

TOWN OF MIDDLETON
FINANCIAL STATEMENTS WITH
AUDITOR'S REPORT
For the Year Ended December 31, 2008

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Town of Middleton

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December 31, 2008

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Johnson Block
AND COMPANY, INC.

Certified Public Accountants

Quality service through our commitment to clients and staff

Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Krynski ▲ Janice L. Froelich

INDEPENDENT AUDITOR'S REPORT

October 12, 2009

To the Town Board
Town of Middleton
Middleton, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Wisconsin, as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Middleton, Wisconsin, as of December 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on page 26 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented the Management Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

BASIC FINANCIAL STATEMENTS

**Town of Middleton
Middleton, WI**

**Statement of Net Assets
December 31, 2008**

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 4,728,004
Taxes Receivable	3,129,722
Other Receivables	288,967
Other assets	26,531
Capital assets	
Land, improvements, and construction in progress	5,478,376
Other capital assets, net of depreciation	8,337,971
Total capital assets	13,816,347
Total Assets	\$ 21,989,571
 LIABILITIES	
Accounts payable and accrued expenses	\$ 428,497
Other liabilities	26,304
Deferred revenues	3,188,222
Due to other governments	14,356
Accrued interest	123,800
Long-term liabilities	
Due within one year	
Notes	756,668
Compensated absences	5,294
Due in more than one year	
Notes	6,457,377
Compensated absences	21,869
Total liabilities	11,022,387
 NET ASSETS	
Invested in capital assets, net of related debt	6,602,302
Restricted for:	
Special Revenue	1,870,253
Capital projects	214,542
Debt Service	1,350,000
Unrestricted	930,087
Total net assets	10,967,184
Total Liabilities and Net Assets	\$ 21,989,571
See accompanying notes to the basic financial statements.	

**Town of Middleton
Middleton, WI**

**Statement of Activities
For the Year Ended December 31, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 686,926	\$ 62,314	\$ 8,623	\$ (615,989)
Public Safety	2,245,985	25,766	27,704	(2,192,515)
Public Works	1,563,332	338,653	178,631	(1,046,048)
Culture and Recreation	175,745	535	28,250	(146,960)
Conservation and Development	142,432	41,175	433	(100,824)
Interest on Long-term Debt	206,423	-	-	(206,423)
Total governmental activities	<u>\$ 5,020,843</u>	<u>\$ 468,443</u>	<u>\$ 243,641</u>	<u>(4,308,759)</u>

General revenues:

Taxes:		
Property taxes, levied for general purposes		1,386,723
Property taxes, levied for debt service		774,919
Property taxes, levied for fire truck purchase		159,629
Room taxes		28,668
Grants and contributions not restricted to specific programs		100,714
Unrestricted investment earnings		202,681
Miscellaneous		89,324
<i>Special item</i> - gain (loss) on sale of asset		(1,676)
Total general revenues and special items		<u>2,740,982</u>
Change in net assets		(1,567,777)
Net assets - beginning		12,534,961
Net assets - ending		<u>\$ 10,967,184</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Middleton, WI**

**Balance Sheet
Governmental Funds
December 31, 2008**

	<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	\$ 957,002	\$ 1,350,000	\$ 415,200	\$ 2,005,802	\$ 4,728,004
Receivables:					
Taxes	2,165,381	964,341	-	-	3,129,722
Special Assessments	4,132	-	-	-	4,132
Accounts	50,967	-	-	238,000	288,967
Due from Other Funds	373,549	-	-	-	373,549
Prepaid Expenses	22,399	-	-	-	22,399
Total Assets	<u>\$ 3,573,430</u>	<u>\$ 2,314,341</u>	<u>\$ 415,200</u>	<u>\$ 2,243,802</u>	<u>\$ 8,546,773</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 241,152	\$ -	\$ 200,658	\$ -	\$ 441,810
Accrued Liabilities	85,847	-	-	-	85,847
Due to Other Funds	-	-	-	373,549	373,549
Deferred Revenue	2,165,381	964,341	-	-	3,129,722
Total Liabilities	<u>2,492,380</u>	<u>964,341</u>	<u>200,658</u>	<u>373,549</u>	<u>4,030,928</u>
Fund Balances:					
Reserved	26,531	1,350,000	-	1,870,253	3,246,784
Designated	186,750	-	214,542	-	401,292
Unreserved/Undesignated	867,769	-	-	-	867,769
Total Fund Balances	<u>1,081,050</u>	<u>1,350,000</u>	<u>214,542</u>	<u>1,870,253</u>	<u>4,515,845</u>
Total Liabilities and Fund Balances	<u>\$ 3,573,430</u>	<u>\$ 2,314,341</u>	<u>\$ 415,200</u>	<u>\$ 2,243,802</u>	<u>\$ 8,546,773</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Middleton, WI**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2008**

