



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

TOWN OF MIDDLETON

**FINANCIAL STATEMENTS WITH
AUDITOR'S REPORT**

For the Year Ended December 31, 2014

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Town of Middleton

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December 31, 2014

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Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

INDEPENDENT AUDITOR'S REPORT

May 18, 2015

To the Town Board
Town of Middleton
Dane County, Wisconsin

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Middleton, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Middleton, Wisconsin, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vii and budgetary comparison information on pages 27 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Middleton's basic financial statements. The Capital Projects and Debt Service Budget and Actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

TOWN OF MIDDLETON
7555 W. OLD SAUK ROAD
VERONA, WI 53593

Management's Discussion and Analysis
For the Year Ending December 31, 2014

This narrative supplements the Town of Middleton financial statements as they pertain to financial activities of the Town for the fiscal year ended December 31, 2014.

Financial Highlights

When revenues exceed expenses, the result is an increase in net position and when expenses exceed revenues, the result is a decrease in net position. One can think of this relationship between revenues and expenses as the Town's operating results. Over time, increases or decreases in the Town's net position, as measured in the Statement of Activities, indicate if the Town's financial position is improving, deteriorating, or reducing based on planned project spending. However, the Town's goal is to provide services that improve the quality of life for our residents, not to generate profits. For this reason, one will need to consider many other non-financial factors, such as the safety of our residents, the condition of our roads, parks and trails as well as the preservation of open space, in assessing the overall performance of our Town.

- The assets of the Town exceeded its liabilities and deferred inflows as of December 31, 2014 by \$15,442,378.
- Total net position increased by \$1,013,382.
- As of December 31, 2014, governmental funds reported combined ending fund balances of \$5,882,149. This includes the Non-spendable Fund balance of \$106,002, the Committed Fund balance of \$4,000, the Assigned Fund balance of \$4,400,316, and the Unassigned Fund balance of \$1,371,831. This Unassigned Fund balance was approximately 53.5% of total General Fund expenditures.
- General obligation debt decreased by \$89,378 during 2014.
- The Town Board approved the construction of a storage building for salt and equipment plus an adjacent parking lot for Pioneer Park overflow for an estimated cost of \$1,100,000. To fund the project, the Town borrowed \$600,000 in 2014 and will use Assigned Funds from its existing fund balance for the remainder in 2015.

Fund Financial Statement Highlights

- I. Revenue:** Total property tax revenue of \$2,809,905 represents an increase of \$3,268 (0.12%) from 2013. Of the \$2,809,905 in property tax revenue, \$1,876,000 (66.8%) was used for the Town's General Fund, another \$56,292 (2.0%) for capital improvement projects and the remaining \$877,612 (31.2%) was applied to debt service obligations.
- Other Tax Revenue was \$6,053 over the budgeted amount and a decrease from of \$35,000 from 2013 due to \$36,000 of taxes omitted from the 2012 tax roll. The 2012 omitted taxes were the result of an error by the town assessor's office regarding 4 parcels not being assessed in 2012. That error was discovered and corrected in 2013 resulting in a one- time correction.

- Intergovernmental Revenue was \$41,000 over the budgeted amount and an increase of \$57,000 from 2013. State Shared Revenue came in \$36,400 under 2013. A one-time payment of \$10,222 from the County was received in 2013 for partial reimbursement for culvert replacement on Vickiann Street in 2012.
- Licenses/Permits Revenue was \$76,900 over the budgeted amount and an increase of \$18,100 from 2013. Building Permit income was \$54,800 over budget and \$10,000 over 2013. There were 46 new home starts in 2014, an increase of 5 from 2013. Cable Franchise Fee income was \$18,700 over budget and \$10,100 over 2013.
- Fines and Penalties Revenue was \$4,100 over budget and \$3,800 over 2013.
- Charges for Services was \$19,800 over the amount received in 2013.
- Miscellaneous Revenue was \$19,500 over budget but \$23,000 under 2013.

II. Expenditures: General Fund Expenditures decreased by \$24,500 (1%) from 2013.

- General Government was \$20,600 under budget and \$20,000 more than 2013.
- Public Safety was \$21,300 under budget and \$27,300 more than 2013.
- Public Works was \$108,900 under budget and \$30,000 more than 2013.
- Conservation & Development was \$7,200 over budget and \$3,000 less than 2013.
- Recreation was \$42,800 under budget and \$14,600 more than 2013.

III. Miscellaneous items:

Recent Levies:		<u>Mill rate (/ \$1,000 of Value)</u>
1. 2013 levy payable in 2014	\$2,809,905	\$2.80250
2. 2012 levy payable in 2013	\$2,775,660	\$2.66397
3. 2011 levy payable in 2012	\$2,743,540	\$2.66037
4. 2010 levy payable in 2011	\$2,726,454	\$2.67819
5. 2009 levy payable in 2010	\$2,909,080	\$2.71986

Salt / Storage Shed and adjoining Parking Lot

The town’s prior storage facilities for salt and equipment were either not going to be available or not sufficient to meet the Town’s needs mainly due to the changes in the availability of road salt and the increase in equipment used to maintain the Town’s roads and parks. As a result, the Board determined that the Town needed to build new salt and equipment storage facilities. In addition, the Town had been extensively using a private parking lot across Old Sauk Road as overflow parking during baseball games and other large events at Pioneer Park. This opportunity was no longer going to be available to the Town and users of Pioneer Park. Based on the need for overflow parking at Pioneer Park, the board approved to construct an overflow parking lot along with and adjacent to the new storage building project.

