

**CITY OF FITCHBURG**  
Fitchburg, Wisconsin

**FINANCIAL STATEMENTS**  
Including Independent Auditors' Report

Year Ended December 31, 2009

# CITY OF FITCHBURG

## TABLE OF CONTENTS December 31, 2009

---

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Management's Discussion and Analysis	iii - xi
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Assets - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Fiduciary Net Assets - Fiduciary Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 51
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	52 - 56
Notes to Required Supplementary Information	57
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	58 - 59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	60 - 61
Statement of Cash Flows Component Unit	62
Capital Projects Fund - Combining Schedule of Subfunds	63

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Fitchburg  
Fitchburg, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fitchburg, Wisconsin as of and for the year ended December 31, 2009, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fitchburg'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fitchburg, Wisconsin as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Fitchburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison schedule as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

To the City Council  
City of Fitchburg

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fitchburg's basic financial statements. The combining financial statements and detailed schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and detailed schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Tilly Vuclow-Krause LLP*

Madison, Wisconsin  
May 13, 2010

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
(UNAUDITED)**

# CITY OF FITCHBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

As management of the City of Fitchburg, we offer readers of the financial statements of the city this narrative overview and analysis of the financial activities of the City of Fitchburg for the fiscal year ended December 31, 2009. We encourage the reader to consider the information presented here in conjunction with the city's financial statements.

---

### FINANCIAL HIGHLIGHTS

---

When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. This relationship between revenues and expenses is considered the city's results of operations. Changes in net assets are one indicator of financial health or financial position. Over time, increases or decreases in net assets as measured in the Statement of Activities are one indicator of improving or deteriorating financial health.

- > The assets of the City of Fitchburg exceeded its liabilities as of December 31, 2009 by \$96,770,550 (net assets). Of this amount, \$8,553,496 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors, \$1,803,033 is restricted for specific purposes (restricted net assets) and \$86,414,021 is invested in capital assets, including all infrastructure, net of related debt.
- > The City of Fitchburg's total net assets decreased by \$107,312 over the previous year. Net assets relating to Governmental Activities decreased by \$497,164, while net assets relating to Business-type Activities increased by \$389,852.
- > As of December 31, 2009, the city's governmental funds reported combined fund balances of \$18,513,691, an increase of \$8,299,405 from 2008.
- > Unreserved fund balance for the general fund was \$4,637,014 or 31.4 percent of 2009 general fund expenditures; however, \$90,000 of this unreserved fund balance is designated for employee retirement payouts. This reduces the available unreserved fund balance for the general fund to \$4,547,014 or approximately 30.8 percent of actual 2009 general fund expenditures.
- > The 3 percent debt limit set by local ordinance as of December 31, 2009 was \$77,466,786. Total general obligation debt outstanding at the end of the year was \$19,743,057 (25.5 percent of the allowable limit).

---

### OVERVIEW OF THE FINANCIAL STATEMENTS

---

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the city:

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

# CITY OF FITCHBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

---

### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

---

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

#### **GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the city's net assets and how they have changed. Net Assets – the difference between the city's assets and liabilities – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base and the condition of the city's roads.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

The government-wide financial statements include the City of Fitchburg (primary government) and the Fitchburg Community and Economic Development Authority (component unit). The Fitchburg Community and Economic Development Authority is a separate legal entity for which the city is financially accountable. Financial information for the component unit is presented as a discreet column in the financial statements. The Fitchburg Community and Economic Development Authority does not issue separate financial statements.

#### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, 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 city can be divided into three categories: governmental funds, proprietary 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 a government's near-term financing requirements.

# CITY OF FITCHBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

---

### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

---

#### *FUND FINANCIAL STATEMENTS (cont.)*

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The city maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The city adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary Funds* – The city maintains two different proprietary funds, both of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

*Other Information* – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

#### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

An analysis of the city's financial position begins with a review of the Statement of Net Assets and the Statement of Changes in Net Assets. These two statements report the city's net assets and changes therein. It should be noted that the financial position could also be affected by non-financial factors, including economic conditions, population growth and changes in the regulatory environment.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fitchburg, assets exceeded liabilities by \$96,770,550 at the close of 2009, a decrease of \$107,312 or .10 percent.

Infrastructure assets of the governmental activities are included within this report. General capital assets (e.g., land, construction in progress, land improvements, buildings, machinery, infrastructure, and equipment) for the governmental activities of the city (less any outstanding debt used to acquire those assets) equals \$42,067,744 or 43.5 percent of total net assets. When net assets relating to business-type activities are included, 89.3 percent of total city net assets are represented by capital assets. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's total net assets (\$1,803,033 or 1.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8,553,496 or 8.8 percent) may be used to meet the government's ongoing obligations to citizens or creditors.