Total fund balance, governmental funds	\$ 4,515,845
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 assets.	13,816,347
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 assets.	
Compensated absences	(27,163)
Accrued interest	(123,800)
General obligation debt	<u>(7,214,045)</u>
Net assets of governmental activities in the statement of net assets	<u><u>\$ 10,967,184</u></u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Middleton, WI**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Parks Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 1,386,723	\$ 774,919	\$ 159,629	\$ -	\$ 2,321,271
Other Taxes	9,509	-	-	20,067	29,576
Intergovernmental	316,104	-	-	28,250	344,354
License and Permits	138,939	-	-	-	138,939
Fines, Forfeits and Penalties	25,766	-	-	-	25,766
Public Charges for Services	263,830	-	-	39,000	302,830
Interest Income	141,521	-	-	61,160	202,681
Miscellaneous Income	84,850	-	-	438	85,288
Total Revenues	<u>2,367,242</u>	<u>774,919</u>	<u>159,629</u>	<u>148,915</u>	<u>3,450,705</u>
EXPENDITURES					
Current:					
General Government	630,238	-	-	-	630,238
Public Safety	558,481	-	3,243,516	-	3,801,997
Public Works	586,829	-	1,301,571	-	1,888,400
Culture, Recreation and Education	72,520	-	-	170,088	242,608
Conservation and Development	135,062	-	-	-	135,062
Debt Service					
Principal Repayment	-	737,096	-	-	737,096
Interest/Issue Expense	-	187,823	-	-	187,823
Total Expenditures	<u>1,983,130</u>	<u>924,919</u>	<u>4,545,087</u>	<u>170,088</u>	<u>7,623,224</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>384,112</u>	<u>(150,000)</u>	<u>(4,385,458)</u>	<u>(21,173)</u>	<u>(4,172,519)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Assets	4,036	-	-	-	4,036
Proceeds from Long-Term Debt	-	-	4,600,000	-	4,600,000
Total Other Financing Sources and Uses	<u>4,036</u>	<u>-</u>	<u>4,600,000</u>	<u>-</u>	<u>4,604,036</u>
Net Change in Fund Balances	388,148	(150,000)	214,542	(21,173)	431,517
Fund Balances - Beginning	692,902	1,500,000	-	1,891,426	4,084,328
Fund Balances - Ending	<u>\$ 1,081,050</u>	<u>\$ 1,350,000</u>	<u>\$ 214,542</u>	<u>\$ 1,870,253</u>	<u>\$ 4,515,845</u>

See accompanying notes to the basic financial statements.

**Town of Middleton
Middleton, 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, 2008**

Net change in fund balances - total governmental funds: \$ 431,517

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 (\$2,578,542) exceeded depreciation (\$685,847) in the current period. 1,892,695

The statement of activities reports the loss on the sale of capital assets as a deduction from net assets. This is not reported in the fund financial statements. This amount represents the loss on the sale/disposal of equipment. (1,676)

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 assets. The issuance of long-term debt increases long-term liabilities on the statement of net assets and the repayment of principal on long-term debt reduces long-term liabilities on the statement of net assets. Also, governmental funds report the effect of issuance costs, premium, 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 737,096
Proceeds of debt issuance (4,600,000)

Increase in accrued interest (18,600)
Increase in accrued compensated absences (8,809)

Change in net assets of governmental activities \$ (1,567,777)

See accompanying notes to the basic financial statements.

**Town of Middleton
Middleton, WI**

**Statement of Fiduciary Net Assets
Fiduciary Fund
December 31, 2008**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,635,876
Receivables:	
Taxes Receivable	8,840,323
Other Receivables	306,598
Total Assets	<u>\$ 16,782,797</u>
LIABILITIES	
Due to Other Funds	\$ 3,130,858
Due to Other Governments	13,651,939
Total Liabilities	<u>\$ 16,782,797</u>

See accompanying notes to the basic financial statements.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

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.

B. Government-Wide and Fund Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments (GASB 34). In June 2001, GASB issued Statement No 37 Basic Financial statements – and Management's Discussion and Analysis – For State and Local Governments: Omnibus (GASB 37), and Statement No. 38 Certain Financial Statement Note Disclosures.