In 2014, the Board hired Kontext Architects to develop plans and contracted with Joe Daniels Construction to construct the storage building and parking lot at an approximate cost of \$1,100,000. The Board approved the funding of this project through a \$600,000 loan in 2014 from

Park Bank with a term of seven years and at interest rate of 2.41%, with the remainder coming in 2015 from Assigned Funds from the Town's existing fund balance.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components:

- 1) Government-wide financial statements.
- 2) Fund financial statements.
- 3) Notes to the basic financial statements.

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

Government-wide financial statements (from pages 1-2).

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, 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 or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*) such as utilities. The governmental activities of the Town include general government; public safety; public works; health and social services; parks and recreation; and conservation and development. The Town has no business-type activities.

Financial statements of the Town are available from its office.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements.

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Middleton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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 fund financial statements focus on *near-term inflows and outflows of spendable*

resources, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The 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, Parks Fund, Debt Service Fund, and a Capital Projects Fund, all major funds.

The Town adopts an annual budget for the General, Parks, Debt Service and Capital Projects Funds. Supplementary budgetary comparison statements have been provided for the General and Parks Funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on page 3 to 6 of this report.

Fiduciary funds.

Fiduciary funds are used to account for assets held by a governmental unit acting as a trustee or agent for individuals, organization, other governmental units, or other funds of the same governmental unit. They are custodial in nature (assets equal liabilities) and do not measure results of operations.

The fiduciary fund financial statements can be found on page 7 of this report.

Notes to the basic 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.

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Assets exceeded liabilities and deferred inflows by \$15,442,378 at the close of 2014.

Town of Middleton's Net Position

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Assets:		
Current and other assets	\$ 9,467,124	\$ 9,072,134
Capital assets	15,286,941	14,537,277
Total Assets	<u>24,754,065</u>	<u>23,609,411</u>
Liabilities:		
Long-term liabilities outstanding	4,976,657	5,033,519
Other liabilities	1,490,516	1,006,121
Total Liabilities	<u>6,467,173</u>	<u>6,039,640</u>
Deferred Inflows:		
Tax Levy	2,844,514	3,140,775
Total Deferred Inflows	<u>2,844,514</u>	<u>3,140,775</u>
Net Position:		
Net investment in capital assets	10,679,806	9,940,764
Unrestricted	4,762,572	4,488,232
Total Net Position	<u>\$ 15,442,378</u>	<u>\$ 14,428,996</u>

The Town’s net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment, etc.), less any related 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.

Infrastructure placed in service prior to January 1, 2004, such as roads, storm sewers, and culverts, are reflected in these reports.

The table below provides a summary of the Town’s operating results and their impact on net position for 2014. In 2014, the Town relied primarily on property taxes to fund its operations. Taxes account for approximately \$2.8 million (59.4%) of total revenue. Program revenues, in the form of charges for services were 12 percent, and operating grants and contributions were 6 percent.

Town of Middleton's Change in Net Position

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues:		
Charges for services and fees, fines and costs	\$ 551,867	\$ 597,982
Operating grants and contributions	287,704	278,514
Capital grants and contributions	634,774	204,221
General revenues:		
Property taxes	2,812,385	2,813,173
Other taxes	31,242	31,481
Grants and contributions not restricted to specific programs	177,749	141,397
Unrestricted interest and investments	28,436	37,945
Loss on sale of asset	17,842	(62,559)
Miscellaneous	193,086	210,828
Total Revenues	<u>4,735,085</u>	<u>4,252,982</u>
Expenses:		
General government	573,065	561,072
Public safety	828,424	971,530
Public works	1,892,873	1,693,128
Culture and recreation	208,949	244,815
Conservation and development	20,765	23,813
Interest on long-term debt	197,627	205,573
Total Expenses	<u>3,721,703</u>	<u>3,699,931</u>
Increase in net position	1,013,382	553,051
Net position - January 1	14,428,996	13,875,945
Net position - December 31	<u>\$ 15,442,378</u>	<u>\$ 14,428,996</u>

Financial Analysis of the Town of Middleton's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

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

In 2014, the developers for the Town's Cherrywood addition constructed roads and storm water control areas which become part of the Town's infrastructure upon completion. As a result, the Town recognized approximately \$600,000 of in-kind contributions from the project in addition to corresponding in-kind Capital asset addition.

As of December 31, 2014, the Town's governmental funds reported combined ending fund balances of \$5,882,149, an increase of \$231,526 from the prior year. The general fund has an unassigned fund balance of \$1,371,831.

The general fund is the chief operating fund of the Town. At the end of the current year the total fund balance was \$4,353,756. As a measure of the general fund's liquidity, it may be useful to compare both Unreserved Fund balance and total fund balance to total General Fund expenditures. The Unassigned Fund balance represents 53.5% of total general fund expenditures.

There were two budget amendments, one to account for the expense of replacing the roof and the associated claim payment and the other moving the inspector's wages from General Government to Public Safety.

It's important to view all major funds together to see the Town's financial performance as a whole.

