

FINANCIAL HIGHLIGHTS (continued)

Additionally, the Water Utility continued to remit payments totaling \$765,000 for its prior noncurrent advance to the general fund. Final payment is expected to be paid in full to the general fund by the close of fiscal year 2019.

While the unassigned fund balance was nearly 16.0% of the adopted 2019 general fund expenditures, a little more than \$813,000 was recorded at year-end for a noncurrent advance to the golf enterprise fund from the general fund that is the result of cumulative cash shortfalls during the past few years. It is not anticipated that the golf courses will be able to repay the entire amount within the subsequent fiscal year.

Additionally, the general fund unassigned fund balance increased by just over \$850,000, as assignments for encumbrances, compensated absences, and a premium stabilization fund for employee insurances decreased by the close of the year. As an example, encumbrances were at their lowest since prior to 1996 at \$110,463. However, the increase of \$850,000 to the unassigned fund balance was largely offset by restricting long-term loan amounts totaling just over \$822,100, previously recorded as deferred inflows of resources.

- Room tax revenues transferred to the general fund were up by \$722,379, or 15.6% from 2017, due to an increase in the city's room tax rate from 9 percent to 10 percent, effective January 1, 2018. Thirty percent of room tax revenues are transferred to the general fund; the remaining 70 percent is held in the room tax fund for expenditure at the direction of the city's Room Tax Commission. Intergovernmental revenues increased from the prior year by about \$685,000, largely due to increased state payments for computer reimbursements totaling nearly \$390,000. Further, general fund licenses and permits exceeded budget by just under \$880,000 during the year, and were higher than the prior year by nearly \$200,000. However, fines and forfeitures were below budget by almost \$675,000, and were lower than prior year actuals by approximately \$250,000.
- Investment income exceeded the final adopted budget at just under \$1.5 million, and was almost \$2.0 million more when compared to 2017. Investment income revenues include any to-market adjustments for the City's investment portfolio and life insurance reserves at year-end, which when computed totaled an investment loss of about \$450,000.
- In addition, while the unassigned fund balance for all governmental funds increased in total by nearly \$11.5 million from the prior year, or by approximately 43.5%, it was reduced for restricted and unassigned fund balance (deficits) for negative cash balances that are generally within the City's newer Tax Incremental Financing Districts (TIFs). Newer districts in particular, commonly take years to recover increment for the initial capital outlay of expenditures. Approximately six districts had negative cash balances totaling \$12.3 million by year-end, compared to \$13.1 million the prior year.
- Outstanding General Obligation bonds and notes as of December 31, 2018, totaled over \$484.7 million (excluding the joint venture), with approximately \$438.5 million related to governmental activities. Business-type activities closed the year with over \$308.7 million in revenue bond and general obligation debt.
- At December 31, 2018, the City reported an asset of more than \$50.1 million, for its proportionate share of the Wisconsin Retirement System's net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. The City recognized a pension expense of nearly \$22.3 million, or approximately \$11.6 million less than what was recorded in the prior year.

CITY OF MADISON

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2018

	Parking Utility	Convention Center	Golf Courses	Totals
OPERATING REVENUES				
Charges for services	\$ 15,527,351	\$ 5,582,570	\$ 2,434,016	\$ 23,543,937
Total Operating Revenues	<u>15,527,351</u>	<u>5,582,570</u>	<u>2,434,016</u>	<u>23,543,937</u>
OPERATING EXPENSES				
Operation and maintenance	9,470,190	9,246,395	2,911,994	21,628,579
Depreciation	922,137	1,828,415	202,568	2,953,120
Total Operating Expenses	<u>10,392,327</u>	<u>11,074,810</u>	<u>3,114,562</u>	<u>24,581,699</u>
Operating Income (Loss)	<u>5,135,024</u>	<u>(5,492,240)</u>	<u>(680,546)</u>	<u>(1,037,762)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	598,826	3	-	598,829
Interest expense	-	(71,828)	(11,084)	(82,912)
Gain on sale of assets	2,247	5,721	-	7,968
Miscellaneous revenues	11,035	45,728	20,800	77,563
Total Nonoperating Revenues (Expenses)	<u>612,108</u>	<u>(20,376)</u>	<u>9,716</u>	<u>601,448</u>
Income (Loss) Before Transfers and Capital Contributions	<u>5,747,132</u>	<u>(5,512,616)</u>	<u>(670,830)</u>	<u>(436,314)</u>
TRANSFERS				
Transfers in	85,329	5,129,747	5,525	5,220,601
Transfers out	(1,364,304)	(338,200)	(198,015)	(1,900,519)
Net Transfers	<u>(1,278,975)</u>	<u>4,791,547</u>	<u>(192,490)</u>	<u>3,320,082</u>
Income (Loss) Before Contributions	4,468,157	(721,069)	(863,320)	2,883,768
Capital Contributions	<u>29,757,503</u>	<u>-</u>	<u>-</u>	<u>29,757,503</u>
Change in Net Position	34,225,660	(721,069)	(863,320)	32,641,271
NET POSITION - Beginning of Year (as restated)	<u>51,887,051</u>	<u>29,231,475</u>	<u>670,501</u>	<u>81,789,027</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 86,112,711</u>	<u>\$ 28,510,406</u>	<u>\$ (192,819)</u>	<u>\$ 114,430,298</u>

