides	5,458,011	4,639,909	12,856,514	13,230,698
Annual miles	4,707,689	4,417,771	5,084,961	5,109,240
Fleet Services				
Work Orders	8,500	8,435	9,552	8,570
Parking Utility				
Ramp Occupancy	37 %	35 %	64 %	69 %
Streets				
Tons of debris swept	6,473	5,950	7,837	4,802
Refuse collected (tons)	46,554	46,187	42,909	43,155
Recyclables collected (tons)	16,498	18,043	17,763	18,999
Sewer Utility				
Average annual residential customer volume (gallons)	47,238	47,473	44,132	46,376
Water Utility				
Main replacement (miles)	3.03	7.51	2.51	9.22
Gallons pumped (millions)	8,921	8,743	8,973	9,223
Water main breaks (per mile)	0.264	0.160	0.255	0.252
Mains added	7.01	12.98	7.13	15.35

<u>2017</u>	<u>2016²</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
5,439,856	6,057,900	6,343,573	6,544,987	5,808,882	5,543,502
301,479	270,728	353,462	212,866	139,542	152,951
21,716	21,291	18,348	19,599	20,541	19,698
8,810	8,762	6,839	6,215	5,879	5,500
476	411	459	412	534	479
1,318	1,418	1,363	1,258	1,387	1,271
212,196	212,601	212,376	206,648	203,394	203,087
12,039	11,969	14,020	9,726	9,421	11,378
4,928	5,851	7,203	7,142	8,376	10,432
17,843	20,966	23,316	19,872	22,878	25,195
12,817,077	13,305,291	14,358,261	15,492,317	15,001,760	14,592,214
5,075,010	5,050,916	5,070,813	5,040,007	4,922,010	4,822,865
3,073	2,394	2,588	2,084	1,321	1,735
70 %	72 %	71 %	71 %	66 %	64 %
4,551	4,351	7,256	7,539	5,674	4,820
43,352	42,525	44,866	41,680	40,367	40,367
19,344	19,228	19,379	19,225	19,401	19,401
47,124	50,864	52,360	49,368	55,352	55,352
11.52	10.70	6.45	7.80	5.06	6.55
9,419	9,848	9,977	10,099	10,058	10,659
0.208	0.247	0.240	0.440	0.350	0.280
21.49	16.60	8.60	4.90	3.50	2.41

Table 18 (Cont.)

CITY OF MADISON

OPERATING INDICATORS BY FUNCTION/PROGRAM
Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Planning and development				
Inspection Unit				
Inspections	47,765	43,519	56,072	57,866
Housing Operations				
Households served	2,633	2,583	2,617	2,563
Community Services				
Children receiving child care from an accredited facility	41.40 %	44.40 %	47.99 %	48.00 %
Seniors in city funded activities				
Senior Center				
Number of visits	3,419	5,882	37,988	38,609
Number of events	590	811	3,084	2,952
New visitors	161	- ⁵	764	775
Culture and recreation				
Library				
Circulation	1,956,275	1,289,737	3,454,156	3,575,215
Visits	539,254	415,397	1,779,552	1,911,287
Registered borrowers	149,795	144,831	157,557	158,977
Internet uses	2,209,745 ⁶	55,603	227,370	655,599
Uses of electronic materials (e-books, e-audio, e-video)	593,678 ⁷	-	-	-
Parks				
General park (shelter) reservations	2,158	149	1,717	1,594
Athletic Field reservations	10,849	1,934	10,074	7,956
Recreation center attendance	83,821	39,852	250,059	226,215
Special events held	681	121	475	489
Calls for service - Forestry	3,284	3,789	3,918	4,119
Visitors - Olbrich Gardens	350,124	138,925	322,149	335,153
Municipal Pool				
Attendance	36,007	14,601	34,971	33,265
Golf Enterprise				
Rounds (18 holes)	139,147	134,818	99,036	77,510
Monona Terrace				
Conventions and Conferences	13	10	60	62