	All Governmental Funds					Total Actual	Variance with Budget Positive (Negative)
	Total Budget	Actual Amounts, Budgetary Basis					
		General Fund	Debt Service	Capital Projects	Parks Fund		
Total Revenues	\$ 4,039,202	\$ 3,114,845	\$ 888,101	\$ 273,287	\$ 35,019	\$ 4,311,252	\$ 272,050
Total Expenses	\$ 4,296,013	\$ 2,565,945	\$ 889,793	\$ 1,095,510	\$ 128,478	\$ 4,679,726	\$ 383,713
Total Other Sources (Uses)	\$ -	\$ (1,692)	\$ 1,692	\$ 600,000	\$ -	\$ 600,000	\$ 600,000
Net Change in Fund Balance	\$ (256,811)	\$ 547,208	\$ -	\$ (222,223)	\$ (93,459)	\$ 231,526	\$ 488,337
Fund Balances - Beginning	\$ 4,984,275	\$ 3,806,548	\$ -	\$ 366,615	\$ 1,477,460	\$ 5,650,623	\$ 666,348
Fund Balances - Ending	\$ 4,727,464	\$ 4,353,756	\$ -	\$ 144,392	\$ 1,384,001	\$ 5,882,149	\$ 1,154,685

Capital assets.

The investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$15,286,941 (net of accumulated depreciation). This investment in capital assets includes land, equipment,

buildings, improvements, and infrastructure construction in progress. Infrastructure placed in service prior to January 1, 2004 (roads, storm sewers, and culverts) is included. The net increase in the Town's investment in capital assets for the current year was \$749,664.

Town of Middleton's Capital Assets
(net of accumulated depreciation)

	Governmental Activities	
	2014	2013
Land	\$ 4,865,230	\$ 4,865,230
Construction/Equipment in Progress	652,075	44,252
Buildings and Improvements	2,348,673	2,207,323
Buildings - Fire Station #2	1,658,470	1,658,470
Vehicles	458,444	413,338
Equipment	665,965	599,968
Infrastructure	15,849,911	15,145,353
Less: Accumulated Depreciation	(11,211,827)	(10,396,657)
Total	\$ 15,286,941	\$ 14,537,277

Additional information on capital assets can be found in Note 4 on page 20 of this report. Construction in progress includes the costs to date for building the Town's new storage building and parking lot. The remainder of the construction and related costs will be completed in 2015.

Long-term debt.

On December 31, 2014, the Town had total long-term debt outstanding of \$5,543,135, which was general obligation debt backed by the full faith of the Town. During the fiscal year, the Town's general obligation debt decreased by \$89,378.

Town of Middleton's Outstanding Debt
General Obligation Debt

	Governmental Activities	
	2014	2013
General Obligation Debt	\$ 4,048,135	\$ 4,067,513
General Obligation Debt - Fire Station #2	1,495,000	1,565,000
Total	\$ 5,543,135	\$ 5,632,513

Additional information on the Town's long-term debt can be found in Note 5 on pages 21 to 22 of this report.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Middleton Administrator, 7555 W Old Sauk Rd, Verona WI 53593.

BASIC FINANCIAL STATEMENTS

**Town of Middleton
Dane County, WI**

**Statement of Net Position
December 31, 2014**

	Governmental Activities
ASSETS	
Cash and Equivalents	\$ 6,382,395
Taxes Receivable	2,858,198
Other Receivables	226,531
Capital Assets	
Land, Improvements, and Construction in Progress	5,517,305
Other Capital Assets, Net of Depreciation	9,769,636
Total Capital Assets	15,286,941
Total Assets	\$ 24,754,065
 LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 616,089
Building Permit Deposits	76,000
Due to Other Governments	48,372
Accrued Interest	27,000
Long-Term Liabilities	
Due Within One Year:	
Bonds and Notes	699,378
Compensated Absences	23,679
Due in More Than One Year:	
Bonds and Notes	4,840,911
Compensated Absences	135,744
Total Liabilities	6,467,173
 DEFERRED INFLOWS	
Tax Levy	2,844,514
Total Deferred Inflows	2,844,514
 NET POSITION	
Net Investment in Capital Assets	10,679,806
Unrestricted	4,762,572
Total Net Position	15,442,378
Total Liabilities, Deferred Inflows and Net Position	\$ 24,754,065

See accompanying notes to the basic financial statements.

**Town of Middleton
Dane County, WI
Statement of Activities
For the Year Ended December 31, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General Government	\$ 573,065	\$ 84,149	\$ 5,513	\$ 15,369	\$ (468,034)
Public Safety	828,424	15,185	38,958	-	(774,281)
Public Works	1,892,873	441,908	243,085	612,045	(595,835)
Culture and Recreation	208,949	2,475	-	7,360	(199,114)
Conservation and Development	20,765	8,150	148	-	(12,467)
Interest on Long-Term Debt	197,627	-	-	-	(197,627)
Total Governmental Activities	<u>\$ 3,721,703</u>	<u>\$ 551,867</u>	<u>\$ 287,704</u>	<u>\$ 634,774</u>	<u>(2,247,358)</u>

General Revenues:

Taxes:	
Property taxes, levied for general purposes	1,878,481
Property taxes, levied for debt service	877,612
Property taxes, levied for capital projects	56,292
Room taxes	31,242
Grants and contributions not restricted to specific programs	177,749
Unrestricted investment earnings	28,436
Miscellaneous	193,086
<i>Special item</i> - gain (loss) on disposal of asset	17,842
Total General Revenues	<u>3,260,740</u>
Change in Net Position	1,013,382
Net Position - Beginning	14,428,996
Net Position - Ending	<u>\$ 15,442,378</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Dane County, WI**