The Town of Middleton has made the decision to implement these standards effective January 1, 2008.

“Government-wide” financial statements are basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two new required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the Town used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate 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 new standard concentrates on major funds versus non-major funds.

The statement of net assets 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.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

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

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.

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, liabilities, net assets/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, liabilities, 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, liabilities, 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 restricted in use for park development and acquisition.

In addition, the Town has monies from the sale of land that was part of the Pope Farm. These monies are designated for park development and acquisition and, after 2010, may also be used for park maintenance.

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

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

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

Major Governmental Funds (Continued)

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

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

Fiduciary Funds

Fiduciary funds - 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 the Fiduciary Funds.

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 assets 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 revenue. 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 revenues. 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, 2008

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 revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 revenues. Delinquent special assessments being held for collection by the county are reported as receivables and reserved 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 revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues 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 liability for deferred revenue 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.

D. Assets, Liabilities, and Net Assets 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 agency 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.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

1) Cash and Cash Equivalents/Investments(Continued)

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

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 revenues in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes in full	January 31, 2009
Tax sale – 2008 delinquent real estate taxes	October 2012

3) Inventories and Prepaid Items

Inventories

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

Prepaid

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, 2008

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

Prior to January 1989, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required. The Town has retroactively reported all infrastructure acquired by its governmental fund types.

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.

Depreciation is charged over the estimated service life of the assets using the straight-line method.

5) Compensated Absences

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

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 \$27,163 at December 31, 2008. 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.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

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

6) Long-Term Obligations

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

7) 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.

8) Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt - 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

8) Equity Classifications (Continued)

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.

Government fund equity is classified as fund balance. Fund Balances are segregated into three separate classifications.

Reservations represent the portion of fund balances which may not be appropriated for expenditure or have been segregated for the specific future uses by legal mandate.

Designations of fund balances represent tentative plans of the Town for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

Undesignated fund balance represents the amount available for appropriation after reservations and designations. It also is a measurement of current working capital position.

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 Board then drafts the proposed operating budget. Upon receipt of the proposed budget, public notice is given that the proposed budget is open for inspection.

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. Undesignated appropriations lapse at year-end.

The Town adopted an annual Governmental Fund budget for the General Fund. This budget is adopted in accordance with State Statutes and is presented in accordance with accounting principles generally accepted in the United States of America. Budgets reflect the original approved budget of the above fund and subsequent revisions authorized by the Town's Board. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

1. Summary of Significant Accounting Policies (Continued)

F. Excess Expenditures over Appropriations

The Town controls expenditures at the department level. Some individual line items experienced expenditures, which exceeded appropriations. The detail of those items can be found in the Town's year-end budget to actual report.

G. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses.

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, except quasi-external transactions and reimbursements, are reported as transfers.

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 assets. 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, 2008

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

B. Adjustment of Prior Year Ending Balances to Current Year Beginning Balances

Total Governmental Fund Balance as of December 31, 2007	\$	4,084,328
Adjustments:		
Capital assets		18,809,195
Accumulated depreciation		(6,883,867)
Long-Term debt		(3,351,141)
Compensated absences		(18,354)
Accrued interest		(105,200)
		(105,200)
 Total Net Assets – beginning of year, as adjusted	 \$	 <u><u>12,534,961</u></u>

3. Cash and Investments

As previously discussed, cash for all Town funds are pooled for investment purposes. At December 31, 2008, the cash and investments consist of the following:

Petty Cash/Cash on Hand	\$	134
Deposits in External Investment Pools		442,544
Deposits with Financial Institutions		11,921,202
Total Cash and Investments	\$	<u><u>12,363,880</u></u>

Cash and investments as of December 31, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 4,728,004
Fiduciary Funds:	
Cash and Investments	7,635,876
Total Cash and Investments	<u><u>\$ 12,363,880</u></u>

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

3. Cash and Cash Equivalents/Investments (Continued)

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.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. On December 31, 2013, this coverage will revert back to \$100,000 per bank account. 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, 2008, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount reported above. As of February 15, 2009, the LGIP was no longer insured by the State. Information on derivatives was not available to the Town.

Foreign Currency Risk

The Town did not invest in any foreign currency during the year.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

3. Cash and Cash Equivalents/Investments (Continued)

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.

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

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.

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. The Town does not have an investment policy for custodial credit risk.

The Town maintained collateralized deposits with a local banking institution. As of December 31, 2008, the institution has purchased guarantee bonds to provide coverage for balances which exceed the FDIC insurance and the State Deposit Guarantee Fund coverage.

