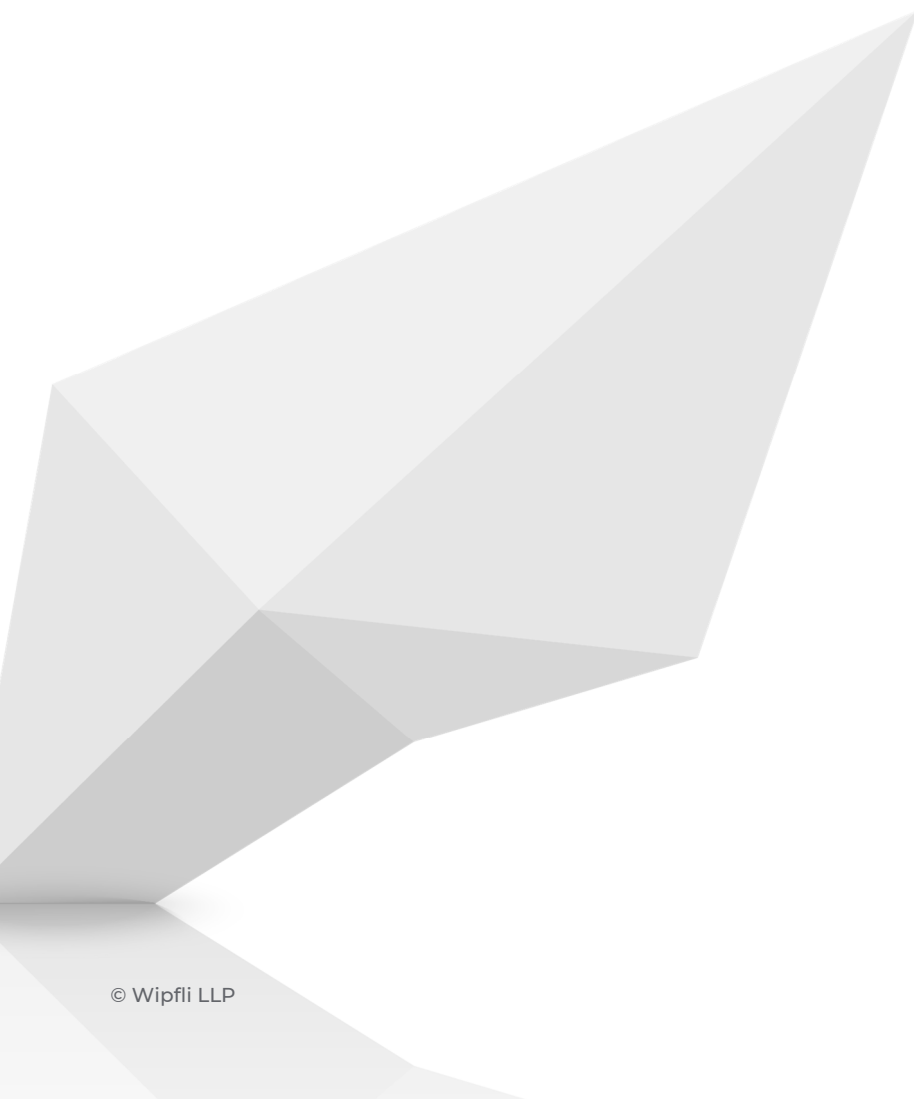


Town of Middleton, Wisconsin

Financial Report

Year Ended December 31, 2023



Town of Middleton
Financial Statements and Supplementary Financial Information
Year Ended December 31, 2023

Table of Contents

Independent Auditor's Report.....	1
Required Supplementary Information	
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet - Governmental Funds - to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	15
Statement of Fiduciary Net Position.....	16
Statement of Changes in Fiduciary Net Position.....	17
Notes to Financial Statements.....	18
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund.....	43
Budgetary Comparison Schedule - Parks Fund.....	44
Notes to Budgetary Comparison Schedule.....	45
Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System.....	46
Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - LRLIF.....	52

Independent Auditor's Report

Town Board
Town of Middleton
Middleton, Wisconsin

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Middleton (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted (GAAS) in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

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, 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 Town'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.

Auditor's 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 auditor's 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 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, 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 Town'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 Town'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 require that the management's discussion and analysis, budgetary comparison schedules, the schedules of the employer's proportionate share of the net pension liability (asset) and OPEB liability (asset) and employer contributions – Wisconsin Retirement System and LRLIF 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, 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.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin
April 11, 2024

Town of Middleton

Management's Discussion and Analysis

The discussion and analysis of the financial performance of the Town of Middleton (Town) provides an overview of financial activities for the calendar year ended December 31, 2023. The analysis focuses on the Town's financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The Town's government-wide financial statements reflect the following:

- The assets and deferred outflows of resources of the Town of Middleton exceeded its liabilities and deferred inflows of resources by \$20,801,506 (net position), an increase of \$1,249,260 from 2022. Of this amount, \$7,765,085 is considered unrestricted net position and \$13,036,421 is the Town's net investment in capital assets.
- On December 31, 2023, the Town's governmental funds reported combined fund balances of \$7,797,729, an increase of \$1,406,029 from 2022. General fund balance at December 31, 2023 was \$7,205,205 an increase of \$1,617,817 from 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of two parts: Management's Discussion and Analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of town government, reporting the Town's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

Government-wide financial statements report information about the Town of Middleton as a whole, using accounting methods similar to those used by private sector companies. The statement of net position includes all the Town's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving. To assess the overall financial condition of the Town, additional non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads, equipment/vehicles and buildings should be considered.