**Balance Sheet
Governmental Funds
December 31, 2014**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Parks Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,316,593	\$ -	\$ 598,641	\$ 1,467,161	\$ 6,382,395
Receivables:					
Taxes	1,767,065	870,884	220,249	-	2,858,198
Delinquent Personal Property Taxes	105,373	-	-	-	105,373
Special Assessments	629	-	-	-	629
Accounts	31,215	-	84,357	4,958	120,530
Due from Other Funds	381,234	-	-	-	381,234
Total Assets	<u>\$ 6,602,109</u>	<u>\$ 870,884</u>	<u>\$ 903,247</u>	<u>\$ 1,472,119</u>	<u>\$ 9,848,359</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 302,911	\$ -	\$ 219,322	\$ 25,773	\$ 548,006
Accrued Liabilities	67,689	-	-	395	68,084
Deposits	76,000	-	-	-	76,000
Due to Other Funds	-	-	319,284	61,950	381,234
Payable to Other Governments	48,372	-	-	-	48,372
Total Liabilities	<u>494,972</u>	<u>-</u>	<u>538,606</u>	<u>88,118</u>	<u>1,121,696</u>
Deferred Inflows:					
Tax Levy	<u>1,753,381</u>	<u>870,884</u>	<u>220,249</u>	<u>-</u>	<u>2,844,514</u>
Fund Balances:					
Nonspendable	106,002	-	-	-	106,002
Committed	4,000	-	-	-	4,000
Assigned	2,871,923	-	144,392	1,384,001	4,400,316
Unassigned	1,371,831	-	-	-	1,371,831
Total Fund Balances	<u>4,353,756</u>	<u>-</u>	<u>144,392</u>	<u>1,384,001</u>	<u>5,882,149</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,602,109</u>	<u>\$ 870,884</u>	<u>\$ 903,247</u>	<u>\$ 1,472,119</u>	<u>\$ 9,848,359</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Dane County, WI**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014**

Total fund balance, governmental funds	\$	5,882,149
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		15,286,941
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		2,846
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.		
Compensated absences		(159,423)
Accrued interest		(27,000)
General obligation debt		(5,543,135)
Net position of governmental activities in the statement of net position	\$	<u>15,442,378</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Dane County, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014**

	General Fund	Debt Service	Capital Projects	Parks Fund	Total Governmental Funds
REVENUES					
Property Taxes	\$ 1,876,488	\$ 877,612	\$ 56,292	\$ -	\$ 2,810,392
Other Taxes	12,353	-	-	21,869	34,222
Intergovernmental	459,793	-	84,357	148	544,298
License and Permits	207,708	-	-	-	207,708
Fines, Forfeits and Penalties	15,185	-	-	-	15,185
Public Charges for Services	324,274	-	-	4,200	328,474
Interest Income	19,736	956	1,218	6,038	27,948
Miscellaneous Income	199,308	9,533	131,420	2,764	343,025
Total Revenues	<u>3,114,845</u>	<u>888,101</u>	<u>273,287</u>	<u>35,019</u>	<u>4,311,252</u>
EXPENDITURES					
Current:					
General Government	497,007	1,550	51,394	-	549,951
Public Safety	793,153	-	-	-	793,153
Public Works	1,113,416	-	1,026,897	-	2,140,313
Culture, Recreation and Education	141,604	-	17,219	128,478	287,301
Conservation and Development	20,765	-	-	-	20,765
Debt Service					
Principal Repayment	-	689,378	-	-	689,378
Interest	-	198,865	-	-	198,865
Total Expenditures	<u>2,565,945</u>	<u>889,793</u>	<u>1,095,510</u>	<u>128,478</u>	<u>4,679,726</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>548,900</u>	<u>(1,692)</u>	<u>(822,223)</u>	<u>(93,459)</u>	<u>(368,474)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Long-Term Debt and Debt Refunding	-	-	600,000	-	600,000
Transfers In	-	1,692	-	-	1,692
Transfers Out	(1,692)	-	-	-	(1,692)
Total Other Financing Sources and Uses	<u>(1,692)</u>	<u>1,692</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Net Change in Fund Balances	547,208	-	(222,223)	(93,459)	231,526
Fund Balances - Beginning	3,806,548	-	366,615	1,477,460	5,650,623
Fund Balances - Ending	<u>\$ 4,353,756</u>	<u>\$ -</u>	<u>\$ 144,392</u>	<u>\$ 1,384,001</u>	<u>\$ 5,882,149</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Dane County, WI**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2014**

Net change in fund balances - total governmental funds: \$ 231,526

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$1,616,851) was more than depreciation (\$865,742) in the current period. 751,109

The statement of activities reports the loss on the sale of capital assets as an decrease in net position. This is not reported in the fund financial statements. This amount represents the loss on the sale/disposal of equipment. (1,445)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term liabilities on the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Principal payments on long-term debt 689,378
Proceeds of debt issuance (600,000)

Decrease in accrued interest 1,800
Amortization of debt discount (565)
Increase in accrued compensated absence (58,421)

Change in net position of governmental activities \$ 1,013,382

See accompanying notes to the basic financial statements.