Concentration of Credit Risk

The Town does not have a policy for concentration of credit risk. No Town investment represents 5% or more of the total investments.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

4. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2008 was as follows:

	Balance 1/1/08	Additions	Retirements	Balance 12/31/08
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 4,865,230	\$ -	\$ -	\$ 4,865,230
Construction in progress	95,830	2,175,786	1,658,470	613,146
Total Non-Depreciable Capital Assets	<u>4,961,060</u>	<u>2,175,786</u>	<u>1,658,470</u>	<u>5,478,376</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,698,435	1,719,383	-	3,417,818
Infrastructure	10,883,971	270,219	-	11,154,190
Equipment	706,845	14,815	3,142	718,518
Vehicles	558,884	56,809	63,760	551,933
Capital Assets Being Depreciated	<u>13,848,135</u>	<u>2,061,226</u>	<u>66,902</u>	<u>15,842,459</u>
Total Capital Assets	18,809,195	4,237,012	1,725,372	21,320,835
Less: Accumulated Depreciation	<u>(6,883,867)</u>	<u>(685,847)</u>	<u>(65,226)</u>	<u>(7,504,488)</u>
Capital Assets Net of Depreciation	<u>\$ 11,925,328</u>	<u>\$ 3,551,165</u>	<u>\$ 1,660,146</u>	<u>\$ 13,816,347</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 50,204
Public Works	6,628
Public Safety	612,781
Recreation	16,234
Total Governmental Activities	<u>\$ 685,847</u>

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

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 1/1/2008	Issued	Retired	Balance 12/31/2008	Current Portion
Governmental Activities:					
Total general obligation debt	\$ 3,351,140	\$4,600,000	\$ 737,096	\$7,214,044	\$ 756,668
Compensated Absences	18,354	8,809	-	27,163	5,294
	<u>\$ 3,369,494</u>	<u>\$4,608,809</u>	<u>\$ 737,096</u>	<u>\$7,241,207</u>	<u>\$ 761,962</u>

General obligation long-term debt issues outstanding at December 31, 2008 and total outstanding were as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
State Trust Fund Loan	11/3/2005	3/15/2010	3.50%	\$ 1,250,000	\$ 654,443
State Trust Fund Loan	7/28/2005	3/15/2010	3.50%	300,000	156,865
State Trust Fund Loan	11/17/2005	3/15/2010	3.00%	1,000,000	413,333
G.O. Promissory Note	12/18/2007	12/18/2017	3.80%	1,543,781	1,389,403
Bond Anticipation Note	3/17/2008	3/20/2009	2.48%	4,600,000	4,600,000
Total general obligation debt					<u>\$ 7,214,044</u>

In March, 2009, the Town obtained general obligation refunding bonds to refinance the \$4,600,000 bond anticipation note that was due on March 20, 2009. The debt service requirements for these bonds which mature in 2029 and carry an interest rate from 2.75% to 4.70% are included below:

Debt Service Requirements to Maturity

Years	General Long-Term Debt		
	Principal	Interest	Totals
2009	\$ 756,668	\$ 360,092	\$ 1,116,760
2010	806,730	275,723	1,082,453
2011	449,378	207,825	657,203
2012	459,378	192,895	652,273
2013	469,378	176,948	646,326
2014-2018	2,471,890	610,602	3,082,492
2019-2023	1,145,000	273,045	1,418,045
2024-2028	685,000	102,535	787,535
2029	55,000	3,172	58,172
Totals	<u>\$ 7,214,044</u>	<u>\$ 2,202,836</u>	<u>\$ 9,416,880</u>

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

5. Long-Term Obligations, continued

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, 2008 was \$52,443,585. Total general obligation debt outstanding at year end was \$7,214,044.

6. Governmental Fund Balances

Governmental fund balances reported on the governmental funds balance sheet at December 31, 2008 include the following:

	Major Funds			
	General	Capital Projects	Debt Service	Park Fund
Reserved:				
Delinquent personal property taxes	\$ 4,132	\$ -	\$ -	\$ -
Special Revenue	-	-	-	1,870,253
Prepaid Expenses	22,399	-	-	-
Total reserved	<u>26,531</u>	<u>-</u>	<u>-</u>	<u>1,870,253</u>
Unreserved:				
Designated for:				
Hall Maintenance	36,750	-	-	-
Capital purchases	150,000	214,542	-	-
Debt Service	-	-	1,350,000	-
Total designated	<u>186,750</u>	<u>214,542</u>	<u>1,350,000</u>	<u>-</u>
Undesignated	867,769	-	-	-
Total unreserved	<u>1,054,519</u>	<u>214,542</u>	<u>1,350,000</u>	<u>-</u>
Total	<u>\$ 1,081,050</u>	<u>\$ 214,542</u>	<u>\$ 1,350,000</u>	<u>\$ 1,870,253</u>