Town of Middleton

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The statement of activities includes all revenues and expenses of the Town, irrespective of when cash is received or paid out. The intent of the government-wide statements is to provide a snapshot of the Town's Net Position and to provide an explanation of material changes that occurred since the prior year.

Fund Financial Statements

The *fund financial statements* provide detailed information about the Town's significant funds rather than the Town of Middleton as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the Town can be divided into two categories: governmental and fiduciary.

Governmental 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 financial statements, governmental funds 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.

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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four 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, the debt service fund, capital projects fund, and parks fund, all of which are considered to be major funds.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided for the general and parks fund to demonstrate compliance with this budget.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Middleton

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Other Information

Required supplementary information (RSI) includes a budget to actual comparison that provides readers with information about the accuracy with which management was able to project the Town's revenues and expenditures. In addition, the RSI includes information concerning the Town's net pension liability (asset) and other post-employment benefits (OPEB) liability.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

An analysis of the Town's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the Town's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the Town's Statement of Net Position is presented below in Table 1.

Table 1
Condensed Statement of Net Position

	Governmental Activities	
	2023	2022
ASSETS		
Current and other assets	\$ 13,768,061	\$ 12,197,680
Capital assets	16,135,000	16,478,242
Total assets	29,903,061	28,675,922
DEFERRED OUTFLOWS OF RESOURCES	514,832	445,121
LIABILITIES		
Long-term liabilities	3,286,993	3,402,470
Other liabilities	1,170,404	1,122,709
Total liabilities	4,457,397	4,525,179
DEFERRED INFLOWS OF RESOURCES	5,158,990	5,043,618
NET POSITION		
Net investment in capital assets	13,036,421	13,162,646
Restricted	-	218,416
Unrestricted	7,765,085	6,171,184
Total net position	\$ 20,801,506	\$ 19,552,246

Town of Middleton

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (Continued)

A large portion of the Town's total net position (62.67%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the Town reported positive balances in all three categories of net position.

Table 2
Condensed Statement of Activities

REVENUES	Governmental Activities	
	2023	2022
Program revenues		
Charges for services	\$ 875,331	\$ 856,447
Operating grants	572,580	781,323
Capital grants	582,074	251,408
General revenues		
Property taxes	3,235,495	3,146,832
Other taxes	66,519	56,490
Grants and contributions	157,393	147,373
Other	630,185	166,992
Total revenues	6,119,577	5,406,865
EXPENSES		
General government	724,855	642,284
Public safety	1,115,005	1,104,379
Public works	2,602,374	2,160,601
Culture and recreation	250,095	198,931
Conservation and development	63,608	76,738
Interest on long-term debt	114,380	90,586
Total expenses	4,870,317	4,273,519
Change in net position	\$ 1,249,260	\$ 1,133,346

As previously noted, the Statement of Net Position shows the Town's financial position as of December 31, 2023. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

Revenues in 2023 increased by \$712,712 (approximately 13.18%) compared to the prior year due primarily to increased interest income along with more grants and property taxes received in 2023. Expenses increased \$596,798 (approximately 13.97%) compared to the prior year because of a increased park maintenance and public works in 2023. At year-end 2023, net position increased by \$1,249,260 compared to an increase of \$1,133,346 in 2022.

Town of Middleton

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Town's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2023, the Town's governmental funds reported combined ending fund balances of \$7,797,729, an increase of \$1,406,029 from the prior year. The general fund has an unassigned fund balance of \$3,849,623.

The general fund is the chief operating fund of the Town. The total fund balance was \$7,205,205 at December 31, 2023. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance represents 124.9% of total general fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's original and final budget for the general fund anticipated that revenues would exceed expenditures by \$98,930. The actual results for the year ended December 31, 2023, had revenues in excess of expenditures by \$1,617,817 due to grants and interest income exceeding budget in addition to expenditures being under budget in most functions.

CAPITAL ASSETS

At December 31, 2023, the Town had \$16,135,000 in capital assets, a decrease of \$343,242 from 2022. This investment in capital assets includes land, infrastructure, buildings and improvements, and equipment and vehicles. Additional information on capital assets can be found in Note 4 of this report.

Table 3
Capital Assets

	2023	2022
Land	\$ 4,865,230	\$ 4,865,230
Infrastructure	22,348,139	21,990,203
Buildings and improvement	5,302,842	5,302,842
Equipment and vehicles	2,135,517	2,066,029
Accumulated depreciation	(18,516,728)	(17,746,062)
Net capital assets	\$ 16,135,000	\$ 16,478,242

Town of Middleton

Management's Discussion and Analysis

LONG-TERM OBLIGATIONS

On December 31, 2023, the Town had total long-term debt outstanding of \$3,286,993. Most of the amount was general obligation debt backed by the full faith of the Town. During the fiscal year, the Town's long-term obligations decreased by \$115,477.