**Town of Middleton
Dane County, WI**

**Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2014**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 10,532,962
Receivables:	
Taxes Receivable	9,724,262
Other Receivables	373,810
Total Assets	<u>\$ 20,631,034</u>
LIABILITIES	
Due to Other Funds	\$ 3,158,668
Due to Other Governments	17,472,366
Total Liabilities	<u>\$ 20,631,034</u>

See accompanying notes to the basic financial statements.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Middleton, Wisconsin conform to generally accepted accounting principles in the United States of America as applicable to governmental units.

A. 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. 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. This report does not contain any component units.

B. Government-Wide and Fund Financial Statements

"Government-wide" financial statements are basic financial statements required for all governmental units. The statement of net position and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. In accordance with accounting standards for governmental units, the Town uses the modified accrual basis of accounting for governmental fund financial statements.

In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Town does not report any business-type activities.

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

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements

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

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

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

The Town reports the following major governmental funds:

Major Governmental Funds

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

Parks Fund – used to account for the Town’s park related projects and related revenue sources. Revenue sources include seventy percent of room tax (tourism) and park fees charged to developers of new lots. These monies are set aside for future park development and may be used for annual park maintenance.

General Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt.

Capital Projects Fund – used to account for resources to be used for the acquisition or construction of capital infrastructures.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Major Governmental Funds (Continued)

The Town, in addition to the major funds identified above, reports the following fund type:

Fiduciary Funds

Tax Agency - used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Town reports its Tax Agency activity in a fiduciary fund.

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

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)

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

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town, which are not available, are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

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

The Town reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the Town has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the deferred inflows is removed from the balance sheet and revenue is recognized.

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

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

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents/Investments

Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Town's individual major funds, and in the aggregate for non-major and fiduciary funds.

All deposits of the Town are made in board designated official depositories and are secured as required by State Statute. The Town may designate, as an official depository, any bank or savings association. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

See Footnote 3 for additional information.

2) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Town's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Town taxes. Since Town property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale – 2014 delinquent real estate taxes	October 2017

3) Inventories and Prepaid Items

Inventories

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material.

Prepaid Items

Expenditures paid in advance of the period the expenditure is incurred are recorded as prepaid assets.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

4) Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets including infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated straight-line based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by GASB.

5) Compensated Absences

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Accumulated vacation pay benefits may be carried over at the employee's anniversary date not to exceed 5 days. Sick pay can be accumulated to a maximum of 120 days. Accumulated vacation and sick pay is estimated to be \$159,423 at December 31, 2014. This amount is not included as a liability on the fund financial statements, but is reported as a liability on the government-wide financial statements.

6) Deferred Outflows and Inflows of Resources

Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

7) Inter-fund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions are reported as transfers.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

8) Long-Term Obligations

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

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as “Other Financing Sources” in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

9) Equity Classifications

Government-Wide Statements

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

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

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

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

9) Equity Classifications (Continued)

Fund Statements

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has stated intended use as established by the Town Board to assign amounts for specific purposes. The Board has designated authority to the Town Clerk to assign funds.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances can also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

E. Budgetary Information

Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to the end of August, the Board requests proposed details of expenditures from the various departments for the following fiscal year. Proposed department expenditures are submitted to the Clerk who determines the details of required revenues, and in turn, submits the proposed revenues and expenditures to the Town Board. The budget is legally enacted by Board resolution in December.

Budgetary control is exercised at the departmental level; however, the Board must approve any revisions that alter the total expenditures of a grouping of accounts. Unassigned appropriations lapse at year-end.

The Town adopted an annual budget for the General Fund, the Parks Fund, the Capital Projects Fund and the Debt Service Fund. These budgets are adopted in accordance with State Statutes and are presented in accordance with accounting principles generally accepted in the United States of America. Budgets reflect the original approved budget of the above funds and any subsequent revisions authorized by the Town's Board.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)

F. Excess Expenditures over Appropriations

The Town controls expenditures at the department level. The individual line items in the General and Parks Funds that experienced expenditures, which exceeded appropriations in 2014 were as follows:

Fund	Function / Department Level	Amount
General Fund	Conservation and Development	\$ 7,240
Parks Fund	Culture, Recreation and Education	\$ 33,499

G. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

2. Explanation of Certain Differences between Governmental Fund Statements and Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently.

A. Explanation of Differences between Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

1. Capital related differences include (1) the difference between recording an expenditure for the purpose of capital items in the governmental fund statements and (2) depreciation expense on those items as recorded in the statement of activities.
2. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position. In addition, debt proceeds are recorded as other financing sources in the governmental fund statements, whereas they are recorded as a liability in the government-wide statements.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

3. Cash and Cash Equivalents/Investments

As previously discussed, cash for all Town funds are pooled for investment purposes. At December 31, 2014, the cash and investments consist of the following:

Deposits in Local Government Investment Pool	\$ 461,343
Deposits in Certificates of Deposit	1,994,363
Deposits in Financial Institutions, Interest Bearing Accounts	12,336,923
Deposits in Financial Institutions, Non-Interest Bearing Accounts	2,122,728
	<u>\$16,915,357</u>

Cash and investments as of December 31, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 6,382,395
Fiduciary Funds:	
Cash and Investments	10,532,962
Total Cash and Investments	<u>\$16,915,357</u>

Investments Authorized by Wisconsin Statutes

Investment of Town funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Town plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government;
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
- (9) Repurchase agreements with public depositories, with certain conditions;
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

3. Cash and Cash Equivalents/Investments, (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

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, 2014, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount reported above.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Per the Town's investment policy, the objective is to mitigate any risks involving the Town's deposits. Additionally, investments of longer than 12 months in duration shall be limited to 50% of the combined fund balance at any given time.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investment choices beyond state law. It is the policy of the Town, to at no time put its deposits at risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment of collateral securities that are in the possession of another party.