CITY OF MADISON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2018

	Parking Utility	Convention Center	Golf Courses	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 15,633,141	\$ 5,623,359	\$ 2,473,378	\$ 23,729,878
Customer deposits received (returned)	-	(74,623)	6,006	(68,617)
Paid to suppliers for goods and services	(2,861,653)	(3,655,066)	(1,386,049)	(7,902,768)
Paid to employees for services	(6,662,481)	(5,589,112)	(1,667,193)	(13,918,786)
Net Cash Flows From Operating Activities	<u>6,109,007</u>	<u>(3,695,442)</u>	<u>(573,858)</u>	<u>1,839,707</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advances from other funds	-	(35,928)	803,053	767,125
Transfers in	85,329	5,129,747	5,525	5,220,601
Transfers out	(1,364,304)	(338,200)	(198,015)	(1,900,519)
Net Cash Flows From Noncapital Financing Activities	<u>(1,278,975)</u>	<u>4,755,619</u>	<u>610,563</u>	<u>4,087,207</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(759,994)	(24,621)	(784,615)
Interest paid	-	(75,164)	(11,084)	(86,248)
Long-term debt issued	-	546,724	-	546,724
Acquisition and construction of capital assets	(2,719,956)	(359,311)	-	(3,079,267)
Proceeds from sale of property	2,247	5,721	-	7,968
Net Cash Flows From Capital and Related Financing Activities	<u>(2,717,709)</u>	<u>(642,024)</u>	<u>(35,705)</u>	<u>(3,395,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	598,826	3	-	598,829
Net Cash Flows From Investing Activities	<u>598,826</u>	<u>3</u>	<u>-</u>	<u>598,829</u>
Net Change in Cash and Cash Equivalents	2,711,149	418,156	1,000	3,130,305
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>33,634,061</u>	<u>3,231,125</u>	<u>5,340</u>	<u>36,870,526</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 36,345,210</u>	<u>\$ 3,649,281</u>	<u>\$ 6,340</u>	<u>\$ 40,000,831</u>

	Parking Utility	Convention Center	Golf Courses	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ 5,135,024	\$ (5,492,240)	\$ (680,546)	\$ (1,037,762)
Adjustments to reconcile income (loss) to net cash flows from operating activities				
Nonoperating income	11,035	45,728	20,800	77,563
Depreciation	922,137	1,828,415	202,568	2,953,120
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(27,396)	(80,933)	(1,545)	(109,874)
Inventories	-	2,281	-	2,281
Prepaid items	(4,028)	2,467	475	(1,086)
Accounts payable	(76,366)	(43,287)	99,167	(20,486)
Accrued compensated absences	(50,731)	(4,554)	17,800	(37,485)
Other post-employment benefits deferrals and liabilities	1,009,208	394,631	207,505	1,611,344
Due to other funds	-	-	(259,484)	(259,484)
Unearned revenues	-	13,059	-	13,059
Pension related deferrals and liabilities	(811,602)	(286,386)	(186,604)	(1,284,592)
Customer deposits	-	(74,623)	6,006	(68,617)
Other current liabilities	1,726	-	-	1,726
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 6,109,007	\$ (3,695,442)	\$ (573,858)	\$ 1,839,707
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION				
Cash and investments - statement of net position	\$ 36,345,210	\$ 3,649,281	\$ 6,340	\$ 40,000,831
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 36,345,210	\$ 3,649,281	\$ 6,340	\$ 40,000,831
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributed capital assets	\$ 29,757,503	\$ -	\$ -	\$ 29,757,503