Table 4
Outstanding Long-term Obligations

	<u>2023</u>	<u>2022</u>
General obligation debt	\$ 3,098,579	\$ 3,315,596
Compensated absences	21,920	20,967
Net Pension Liability	133,848	-
Other postemployment benefits	32,646	65,907
Total	<u>\$ 3,286,993</u>	<u>\$ 3,402,470</u>

FACTORS BEARING ON THE TOWN'S FUTURE

The Town receives most of its revenue from property taxes. The property tax base of the Town continues to remain stable, allowing the Town to budget consistently for fiscal year 2023-2024. Revenues are generally not affected by economic factors.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact Megan Hughes, Treasurer/Personnel Manager at the Town of Middleton, 7555 West Old Sauk Road, Verona, WI 53593, or call (608) 833-5887.

Government-Wide Financial Statements

Town of Middleton
Statement of Net Position
December 31, 2023

	Governmental Activities
<i>Assets and Deferred Outflows of Resources</i>	
Current assets:	
Cash and investments	\$ 10,638,596
Accounts receivable	2,102,715
Lease receivable	119,251
Prepaid items	45,734
Total current assets	12,906,296
Noncurrent assets:	
Lease receivable	861,765
Capital assets not being depreciated	4,865,230
Capital assets being depreciated, net	11,269,770
Total noncurrent assets	16,996,765
Total assets	29,903,061
Deferred outflows of resources	
Related to pensions/OPEB	514,832
Total assets and deferred outflows of resources	\$ 30,417,893
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	
Current liabilities:	
Accounts payable	\$ 404,371
Accrued wages	16,483
Accrued interest	29,367
Deposits	720,183
Current portion of long-term obligations	820,917
Total current liabilities	1,991,321
Noncurrent liabilities:	
Due in more than one year	2,466,076
Total liabilities	4,457,397
Deferred inflows of resources:	
Property taxes	3,341,280
Special assessments	506,999
Leases	981,016
Deferred inflows related to pensions/OPEB	329,695
Total deferred inflows of resources	5,158,990
Net position:	
Net investment in capital assets	13,036,421
Unrestricted	7,765,085
Total net position	20,801,506
Total liabilities, deferred inflows of resources, and net position	\$ 30,417,893

See accompanying notes to the financial statements.

Town of Middleton
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating	Capital	Revenues and
			Grants and Contributions	Grants and Contributions	Changes in
					Net Position
					Total
					Governmental
					Activities
Governmental activities:					
General Government	\$ 724,855	\$ 209,521	\$ 86,603	\$ 582,074	\$ 153,343
Public Safety	1,115,005	43,435	66,944	-	(1,004,626)
Public Works	2,602,374	520,497	419,033	-	(1,662,844)
Culture, Recreation and Education	250,095	71,203	-	-	(178,892)
Conservation and Development	63,608	30,675	-	-	(32,933)
Interest	114,380	-	-	-	(114,380)
Total governmental activities	4,870,317	875,331	572,580	582,074	(2,840,332)
General revenues:					
Property taxes:					
General purposes					2,044,763
Debt Services					887,121
Capital Projects					303,611
Room taxes					55,722
Other taxes					10,797
Grants and contributions not restricted to specific programs					157,393
Investment income					519,880
Gain/loss on disposal of capital assets					89,832
Miscellaneous					20,473
Total general revenues					4,089,592
Change in net position					1,249,260
Net position - Beginning of year					19,552,246
Net position - End of year					\$ 20,801,506

See accompanying notes to the financial statements.

Fund Financial Statements

Town of Middleton
Balance Sheet - Governmental Funds
December 31, 2023

	General Fund	Parks Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets:					
Cash and investments	\$ 9,433,653	\$ 837,254	\$ 356,380	\$ 11,309	\$ 10,638,596
Receivables:					
Accounts	24,973	-	-	-	24,973
Taxes	1,352,893	-	574,572	150,277	2,077,742
Lease	981,016	-	-	-	981,016
Prepaid items	45,734	-	-	-	45,734
Total assets	\$ 11,838,269	\$ 837,254	\$ 930,952	\$ 161,586	\$ 13,768,061
Liabilities:					
Deposits	\$ 720,183	\$ -	\$ -	\$ -	\$ 720,183
Accounts payable	235,053	66,463	-	102,855	404,371
Accrued liabilities	16,483	-	-	-	16,483
Total liabilities	971,719	66,463	-	102,855	1,141,037
Deferred inflows of resources:					
Property taxes	2,173,330	-	933,382	234,568	3,341,280
Special assessments	506,999	-	-	-	506,999
Lease	981,016	-	-	-	981,016
Total deferred inflows of resources	3,661,345	-	933,382	234,568	4,829,295
Fund balances:					
Nonspendable	45,734	-	-	-	45,734
Committed	20,000	770,791	-	-	790,791
Assigned	3,289,848	-	-	-	3,289,848
Unassigned	3,849,623	-	(2,430)	(175,837)	3,671,356
Total fund balances (deficit)	7,205,205	770,791	(2,430)	(175,837)	7,797,729
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 11,838,269	\$ 837,254	\$ 930,952	\$ 161,586	\$ 13,768,061

See accompanying notes to the financial statements.