As outlined in the Town's investment policy, all funds collected by the Town shall be deposited with chartered financial institutions that have FDIC insurance and are located in Dane County. It is the objective of the Town to mitigate any risk involving its deposits. As such, all deposits in the name of the Town shall be fully insured and protected. The Town will accept deposit protection through a choice of the prevailing FDIC program and/or collateralized securities pledged to the Town. At no time shall the Town put its deposits at risk.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

3. Cash and Cash Equivalents/Investments (Continued)

The Town maintained insured and collateralized deposits with local banking institutions. As of December 31, 2014, if necessary, the institutions have purchased guarantee bonds to provide coverage for balances which exceed the FDIC insurance and the State Deposit Guarantee Fund coverage. The Town's deposits were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	\$ 2,469,452
Collateralized	13,997,089
Uninsured and Uncollateralized	<u>1,611</u>
Total Deposits with Financial Institutions	<u><u>\$ 16,468,152</u></u>

The uninsured and uncollateralized amount of \$1,611 is due to interest earned on CDs applied to the original balance prior to maturity. The Town intends to renew these CDs in an amount that would be fully insured.

Concentration of Credit Risk

The Town's investment policy does not allow for an investment in any one investment type in excess of fifty percent of the Town's combined fund balance. No Town investment represents 5% or more of the total investments.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

4. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2014 was as follows:

	Balance 1/1/14	Additions	Retirements	Balance 12/31/14
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 4,865,230	\$ -	\$ -	\$ 4,865,230
Equipment in progress	44,252	-	44,252	-
Construction in progress	-	652,075	-	652,075
Total Non-Depreciable Capital Assets	<u>4,909,482</u>	<u>652,075</u>	<u>44,252</u>	<u>5,517,305</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,865,793	141,350	-	4,007,143
Infrastructure	15,145,353	704,558	-	15,849,911
Equipment	599,968	70,822	4,825	665,965
Vehicles	413,338	92,300	47,194	458,444
Capital Assets Being Depreciated	<u>20,024,452</u>	<u>1,009,030</u>	<u>52,019</u>	<u>20,981,463</u>
Total Capital Assets	24,933,934	1,661,105	96,271	26,498,768
Less: Accumulated Depreciation	<u>(10,396,657)</u>	<u>(865,742)</u>	<u>(50,572)</u>	<u>(11,211,827)</u>
Capital Assets Net of Depreciation	<u>\$ 14,537,277</u>	<u>\$ 795,363</u>	<u>\$ 45,699</u>	<u>\$ 15,286,941</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 56,456
Public Safety	35,271
Public Works	743,890
Recreation	30,125
Total Governmental Activities	<u>\$ 865,742</u>

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

5. Long-Term Obligations

General Obligation Debt

All general obligation notes and bond payable are backed by the full faith and credit of the Town. Notes and bonds will be retired by future property tax levies accumulated by the debt service fund.

	Balance 1/1/2014	Issued	Retired	Balance 12/31/2014	Current Portion
Governmental Activities:					
Total general obligation debt	\$ 5,632,513	\$ 600,000	\$ 689,378	\$ 5,543,135	\$ 699,378
Unamortized bond discount	(3,411)	-	(565)	(2,846)	-
Compensated absences	101,002	58,421	-	159,423	23,679
	<u>\$ 5,730,104</u>	<u>\$ 658,421</u>	<u>\$ 688,813</u>	<u>\$ 5,699,712</u>	<u>\$ 723,057</u>

General obligation long-term debt issues outstanding at December 31, 2014 and total outstanding were as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2014
G.O. Promissory Note	12/18/2007	12/18/2017	3.80%	\$1,543,781	\$ 463,135
G.O. Bonds	3/20/2009	3/1/2024	3.00-4.375%	2,885,000	1,910,000
G.O. Bonds	3/20/2009	3/1/2029	2.75 – 4.70%	1,795,000	1,495,000
G.O. Promissory Notes	11/22/2010	3/1/2019	.80-3.25%	1,890,000	1,075,000
G.O. Promissory Notes	12/22/2014	1/22/2021	2.41%	600,000	600,000
Total general obligation debt					<u>\$ 5,543,135</u>

Debt Service Requirements to Maturity

Years	General Long-Term Debt		
	Principal	Interest	Totals
2015	\$ 699,378	\$ 177,663	\$ 877,041
2016	714,378	178,340	892,718
2017	734,379	145,654	880,033
2018	755,000	117,366	872,366
2019	770,000	91,321	861,321
2020-2024	1,260,000	259,611	1,519,611
2025-2029	610,000	74,727	684,727
Totals	<u>\$ 5,543,135</u>	<u>\$ 1,044,682</u>	<u>\$ 6,587,817</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed five percent of the equalized value of taxable property within the Town's jurisdiction. The debt limit as of December 31, 2014 was \$53,993,100. Total general obligation debt outstanding at year end was \$5,543,135.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

6. Governmental Net Position

Governmental net position as reported on the statement of net position as of December 31, 2014 is as follows:

Net Investment in Capital Assets		
Capital Assets, Net	\$	15,286,941
Less: Total Outstanding Debt		(5,543,135)
Plus: Non-Capital Related Debt		936,000
		10,679,806
Unrestricted		4,762,572
Total Net Position	\$	15,442,378