At the end of the current fiscal year, the city reported positive balances in all three categories of net assets, both for the city as a whole, as well as for its separate governmental and business-type activities.

A summary of the city's Statement of Net Assets is presented below in Table 1.

**Table 1  
Condensed Statements of Net Assets**

	Governmental Activities	Business-type Activities	2009 Totals	2008 Totals
Current and other assets	\$ 38,583,297	\$ 1,825,164	\$ 40,408,461	\$ 30,933,929
Capital assets	51,261,150	46,311,187	97,572,337	97,487,115
Total Assets	<u>89,844,447</u>	<u>48,136,351</u>	<u>137,980,798</u>	<u>128,421,044</u>
Long-term liabilities outstanding	20,312,061	933,811	21,245,872	12,260,280
Other liabilities	19,130,353	834,023	19,964,376	19,282,902
Total Liabilities	<u>39,442,414</u>	<u>1,767,834</u>	<u>41,210,248</u>	<u>31,543,182</u>
<b>Net Assets</b>				
Invested in capital assets, net of debt	42,067,744	45,496,277	86,414,021	87,465,919
Restricted	1,803,033	-	1,803,033	3,099,860
Unrestricted	6,531,256	872,240	8,553,496	6,312,083
Total Net Assets	<u>\$ 50,402,033</u>	<u>\$ 46,368,517</u>	<u>\$ 96,770,550</u>	<u>\$ 96,877,862</u>

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

---

#### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)**

---

As previously noted, the Statement of Net Assets shows the change in financial position of net assets. The specific nature or source of these changes becomes more evident in the Condensed Statement of Changes in Net Assets shown below.

#### ***GOVERNMENTAL ACTIVITIES***

Governmental activities decreased the city's net assets by \$497,164. This decrease is primarily a result of the following items:

- > General fund activities resulted in a \$548,413 excess of revenues and other financing sources over expenditures and other financing uses. This was primarily due to significant budgetary savings in personnel caused by vacancies.
- > The city adopted a new capitalization policy that changed the level of assets capitalized from \$1,000 to \$10,000. Records were adjusted to remove smaller assets and their related depreciation.

#### ***BUSINESS-TYPE ACTIVITIES***

Business-type activities increased the city's net assets by \$389,852, the majority of which is attributable to capital contributions from developers.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

#### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

**Table 2  
Condensed Statement of Revenues,  
Expenses and Changes in Net Assets**

	Governmental Activities	Business-type Activities	2009 Totals	2008 Totals
<b>Revenues:</b>				
Program Revenues				
Charges for services	\$ 1,866,907	\$ 4,286,926	\$ 6,153,833	\$ 6,158,026
Operating grants and contributions	1,184,796	-	1,184,796	1,234,786
Capital grants and contributions	955,059	548,500	1,503,559	4,042,750
General Revenues				
Property taxes	16,020,566	-	16,020,566	14,794,784
Other taxes	52,266	-	52,266	97,397
Intergovernmental	1,026,621	-	1,026,621	894,338
Other revenues	1,234,074	46,978	1,281,052	1,594,714
Total Revenues	22,340,289	4,882,404	27,222,693	28,816,795
<b>Expenses:</b>				
General government	4,034,316	-	4,034,316	2,861,851
Public safety	8,980,115	-	8,980,115	8,047,421
Health and social services	360,097	-	360,097	355,895
Public works	6,600,907	-	6,600,907	6,362,380
Leisure activities	1,362,914	-	1,362,914	1,384,345
Conservation and development	1,412,117	-	1,412,117	881,546
Interest and fiscal charges	548,404	-	548,404	436,703
Water and sewer utilities	-	3,207,776	3,207,776	3,080,656
Storm water utility	-	823,359	823,359	733,286
Total Expenses	23,298,870	4,031,135	27,330,005	24,144,083
Increase (decrease) in net assets before grants	(958,581)	851,269	(107,312)	4,672,712
Transfers	461,417	(461,417)	-	-
Change in Net Assets	(497,164)	389,852	(107,312)	4,672,712
Net Assets – Beginning of Year (Restated)	50,899,197	45,978,665	96,877,862	92,205,150
Net Assets – End of Year	\$ 50,402,033	\$ 46,368,517	\$ 96,770,550	\$ 96,877,862

As previously noted, the Statement of Net Assets shows the change in financial position of net assets. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Assets as shown above in Table 2.

# CITY OF FITCHBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

---

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

---

#### *GOVERNMENTAL FUNDS*

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

At December 31, 2009, the city's governmental funds reported combined fund balances of \$18,513,691. Approximately 81.2 percent of this amount, \$15,026,106 constitutes unreserved and undesignated fund balance, which is available to meet the city's current and future needs. An additional \$90,000 is unreserved, but has been designated for specific projects or expenditures. The remaining \$3,397,585 is reserved for noncurrent asset balances and debt service.