Town of Middleton
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
December 31, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Governmental funds	\$	7,797,729
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	\$ 34,651,728	
Governmental accumulated depreciation	(18,516,728)	16,135,000

The supplemental pension, net pension and OPEB liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the statement of net position:

Net pension liability	(133,848)	
Net OPEB liability	(32,646)	
Deferred outflows of resources related to pensions/OPEB	514,832	
Deferred inflows of resources related to pensions/OPEB	(329,695)	18,643

Long-term liabilities and the related interest payable, including bonds and notes payable, are not due in the current period and, therefore, are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the fund's balance sheet are:

Bonds and notes payable	(3,098,579)	
Accrued interest	(29,367)	
Compensated absences	(21,920)	(3,149,866)

Total net position - Governmental activities	\$	20,801,506
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See accompanying notes to the financial statements.

Town of Middleton
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2023

	General Fund	Parks Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:					
Property taxes	\$2,044,763	\$ -	\$ 887,121	\$ 303,611	\$ 3,235,495
Other taxes	66,233	-	-	-	66,233
Licenses and permits	124,388	-	-	-	124,388
Intergovernmental sources	1,241,655	-	-	-	1,241,655
Intermediate sources	481	-	-	-	481
Public charges for services	554,586	58,509	-	-	613,095
Other sources	667,286	43,099	-	38,013	748,398
Total revenues	4,699,392	101,608	887,121	341,624	6,029,745
Expenditures:					
Current:					
General Government	625,909	-	-	-	625,909
Public Safety	1,045,425	-	-	-	1,045,425
Public Works	1,166,501	-	-	629,349	1,795,850
Culture, Recreation and Education	187,212	8,331	-	-	195,543
Conservation and Development	56,528	-	-	5,000	61,528
Total current	3,081,575	8,331	-	634,349	3,724,255
Debt service:					
Principal	-	-	767,017	-	767,017
Interest	-	-	120,104	-	120,104
Total debt service	-	-	887,121	-	887,121
Capital outlay	-	221,296	-	460,144	681,440
Total expenditures	3,081,575	229,627	887,121	1,094,493	5,292,816
Excess of revenues over (under) expenditures	1,617,817	(128,019)	-	(752,869)	736,929
Other financing sources:					
Sale of capital assets	-	-	-	119,100	119,100
Issuance of note	-	-	-	550,000	550,000
Total other financing sources	-	-	-	669,100	669,100
Net change in fund balances	1,617,817	(128,019)	-	(83,769)	1,406,029
Fund balance (deficit) - Beginning	5,587,388	898,810	(2,430)	(92,068)	6,391,700
Fund balance (deficit) - Ending	\$7,205,205	\$ 770,791	\$ (2,430)	\$ (175,837)	\$ 7,797,729

See accompanying notes to the financial statements.

Town of Middleton

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended December 31, 2023

Net change in fund balances - Governmental funds (from previous page) \$ 1,406,029

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays reported in governmental fund statements	\$ 681,440
Book value of capital assets disposed	(29,268)
Depreciation expense reported in the statement of activities	(995,414)

Amount by which capital outlays are more/(less) than depreciation in the current year (343,242)

Vested employee benefits are reported in the governmental funds when amounts are paid.

The statement of activities reports the value of benefits earned during the year. This amount is the net effect of the changes in employee benefit accounts (36,268)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

Note proceeds	(550,000)
The amount of long-term debt principal payments in the current year	767,017
Change in accrued interest	5,724

Change in net position - Governmental activities \$ 1,249,260

See accompanying notes to the financial statements.

Town of Middleton
Statement of Fiduciary Net Position
December 31, 2023

Custodial
Fund

Assets:

Cash and investments	\$11,347,727
Property taxes receivable	12,873,792
Special assessments	251,697

Total assets \$24,473,216

Liabilities:

Due to other governments	\$24,473,216
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Total liabilities \$24,473,216

See accompanying notes to the financial statements.

Town of Middleton
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	Custodial Fund
<hr/>	
Additions:	
Property tax collections for other governments	22,866,065
<hr/>	
Deductions:	
Payments of property taxes to other governments	22,866,065
<hr/>	
Change in net position	-
<hr/>	
Net position - Beginning of year	-
<hr/>	
Net position - End of year	\$ -
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See accompanying notes to the financial statements.

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of the Town of Middleton (the "Town") have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below.

Reporting Entity

This report includes all of the funds of the Town of Middleton. The reporting entity for the Town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Town, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

The statement of net position and the statement of activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Town applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Town reports the following major governmental funds:

- General Fund – This is the Town's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another funds.
- Parks Fund – This fund accounts for all park related projects and revenue sources. Revenue sources include 70% of room tax in prior years and park fees charged to developers of new lots. These monies are set aside for future park development. This fund was elected to be a major fund due to the importance of this fund to the users of the financial statements.
- Debt Service Fund – This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.
- Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additional the Town reports the following fiduciary fund:

- Custodial Fund – This fund accounts for taxes collected by the Town on behalf of other governmental units.

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investment of the Towns' funds are restricted by state statutes and are limited to:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The Town has adopted an investment policy which follows the state statute for allowable investments.

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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, 2023, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Receivables

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Property taxes are levied in December on the assessed value as of the prior January 1. Taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. The Town bills and collects its own property taxes and also collects taxes for state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as due to other governments on the accompanying statement of fiduciary assets and liabilities.