7. Governmental Fund Balances

Governmental fund balances reported on the governmental funds balance sheet at December 31, 2014 include the following:

	General	Capital Projects	Parks Fund	Total
Non-spendable				
Delinquent personal property taxes and special assessments	\$ 106,002	\$ -	\$ -	\$ 106,002
Prepaid Expenses				
Total non-spendable	106,002	-	-	106,002
Committed				
Sheriff Sinking Fund	4,000	-	-	4,000
Total committed	4,000	-	-	4,000
Assigned				
Garage & Truck Equipment	391,345	-	-	391,345
Sanitary Sewer	44,308	-	-	44,308
Hall Maintenance	35,750	-	-	35,750
Capital Purchases/Projects	1,166,346	144,392	-	1,310,738
Park Development & Maintenance	-	-	1,384,001	1,384,001
Fire District	187,997	-	-	187,997
Storm Water	241,465	-	-	241,465
Roads	124,801	-	-	124,801
Park Maintenance	655,000	-	-	655,000
Other	24,911	-	-	24,911
Total assigned	2,871,923	144,392	1,384,001	4,400,316
Unassigned	1,371,831	-	-	1,371,831
Total	\$ 4,353,756	\$ 144,392	\$ 1,384,001	\$ 5,882,149

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

8. Employees' Retirement System

All eligible Town employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year (440 hours for teachers and school district educational support employees) are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 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. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Covered employees are required by statute to contribute one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for the Town of Middleton employees covered by the system for the year ended December 31, 2014 was \$442,898; the employer's total payroll was \$485,023. The total required contribution for the year ended December 31, 2014 was \$62,006 or 14.0 percent of covered payroll. Of this amount, \$31,003 was paid by employees and \$31,003 was paid by the Town. Total contributions for the years ending December 31, 2013 and 2012 were \$57,466 and \$49,921, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested. Participants hired after June 30, 2011 are fully vested after five years.

The system also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

9. Interfund Balances

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. At December 31, 2014 the parks fund owed the general fund \$61,950. At December 31, 2014 the capital projects fund owed the general fund \$319,284. All interfund balances are expected to be paid within one year.

10. Transfers

The following is a schedule of interfund transfers for the year ended December 31, 2014:

Transferred To	Transferred From	Amount	Purpose
Debt Service Fund	General Fund	\$ 1,692	Annual close out of fund balance
Total		<u>\$ 1,692</u>	

11. Joint Ventures

The Towns of Middleton, Westport and Springfield and City of Middleton jointly operate a fire district, called 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	23.71%
Town of Westport	5.51%
Town of Springfield	8.48%
City of Middleton	<u>62.30%</u>
Total	<u>100.00%</u>

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 \$296,900 to the district for 2014. 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, 2014 is available directly from the district’s office.

12. Rental Income

The Town has entered into a lease agreement with the Dane County Sheriff’s Department to provide space for their precinct in the Town’s Hall which was finished in 1998. The current lease agreement, which is an extension of the original lease, commenced on April 1, 2013 and is for 5 years, terminating on March 31, 2018. The lease calls for quarterly rental payments of \$5,225 due to the Town. The extension also specifies annual sinking fund contributions of \$2,000 and annual snow plowing fees of \$1,000 due in quarterly installments. The annual sinking fund requirements began in 2007. At December 31, 2014 the sinking fund balance reported as committed fund balance is \$0. Rental income for 2014 was \$23,900.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

12. Rental Income (Continued)

The Town has constructed Fire Station #2 for the Middleton Fire District which was completed in November, 2008. The lease to the Fire District is for 30 years and may be extended for an additional 10 year term. The lease calls for quarterly payments of \$34,280 beginning August 1, 2009, for 20 years and ending on May 1, 2029. Rental income from this lease was \$137,120 in 2014.

Minimum rentals to be received on this lease are as follows:

2015	\$ 137,120
2016	137,120
2017	137,120
2018	137,120
2019	137,120
2020-2024	685,600
2025-2029	617,040

The Town also receives rental income for use of land that the Town owns. These rental agreements are negotiated yearly. Rental income for 2014 was \$3,810.

13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

14. 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 the management and the town attorney that the likelihood is remote that such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

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

Funding for the operating budget of the Town comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Town. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Town.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2014

14. Commitments and Contingencies (Continued)

Construction Project

The Town has entered into a contract for the construction of a new salt shed and parking lot. Construction commitments and expenditures as of December 31, 2014 are as follows:

Salt Shed and Parking Lot Bids	\$	1,057,000
Expenditures through December 31, 2014		652,075
Balance to be Spent	\$	404,925

Emergency Medical Services (EMS)

On December 2, 2014 the Town entered into an agreement with the City of Middleton to provide EMS services. The agreement shall commence on January 1, 2015 and will expire on December 31, 2019. The terms of the agreement shall automatically renew of an additional five years and each fifth year so after 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. This calculation will result in annual payment by the Town that may be equal to, but will not exceed as follows:

Year	Not to Exceed Amount
2014 (Base)	\$ 182,078
2015	184,809
2016	187,581
2017	190,395
2018	193,251
2019	196,150

15. Subsequent Events

Amended Lease Agreement

Subsequent to yearend, the Town approved an amendment to the Fire Station #2 agreement described in Note 12 on page 25. The amendment includes the rental of an additional 1,200 square feet of storage space in a newly constructed shed. The lease calls for 57 payments of \$1,320 to be made on or before February 1, May 1, August 1, and November 1 of each year, commencing on February 1, 2015 and continuing through May 1, 2029 for a total of \$75,240. The District shall then continue to occupy said storage area without charge through October 31, 2038.