#### *General Fund*

The city's general fund is the chief operating fund of the city. The total general fund balance is \$5,390,733, an increase of \$548,413 or 11.3%.

The city evaluates general fund balance by measuring the undesignated and unreserved general fund balance as a percentage of the current year's general fund expenditures. For 2009, undesignated and unreserved fund balance is \$4,547,014 and the 2009 general fund expenditures were \$14,777,210, resulting in an undesignated and unreserved fund balance of 30.8 percent.

#### *Debt Service Fund*

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$857,574 which is an increase of 5.1 percent over the prior year, is reserved for future debt service. The increase is due to special assessment installments collected in advance. These will be used to reduce debt levy in the years they were collected for.

#### *Other Governmental Funds*

Fund balance of all other governmental funds is \$12,265,384, which is designated for future projects and expenditures. This balance includes negative fund balances of \$179,620 for TID #7, and \$29,892 for TID #8. The negative fund balance for TID #7 is due to the district having more expense than increment. This will be resolved when a decision is made on new projects which may then be borrowed for. The negative balance for TID #8 is due to the district being new and having a small amount of implementation/administration costs that have not yet been borrowed for. Borrowing for both districts will be offset by future increments.

#### *Proprietary Funds*

The City of Fitchburg's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

# CITY OF FITCHBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2009 adopted General Fund budget was not amended in total during the year. The total original & final appropriations were \$15,321,240. Actual expenditures were \$14,777,210 resulting in a favorable variance of \$544,030. The largest contributing factor was personnel vacancies which occurred during the year.

Total revenues and other sources were \$15,325,623, \$4,383 greater than the final budget. Although there were significant revenue shortfalls in building and zoning permits and interest income, these were offset by a large refund from public transportation and unbudgeted grants.

### **CAPITAL ASSETS**

At the end of 2009, the city had invested a total of \$97,572,337 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3  
Capital Assets**

	Governmental Activities	Business-type Activities	2009 Totals	2008 Totals
Land and other assets not being depreciated	\$ 11,565,840	\$ 3,703,661	\$ 15,269,501	\$ 15,288,728
Land improvements	412,878	-	412,878	463,452
Building and improvements	12,095,289	2,436,256	14,531,545	14,306,922
Machinery and equipment	8,109,285	3,653,031	11,762,316	13,360,302
Roads, paths and sidewalks	37,765,370	-	37,765,370	36,357,591
Utility plant	-	49,830,493	49,830,493	49,245,804
<b>Total Capital Assets</b>	<b>69,948,662</b>	<b>59,623,441</b>	<b>129,572,103</b>	<b>129,022,799</b>
<b>Less: Accumulated Depreciation</b>	<b>(18,687,512)</b>	<b>(13,312,254)</b>	<b>(31,999,766)</b>	<b>(31,535,684)</b>
<b>Net Capital Assets</b>	<b><u>\$ 51,261,150</u></b>	<b><u>\$ 46,311,187</u></b>	<b><u>\$ 97,572,337</u></b>	<b><u>\$ 97,487,115</u></b>

More information on net capital assets can be found in the notes to the financial statements, Note IV, section C.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

---

#### **CAPITAL ASSETS (cont.)**

---

Major capital asset events during the current fiscal year included the following:  
{Note, additions are net of accumulated depreciation and deletions}

##### ***GOVERNMENTAL ACTIVITIES***

Net capital asset additions from governmental activities were \$490,773.

- > Machinery, equipment, and furniture additions included computer replacements and police and fire safety equipment. The most significant road project was Fish Hatchery Road, and other significant road related projects included completion of the Capital Trail overpass on Fish Hatchery Road.

##### ***BUSINESS -TYPE ACTIVITIES***

- > The net water utility capital asset additions were \$516,256
- > The net sewer system capital asset additions were \$111,293
- > The net storm water capital asset additions were \$338,175
- > Water and sewer work in process at year-end include Rolfsmeyer Road Sanitary , Wildwood Booster Station removal, Well Number 9 VFD, SCADA Improvements and Well Number 9 Rehab.
- > The storm water utility work in process includes the preliminary assessment of Area H, Tower Hill Greenway and Cheryl Drive storm water.
- > There were 2 water services, and no sanitary sewer services added during 2009.
- > There were 2,658 feet of water main added in 2009 bringing the total footage to 492,635 feet which is just over 93.0 miles of water main.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ending December 31, 2009

---

#### **LONG-TERM DEBT**

---

At December 31, 2009, the city had \$19,743,057, including utility debt, of long-term bonds and loans outstanding. All of this debt relates to general obligation issues.