Property tax calendar – 2023 tax roll is as follows:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale - 2023 delinquent real estate taxes	October 2026

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. 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 electric, water and wastewater utilities because the utilities have the right by law to place delinquent bills on the tax roll.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Receivable

The Town is a lessor under GASB 87 and is required to record a lease receivable and deferred inflow of resources at the commencement of the lease term. The lease receivable is calculated as the present value of the remaining lease payments expected to be received during the lease term. The deferred inflow of resources is treated similarly to deferred revenue and is equal to the lease receivable with a few minor adjustments.

Prepaid Items

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

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Town maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the Town, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 40 years for buildings and improvements, 5 to 15 years for machinery and equipment, and 20 to 30 years for infrastructure.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Capital assets not being depreciated include land and construction in progress.

Bond Premiums, Discounts and Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. The face amount of debt issued is reported as other financing sources. Bond premiums are reported as other financing sources, while bond discounts are reported as other financing uses. In the proprietary fund financial statements, long-term debt is reported as a liability. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

Compensated Absences and Other Employee Benefit Amounts

Town employees are granted vacation and sick leave benefits in varying amounts in accordance with Town paid time off policies. Accrued vacation and sick leave is paid upon termination. In the governmental funds, a liability for compensated absences is reported only if they have matured (for example, as a result of employee resignations or retirements).

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences and Other Employee Benefit Amounts (Continued)

Pensions: The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows related to pension and other postemployment benefit activity.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred inflows related to property taxes, special assessments, pension and other postemployment benefit activity. The Town also records deferred inflows related to lease revenue.

Town of Middleton

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board - the Town's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Town of Middleton

Notes to Financial Statements

Note 2: Cash and Investments

The Town's cash and investment balances at December 31, 2023 were as follows:

Deposits with financial institutions	\$ 21,304,141
Cash on hand	69
Wisconsin Local Government Investment Pool	682,113
<hr/>	
Total	\$ 21,986,323
<hr/>	

The Town's cash and investment balances as shown in the basic financial statements are as follows:

Government-wide statement of net position	
Cash and investments	\$ 10,638,596
Fiduciary fund statement of net position	
Cash and investments	11,347,727
<hr/>	
Total	\$ 21,986,323
<hr/>	

Deposits

Deposits at each bank in the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and \$250,000 for all demand deposit accounts (interest-bearing and non-interest-bearing). Accounts at each institution outside the state of Wisconsin are insured by the FDIC up to \$250,000 for the combined total of all deposit accounts. In addition, the State of Wisconsin Public Depository Guarantee Fund guarantees the City's deposits up to \$400,000 per public depository. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2023, the Town had a total bank balance of \$19,508,679. \$1,623,749 was covered by FDIC, \$1,064,850 was covered by State Depository insurance, \$10,788,820 was covered by securities held by third parties and pledged in the Town's name, and \$6,031,260 was uninsured and uncollateralized.

Investments

Investment in Wisconsin Local Government Investment Pool: The Town has investments in the Wisconsin local government investment pool (LGIP) of \$682,113 at year-end. The 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, 2023, the fair value of the Town's share of the LGIP's assets was substantially equal to the carrying value. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in LGIP is not subject to the fair value hierarchy disclosures.

Town of Middleton

Notes to Financial Statements

Note 3: Lessor Receivable

The Town leases space to the Middleton Fire District and the Dane County Sheriff. The lease to the Sheriff is for 15 years beginning April 1, 2023. Quarterly lease payments starting at \$7,875 and increasing 1.5% per year are required. The payments are discounted at a rate of 6.5%. The lease term of the Fire Station lease is for thirty years beginning August 1, 2009. Quarterly lease payments of \$34,280 are required for the first twenty years of the lease. The payments are discounted at a rate of 4.7%. Total receipts on these leases were \$160,745 for the year ended December 31, 2023. The future minimum lease payments expected for these leases are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 119,251	\$ 49,723	\$ 168,974
2025	125,656	43,796	169,452
2026	132,399	37,538	169,937
2027	139,498	30,931	170,429
2028	146,970	23,959	170,929
2029 - 2033	177,803	66,783	244,586
2034 - 2038	139,439	21,496	160,935
Total	\$ 981,016	\$ 274,226	\$ 1,255,242

Town of Middleton

Notes to Financial Statements

Note 4: Capital Assets

Capital asset balances and activity for the year ended December 31, 2023, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,865,230	\$ -	\$ -	\$ 4,865,230
Total capital assets not being depreciated	4,865,230	-	-	4,865,230
Capital assets being depreciated:				
Infrastructure	21,990,203	357,936	-	22,348,139
Buildings and improvements	5,302,842	-	-	5,302,842
Equipment	2,066,029	323,504	(254,016)	2,135,517
Total capital assets being depreciated	29,359,074	681,440	(254,016)	29,786,498
Less accumulated depreciation for:				
Infrastructure	(14,305,395)	(640,929)	-	(14,946,324)
Buildings and improvements	(2,273,839)	(158,777)	-	(2,432,616)
Equipment	(1,166,828)	(195,708)	224,748	(1,137,788)
Total accumulated depreciation	(17,746,062)	(995,414)	224,748	(18,516,728)
Total capital assets, being depreciated - Net of accumulated depreciation	11,613,012	(313,974)	(29,268)	11,269,770
Governmental activities capital assets - Net	\$ 16,478,242	\$ (313,974)	\$ (29,268)	\$ 16,135,000