16. Effect of New Accounting Standards on Current Year Financial Statements

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Application of these standards may require restatement of portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**Town of Middleton
Dane County, WI**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 1,871,279	\$ 1,871,279	\$ 1,876,488	\$ 5,209
Other Taxes	6,300	6,300	12,353	6,053
Intergovernmental	418,795	418,795	459,793	40,998
License and Permits	130,700	130,700	207,708	77,008
Fines, Forfeits and Penalties	11,000	11,000	15,185	4,185
Public Charges for Services	324,205	324,205	324,274	69
Interest Income	25,450	25,450	19,736	(5,714)
Miscellaneous Income	174,550	174,550	199,308	24,758
Total Revenues	<u>2,962,279</u>	<u>2,962,279</u>	<u>3,114,845</u>	<u>152,566</u>
EXPENDITURES				
Current:				
General Government	517,673	517,673	497,007	20,666
Public Safety	809,727	809,727	793,153	16,574
Public Works	1,306,849	1,306,849	1,113,416	193,433
Culture, Recreation and Education	184,428	184,428	141,604	42,824
Conservation and Development	13,525	13,525	20,765	(7,240)
Total Expenditures	<u>2,832,202</u>	<u>2,832,202</u>	<u>2,565,945</u>	<u>266,257</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>130,077</u>	<u>130,077</u>	<u>548,900</u>	<u>418,823</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(1,692)	(1,692)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(1,692)</u>	<u>(1,692)</u>
Net Change in Fund Balances	130,077	130,077	547,208	417,131
Fund Balances - Beginning	3,806,548	3,806,548	3,806,548	-
Fund Balances - Ending	<u>\$ 3,936,625</u>	<u>\$ 3,936,625</u>	<u>\$ 4,353,756</u>	<u>\$ 417,131</u>

**Town of Middleton
Dane County, WI**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Parks Fund
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other Taxes	\$ 14,000	\$ 14,000	\$ 21,869	\$ 7,869
Intergovernmental	-	-	148	148
Public Charges for Services	-	-	4,200	4,200
Interest Income	7,000	7,000	6,038	(962)
Miscellaneous Income	-	-	2,764	2,764
Total Revenues	<u>21,000</u>	<u>21,000</u>	<u>35,019</u>	<u>14,019</u>
EXPENDITURES				
Current:				
Culture, Recreation and Education	<u>94,979</u>	<u>94,979</u>	<u>128,478</u>	<u>(33,499)</u>
Total Expenditures	<u>94,979</u>	<u>94,979</u>	<u>128,478</u>	<u>(33,499)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(73,979)</u>	<u>(73,979)</u>	<u>(93,459)</u>	<u>(19,480)</u>
Net Change in Fund Balances	(73,979)	(73,979)	(93,459)	(19,480)
Fund Balances - Beginning	<u>1,477,460</u>	<u>1,477,460</u>	<u>1,477,460</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,403,481</u>	<u>\$ 1,403,481</u>	<u>\$ 1,384,001</u>	<u>\$ (19,480)</u>

SUPPLEMENTARY INFORMATION

**Town of Middleton
Dane County, WI**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 56,292	\$ 56,292	\$ 56,292	\$ -
Intergovernmental	-	-	84,357	84,357
Interest Income	-	-	1,218	1,218
Miscellaneous Income	111,746	111,746	131,420	19,674
Total Revenues	<u>168,038</u>	<u>168,038</u>	<u>273,287</u>	<u>105,249</u>
EXPENDITURES				
Current:				
General Government	85,500	85,500	51,394	34,106
Public Safety	10,000	10,000	-	10,000
Public Works	359,082	359,082	1,026,897	(667,815)
Culture, Recreation and Education	26,365	26,365	17,219	9,146
Total Expenditures	<u>480,947</u>	<u>480,947</u>	<u>1,095,510</u>	<u>(614,563)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(312,909)</u>	<u>(312,909)</u>	<u>(822,223)</u>	<u>(509,314)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	600,000	600,000
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Net Change in Fund Balances	(312,909)	(312,909)	(222,223)	90,686
Fund Balances - Beginning	366,615	366,615	366,615	-
Fund Balances - Ending	<u>\$ 53,706</u>	<u>\$ 53,706</u>	<u>\$ 144,392</u>	<u>\$ 90,686</u>

**Town of Middleton
Dane County, WI**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 877,612	\$ 877,612	\$ 877,612	\$ -
Interest Income	-	-	956	956
Miscellaneous Income	10,273	10,273	9,533	(740)
Total Revenues	<u>887,885</u>	<u>887,885</u>	<u>888,101</u>	<u>216</u>
EXPENDITURES				
Current:				
General Government	-	-	1,550	(1,550)
Debt Service				
Principal Repayment	689,378	689,378	689,378	-
Interest Expense	198,507	198,507	198,865	(358)
Total Expenditures	<u>887,885</u>	<u>887,885</u>	<u>889,793</u>	<u>(1,908)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,692)</u>	<u>(1,692)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,692	1,692
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>1,692</u>	<u>1,692</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>