Source: 2009 - 2015 Madison Measures & Departmental Annual Reports

Note: Departmental Annual Reports available for prior ten years

- ¹ Seniors in city funded activities is no longer available.
- ² Beginning in 2016, the source for the data is Departmental Annual Reports and Departmental Databases.
- ³ Beginning in 2020, calls for service is measured as calls where an MPD officer responded, as opposed to all calls received.
- ⁴ Beginning in 2020, MPD began reporting distinct arrests as opposed to total arrests to avoid double-counting individuals arrested for multiple charges.
- ⁵ No new visitors recorded at the Senior Center due to its being closed during the COVID-19 pandemic.
- ⁶ Beginning in 2021, internet uses includes both uses of public use computers and public wireless.
- ⁷ Beginning in 2021, uses of electronic library materials will be reported.

<u>2017</u>	<u>2016²</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
52,854	54,113	48,023	52,166	51,220	47,579
2,490	2,528	2,404	2,432	2,456	2,460
49.28 %	51.30 %	50.00 %	49.00 %	50.00 %	49.00 %
		-	-	- ¹	5,200
38,521	41,106	38,828	42,263	41,460	46,675
3,108	2,871	2,777	2,829	2,864	3,112
866	817	889	7,422	7,971	10,086
3,698,903	3,800,000	3,950,000	3,841,997	4,085,341	4,122,191
1,965,014	2,170,000	2,150,000	2,152,731	2,053,449	2,020,557
168,443	170,420	165,855	163,934	162,374	167,717
917,107	769,704	708,214	813,880	686,444	682,034
-	-	-	-	-	-
1,598	1,765	1,590	1,570	1,426	1,524
8,362	8,700	8,358	7,325	8,021	7,531
221,000	209,000	64,495	63,315	57,277	267,757
521	350	245	130	130	110
4,415	5,068	4,336	4,264	4,233	4,553
325,530	300,396	289,540	279,090	252,750	252,750
46,469	46,400	52,140	49,503	66,000	68,752
100,004	109,934	107,212	79,122	77,824	82,055
60	67	63	54	67	65

Table 19

CITY OF MADISON

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Prior Ten Fiscal Years

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Public Safety				
Fire				
Fire Stations	14	14	14	14
Public works and transportation				
Metro Transit				
Shelters	226	221	223	222
Buses (incl. Paratransit)	220	217	218	215
Fleet Services				
Vehicles	1,385	1,334	1,361	1,238
Parking Utility				
Ramps	7	6	6	6
Surface Lots	6	6	6	6
Parking Spaces	6,101	6,250	6,203	6,215
Traffic Engineering				
Miles of Streets	836	821	815	800
Water Utility				
Water main (miles)	916	911	906	892
Hydrants	9,340	9,288	9,184	9,117
Valves	26,749	26,528	26,282	25,976
Culture and recreation				
Library				
Locations	9	9	9	9
Volumes/Items Held	1,016,989	955,688	947,490	965,277
Parks				
Parks	281	279	279	275
Acreage of Parks (rounded to nearest 100th)	5,771	5,700	5,700	5,600
Beaches	12	12	12	12
Shelters	27	27	25	25
Recreational Facilities	1	1	1	1
Municipal Pool				
Pool facilities	1	1	1	1
Golf Enterprise				
Golf courses	4	4	4	4

Source: 2009 - 2015 Madison Measures & Departmental Annual Reports

¹ Beginning in 2016, the source for the data is Departmental Annual Reports and Departmental Databases.

2017	2016 ¹	2015	2014	2013	2012
13	13	13	13	12	12
222	208	208	208	208	211
232	232	232	231	228	228
1,011	1,169	1,166	1,278	1,152	1,144
6	5	5	5	5	5
6	7	7	7	7	7
6,142	5,506	5,589	5,426	5,548	6,300
795	790	785	780	777	773
895	884	867	859	854	850
9,004	8,956	8,882	8,751	8,669	8,615
27,381	25,126	21,525	21,114	20,804	20,564
9	9	9	9	9	9
961,596	957,562	943,507	936,975	831,296	863,645
274	275	274	270	261	260
5,600	6,000	6,000	6,000	6,000	6,000
12	12	12	12	12	12
22	22	21	21	20	20
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4