Depreciation expense was charged to governmental activities as follows:

General Government	91,545
Public Safety	69,580
Public Works	782,469
Parks and Recreation	51,820
Total depreciation for governmental activities	\$ 995,414

Town of Middleton

Notes to Financial Statements

Note 5: Long-Term Obligations

Long-term obligations of the Town are as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23	Amounts Due Within One Year
General Obligation Debt	\$ 3,315,596	\$ 550,000	\$ (767,017)	\$ 3,098,579	\$ 820,917
Compensated Absences	20,967	-	953	21,920	-
Net Pension Liability	-	133,848	-	133,848	-
Net OPEB Liability - Life	65,907	-	(33,261)	32,646	-
Totals	\$ 3,402,470	\$ 683,848	\$ (799,325)	\$ 3,286,993	\$ 820,917

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Town. Long-term debt will be retired by future property tax levies and resources accumulated in the debt service fund.

General obligation debt at December 31, 2023 is comprised of the following individual issues:

	Governmental Activities			
	Issue Dates	Interest Rates %	Dates of Maturity	Balance 12/31/23
GO Bonds	03/20/09	3.00-4.375%	03/01/24	\$ 105,000
GO Bonds	03/20/09	2.75-4.70%	03/01/29	715,000
GO Promissory Notes	12/12/17	2.41%	12/12/28	593,496
GO Promissory Notes	08/17/21	1.75%	09/17/26	485,218
GO Promissory Notes	10/18/22	3.80%	09/17/27	649,865
GO Promissory Notes	10/24/23	6.50%	10/24/26	550,000
Total general obligation debt				\$ 3,098,579

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed 5% of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2023 was \$100,000,350. Total general obligation debt outstanding at December 31, 2023 was \$3,098,579.

Town of Middleton

Notes to Financial Statements

Note 5: Long-Term Obligations (Continued)

Debt service requirements to maturity on general obligation debt are as follows:

<i>Year Ended December 31:</i>	Principal	Interest	Totals
2024	\$ 820,917	\$ 112,465	\$ 933,382
2025	740,642	81,586	822,228
2026	774,200	51,703	825,903
2027	427,614	24,529	452,143
2028	200,206	10,279	210,485
2029	135,000	3,172	138,172
Totals	\$ 3,098,579	\$ 283,734	\$ 3,382,313

Note 6: Net Position

Net position reported on the government wide statement of net position at December 31, 2023:

Governmental Activities:

Net investment in capital assets:		
Land and other nondepreciable assets		\$ 4,865,230
Other capital assets, net of accumulated depreciation		11,269,770
Less: related long-term debt outstanding		(3,098,579)
Total net investment in capital assets		13,036,421
Unrestricted		7,765,085
Governmental activities net position		\$ 20,801,506

Town of Middleton

Notes to Financial Statements

Note 7: Fund Balance

Fund balance reported on the balance sheet - governmental funds at December 31, 2023:

	General	Parks	Debt Service	Capital Projects	Total
Nonspendable					
Prepaid items	\$ 45,734	\$ -	\$ -	\$ -	\$ 45,734
Total nonspendable	45,734	-	-	-	45,734
Committed					
Sheriff sinking fund	20,000	-	-	-	20,000
Park development and maintenance	-	770,791	-	-	770,791
Total committed	20,000	770,791	-	-	790,791
Assigned					
Garage & truck equipment	322,791	-	-	-	322,791
Sanitary sewer	44,308	-	-	-	44,308
Hall maintenance	72,750	-	-	-	72,750
Capital purchases/projects	800,643	-	-	-	800,643
Fire district	357,997	-	-	-	357,997
Storm water	285,115	-	-	-	285,115
Roads	721,437	-	-	-	721,437
Park maintenance	657,000	-	-	-	657,000
Other	27,807	-	-	-	27,807
Total assigned	3,289,848	-	-	-	3,289,848
Unassigned	3,849,623	-	(2,430)	(175,837)	3,671,356
Total fund balance	\$ 7,205,205	\$ 770,791	\$ (2,430)	\$ (175,837)	\$ 7,797,729

Town of Middleton

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System

Plan Description

The Wisconsin Retirements System (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 1,200 hours a year (880 hours for teachers and school district educational support employees) 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 (ACFR), 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 executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to receive a 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 periods. 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 or after 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.

Town of Middleton

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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	- %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %
2022	7.4 %	15.0 %

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, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was 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 \$27,390 in contributions from the employer.

Town of Middleton

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contribution rates as of December 31, 2023, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

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

At December 31, 2023, the Town reported an liability of \$133,848 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Town's proportion was 0.00252653%, which was an decrease of 0.00018329% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Town recognized pension expense of \$67,261.