7. Employees' Retirement System

All eligible Town employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

7. Employees' Retirement System, (continued)

The payroll for the Town of Middleton employees covered by the system for the year ended December 31, 2008 was \$346,157; the employer's total payroll was \$401,506. The total required contribution for the year ended December 31, 2008 was \$36,702 or 10.6 percent of covered payroll. Of this amount, 100 percent was contributed for the current year by the employer. Total contributions for the years ending December 31, 2007 and 2006 were \$30,469 and \$22,688, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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 year's earnings. Employees terminating covered employment 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.

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.

8. 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, 2008 the parks fund owed the general fund \$373,549.

9. Joint Ventures

The Towns of Middleton, Westport and Springfield and City of Middleton jointly operate a fire district, which is 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 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 expenditures totaled \$1,897,154 to the district for 2008. The expenditures for 2008 include the Town's portion of the expenses for a new fire department building and a new truck, totaling \$1,452,281. 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, 2008 is available directly from the district's office.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

10. Limitations on the Town Tax Levy

As part of Wisconsin's Act 25 (2005), legislation was passed that limits the Town's future tax levies. In 2007 this legislation was amended and extended. Generally, the Town is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the Town's equalized value due to new construction, or 3.86% for the 2007-2008 tax year and 2% for the 2008-2009 tax year. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2007 levy collected in 2008 and is set to expire after the 2009 levy.

11. 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.

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 lease agreement, which commenced in May of 1998 is for 15 years and calls for quarterly payments to the Town of \$6,012. Rental income for 2008 was \$26,048.

The Town has a lease agreement with the Middleton Fire Department for the rental of the Town Garage bay #5. Rental income from this for 2008 was \$10,600. The Town also collected \$12,600 in 2008 from this lease for occupancy during 2007. The Town has constructed the new Fire Station #2 for the Middleton Fire District; occupancy began on November 1, 2008. The first lease payment on this building is due in 2009.

The Town also receives rental income for use of land that the Town owns. These rental agreements are negotiated yearly. Rental income for 2008 was \$4,494.

13. Commitments and Contingencies

From time to time, the Town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of 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.

TOWN OF MIDDLETON
Notes to Financial Statements
December 31, 2008

13. Commitments and Contingencies, (continued)

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.

14. Commitments

The Town of Middleton has plans for the following 2009 projects:

Road improvement projects	<u>\$755,000</u>
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SUPPLEMENTAL INFORMATION

**Town of Middleton
Middleton, WI**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,192,624	\$ 1,396,576	\$ 1,386,723	\$ (9,853)
Other Taxes	11,815	10,485	9,509	(976)
Intergovernmental	318,500	268,200	316,104	47,904
License and Permits	131,150	149,400	138,939	(10,461)
Fines, Forfeits and Penalties	17,000	23,600	25,766	2,166
Public Charges for Services	252,830	264,400	263,830	(570)
Interest Income	85,800	137,500	141,521	4,021
Miscellaneous Income	44,200	45,200	84,850	39,650
Total Revenues	<u>2,053,919</u>	<u>2,295,361</u>	<u>2,367,242</u>	<u>71,881</u>
EXPENDITURES				
Current:				
General Government	419,420	535,450	630,238	(94,788)
Public Safety	626,260	825,950	558,481	267,469
Public Works	834,360	798,450	586,829	211,621
Culture, Recreation and Education	99,820	74,000	72,520	1,480
Conservation and Development	82,320	133,400	135,062	(1,662)
Total Expenditures	<u>2,062,180</u>	<u>2,367,250</u>	<u>1,983,130</u>	<u>384,120</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,261)</u>	<u>(71,889)</u>	<u>384,112</u>	<u>456,001</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	4,036	(4,036)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>4,036</u>	<u>(4,036)</u>
Net Change in Fund Balances	(8,261)	(71,889)	388,148	451,965
Fund Balances - Beginning	692,902	692,902	692,902	-
Fund Balances - Ending	<u>\$ 684,641</u>	<u>\$ 621,013</u>	<u>\$ 1,081,050</u>	<u>\$ 451,965</u>