At December 31, 2023, the Town 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	\$ 213,178	\$ 280,068
Net differences between projected and actual earnings on pension plan investments	227,377	-
Change in assumptions	26,320	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,875	2,376
Employer contributions subsequent to the measurement date	27,390	-
Total	\$ 500,140	\$ 282,444

Town of Middleton

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

\$27,390 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Net Deferred Outflows (Inflows) of Resources
2024	\$ 7,850
2025	40,039
2026	41,225
2027	101,192

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2021
Measurement date of net pension liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2020 Published November 19, 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	2020 WRS Experience Mortality Table
Postretirement adjustments*	1.7%

**No postretirement 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 postretirement discount rate.*

Actuarial assumptions are based on an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022, is based on a rollforward of the liability calculated from the December 31, 2021, actuarial valuation.

Town of Middleton

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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
As of December 31, 2022

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Public Equity	48.0%	7.6%	5.0%
Public Fixed income	25.0%	5.3%	2.7%
Inflation sensitive assets	19.0%	3.6%	1.1%
Real estate	8.0%	5.2%	2.6%
Private equity/debt	15.0%	9.6%	6.9%
Total core fund	115.0%	7.4%	4.8%
Variable fund:			
U.S. equities	70.0%	7.2%	4.6%
International equities	30.0%	8.1%	5.5%
Total variable fund	100.0%	7.7%	5.1%

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

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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%.

Town of Middleton

Notes to Financial Statements

Note 8: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 6.80% was used to measure the Total Pension Liability for the current year and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (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, 2022. 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 municipal bond 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 Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate:

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Town's proportionate share of the net pension liability (asset)	\$ 444,237	\$ 133,848	\$ (79,673)

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-reports-and-statements>.

Town of Middleton

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

The Local Retiree Life Insurance Fund (LRLIF) is a cost-sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2023, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% postretirement coverage	40% of employee contribution
25% Post Retirement coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022, are as follows:

Town of Middleton

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Attained Age	Basic	Supplemental
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$171 in contributions from the employer.

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

At December 31, 2023, the Town reported a liability of \$32,646 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net OPEB liability was based on the Town's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Town's proportion was 0.00856900%, which was a decrease of 0.00258200% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Town recognized pension expense of \$(747).

At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,196
Net differences between projected and actual earnings on pension plan investments	613	-
Change in assumptions	11,730	19,271
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,349	24,784
Total	\$ 14,692	\$ 47,251

Town of Middleton

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Net Deferred Outflows (Inflows) of Resources
2024	\$ (4,679)
2025	(5,022)
2026	(5,387)
2027	(6,771)
2028	(6,142)
Thereafter	(4,558)

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2022
Measurement date of net OPEB liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	3.72%
Long-term expected rate of return	4.25%
Discount rate	3.76%
Salary Increases:	
Inflation	3.00
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

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. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Town of Middleton

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interim Credit	50%	2.45%
US Mortgages	Bloomberg US MBS	50%	2.83%
Inflation			2.30%
Long-term expected rate of return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate: A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity to Changes in the Discount Rate: The following presents the Town's proportionate share of the net OPEB liability (Asset), calculated using the discount rate of 3.76%, and shows what the Town's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a single discount rate that is one percentage point lower (2.76%) or one percentage point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Town's proportionate share of the net OPEB liability	\$ 44,510	\$ 32,646	\$ 23,554

Town of Middleton

Notes to Financial Statements

Note 10: Reconciliation of Deferred Outflows and Inflows

The tables below reconciles the deferred outflows and inflows from the Notes to the financial statements:

	Deferred Outflows	Deferred Inflows
Employee Retirement Plans - Wisconsin Retirement System	\$ 500,140	\$ 282,444
Other Postemployment Benefits - Local Retiree Life Insurance Fund	14,692	47,251
Total	\$ 514,832	\$ 329,695

Note 11: Jointly Governed Organization

The Towns of Middleton, Westport, Springfield and the City of Middleton jointly operate the Middleton Fire District, which provides fire protection service. The communities share in the annual operation of the District based on the ratio of equalized values of each member. The current equalized valuation percentage for the participating municipalities is as follows:

Town of Middleton	21%
Town of Westport	14%
Town of Springfield	7%
City of Middleton	58%
Total	100%

The governing body is made up of citizens from each community. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the district. The Town's expenditures totaled \$410,484 to the district for 2023. The Town believes that the district will continue to provide services in the future at similar rates. Financial information of the district as of December 31, 2023 is available from the district's office.

Note 12: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the Town's insurance coverage in fiscal 2023.

Note 13: Commitments and Contingencies

From time-to-time, the Town 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 Town's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect of the Town's financial position or results of operations.

Town of Middleton

Notes to Financial Statements

Note 13: Commitments and Contingencies (Continued)

The Town 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 request for reimbursements to the grantor agency for expenditures disallowed under terms for the grants. Management believes such disallowances, if any, would be immaterial.

Emergency Medical Services

On December 2, 2014, the Town entered into an agreement with the City of Middleton to provide Emergency Medical Services. The agreement commenced on January 1, 2015 and expires on December 31, 2024. The terms of the agreement shall automatically renew for an additional five years and each fifth year thereafter unless written notice is given 12 months in advance. The amount that may be billed to the Town is capped using 2014 as a base year, and is increased by 1.5% each subsequent year. The actual expense in 2023 was \$223,264. This calculation will result in a payment by the Town that may not exceed \$226,613 in 2023.

Required Supplementary Information

Town of Middleton
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2023

	Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)
	Original and Final		
Revenues:			
Taxes	\$ 2,086,863	\$ 2,110,996	\$ 24,133
Licenses and permits	108,600	124,388	15,788
Intergovernmental sources	569,482	1,241,655	672,173
Intermediate sources	2,000	481	(1,519)
Public charges for services	498,385	554,586	56,201
Other sources	372,768	667,286	294,518
Total revenues	3,638,098	4,699,392	1,061,294
Expenditures:			
General Government	844,216	625,909	218,307
Public Safety	1,092,515	1,045,425	47,090
Public Works	1,361,153	1,166,501	194,652
Culture, Recreation and Education	221,284	187,212	34,072
Conservation and Development	20,000	56,528	(36,528)
Total expenditures	3,539,168	3,081,575	457,593
Net change in fund balance	98,930	1,617,817	1,518,887
Fund balance - Beginning of year	5,587,388	5,587,388	-
Fund balance - End of year	\$ 5,686,318	\$ 7,205,205	\$ 1,518,887

See accompanying notes to budgetary comparison schedule.

Town of Middleton
Budgetary Comparison Schedule - Parks Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original and Final			
Revenues:				
Public charges for services	\$ -	\$	58,509	\$ 58,509
Other sources	5,000		43,099	38,099
Total revenues	5,000		101,608	96,608
Expenditures:				
Culture, Recreation and Education	101,000		229,627	(128,627)
Total expenditures	101,000		229,627	(128,627)
Net change in fund balance	(96,000)		(128,019)	(32,019)
Fund balance - Beginning of year	898,810		898,810	-
Fund balance - End of year	\$ 802,810	\$	770,791	\$ (32,019)

See accompanying notes to budgetary comparison schedule.

Town of Middleton

Notes to Budgetary Comparison Schedule

Note 1: Budgetary Information

The Town budgets are adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any Town Board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the general fund. The original budgets for 2023 were adopted in November 2022.

Note 2: Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, the General Fund had expenditures in excess of appropriations for the following subfunction categories:

	Budget	Actual
Conservation and Development	\$ 20,000	\$ 56,528

Town of Middleton

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS)

Last 10 Calendar Years*

Measurement Date December 31,	Town's Proportion of the Net Pension Liability (Asset)	Town's Proportionate Share of the Net Pension Liability (Asset)	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.00252653 %	\$ 133,848	\$ 415,699	32.20 %	95.72 %
2021	0.00270982	(218,416)	427,977	(51.03)	106.02
2020	0.00313838	(195,933)	470,589	(41.64)	105.26
2019	0.00352351	(113,614)	456,021	(24.91)	102.96
2018	0.00373924	133,030	581,753	22.87	96.45
2017	0.00354390	(105,222)	587,938	(17.90)	102.93
2016	0.00327160	26,966	499,912	5.39	99.12
2015	0.00317915	51,661	453,855	11.38	98.20
2014	0.00316629	(77,751)	443,097	(17.55)	102.74

Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years*

Year Ended December 31,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Town's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2023	\$ 27,390	\$ 27,390	\$ -	\$ 402,806	6.80 %
2022	23,414	23,414	-	415,699	5.63
2021	28,887	28,887	-	427,977	6.75
2020	31,762	31,762	-	470,589	6.75
2019	29,868	29,868	-	456,021	6.55
2018	38,977	38,977	-	581,753	6.70
2017	39,980	39,980	-	587,938	6.80
2016	32,994	32,994	-	499,912	6.60
2015	30,862	30,862	-	453,855	6.80

Town of Middleton

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Notes to the Schedules:

Changes of benefit terms: There were no changes of benefit terms for any participating employer in WRS.

Changes of 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.

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Town of Middleton

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
Amortization Period:	WRS	WRS	in WRS	WRS	WRS
	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%

Town of Middleton

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2022	2021	2020	2019	2018
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

Town of Middleton

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
	WRS	WRS	in WRS	in WRS	in WRS
Amortization Period:	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%

Town of Middleton

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2023</i>	2017	2016	2015	2014	2013	
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

Town of Middleton

Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset) Local Retiree Life Insurance Fund (LRLIF)

Measurement Date December 31,	Town's Proportion of the Net OPEB Liability (Asset)	Town's Proportionate Share of the Net OPEB Liability (Asset)	Town's Covered Payroll	Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.00856900 %	\$ 32,646	\$ 399,000	8.18 %	38.81 %
2021	0.01115100	65,907	408,000	16.15	29.57
2020	0.01328400	73,072	425,000	17.19	31.36
2019	0.01725600	73,479	481,000	15.28	37.58
2018	0.01813000	46,782	495,000	9.45	48.69
2017	0.01569300	47,214	659,936	7.15	44.81

Schedule of the Employer Contributions Local Retiree Life Insurance Fund (LRLIF)

Last 10 Fiscal Years*

Year Ended December 31,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Town's Covered Payroll for the Fiscal Period	Contributions as a Percentage of Covered Payroll
2023	\$ 171	\$ 171	\$ -	\$ 285,000	0.06 %
2022	228	228	-	399,000	0.06
2021	264	264	-	408,000	0.06
2020	260	260	-	425,000	0.06
2019	311	311	-	481,000	0.06
2018	320	320	-	495,000	0.06

Town of Middleton

Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)

Last 10 Years*

Notes to the Schedules:

Changes of benefit terms: There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.