Total long-term bonds and loans outstanding at December 31, 2009 increased by \$8,825,750 due to the fact that the city borrowed in 2009, but not in 2008, and has taken out the first of two \$5,000,000 loans for the construction of the city's first library.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2009, was \$129,111,310. Total general obligation debt outstanding at year-end was \$19,743,057. Therefore, the city was at 15.3 percent of the legal debt limit. The city has chosen to further restrict its borrowing, not to exceed 3 percent of the equalized value of taxable property. According to the 3 percent limit, at the end of 2009, the city was at 25.5 percent of the debt limit.

Also see notes to the financial statements, Note IV, section E.

---

#### **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

---

All currently known facts and economic conditions were considered in preparing the 2009 city budget. During 2007, the city issued two municipal revenue obligations as part of development agreements related to specific portions of the development in TID Number 4. The obligations do not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the city. Since the amount of future payments is contingent on the collection of future TID increments, these obligations are not reported as liabilities in our financial statements. During 2009 all scheduled payments were able to be made on the development agreements. A similar development agreement related to TID Number 6 was approved during 2009, with a first payment made. During 2009, TID Number 8 had a base value certified. No projects for this TID were started during the year.

During 2008 the city passed a binding referendum to borrow funds to build a public library in the city. A non-binding referendum setting the amount to operate the library failed. Operating costs were reduced and planning for the library is underway. During 2009 the city borrowed the first of two planned \$5,000,000 loans for construction and furnishing of the library. The balance of the projected cost of \$14,000,000 is to be accomplished with fund raising and that effort is also underway with approximately half of the funds either pledged or collected.

---

#### **REQUESTS FOR INFORMATION**

---

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, contact Nancy L. Solberg, Finance Director at 608 270 4252, Monday through Friday, 8:00 a.m. – 4:00 p.m.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

## CITY OF FITCHBURG

### STATEMENT OF NET ASSETS

December 31, 2009

	Governmental Activities	Business-type Activities	Totals	Component Unit
<b>ASSETS</b>				
Cash and investments	\$ 16,924,207	\$ 1,801,931	\$ 18,726,138	\$ 534,375
Receivables (net)				
Taxes receivable	17,802,183	-	17,802,183	-
Delinquent personal property taxes	86,658	-	86,658	-
Accounts	1,083,303	1,062,180	2,145,483	48,195
Loans	-	-	-	180,975
Accrued interest	5,117	4,700	9,817	-
Special assessments	816,400	191,251	1,007,651	-
Delinquent special assessments	40,388	-	40,388	-
Land contract	18,277	-	18,277	-
Internal balances	1,271,953	(1,271,953)	-	-
Inventories	-	37,055	37,055	-
Prepaid items	184,514	-	184,514	3,867
Investment in joint venture	350,297	-	350,297	-
Capital assets				
Land	11,426,459	3,308,576	14,735,035	-
Construction in progress	139,381	395,085	534,466	-
Land improvements	412,878	-	412,878	-
Buildings	12,095,289	-	12,095,289	-
Machinery and equipment	8,109,285	-	8,109,285	-
Utility plant	-	55,919,780	55,919,780	-
Infrastructure	37,765,370	-	37,765,370	-
Less Accumulated depreciation	<u>(18,687,512)</u>	<u>(13,312,254)</u>	<u>(31,999,766)</u>	-
Total Assets	<u>89,844,447</u>	<u>48,136,351</u>	<u>137,980,798</u>	<u>767,412</u>
<b>LIABILITIES</b>				
Accounts payable	596,086	358,542	954,628	1,110
Accrued liabilities	683,165	475,481	1,158,646	-
Due to other governmental units	50,136	-	50,136	-
Deposits	101,380	-	101,380	-
Unearned revenue	17,699,586	-	17,699,586	-
Noncurrent liabilities				
Due within one year	2,129,714	129,206	2,258,920	-
Due in more than one year	<u>18,182,347</u>	<u>804,605</u>	<u>18,986,952</u>	-
Total Liabilities	<u>39,442,414</u>	<u>1,767,834</u>	<u>41,210,248</u>	<u>1,110</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	42,067,744	45,496,277	86,414,021	-
Restricted for				
Debt service	583,394	-	583,394	-
Park and recreational impact fees	731,808	-	731,808	-
Cable TV	487,831	-	487,831	-
Unrestricted	<u>6,531,256</u>	<u>872,240</u>	<u>8,553,496</u>	<u>766,302</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 50,402,033</u>	<u>\$ 46,368,517</u>	<u>\$ 96,770,550</u>	<u>\$ 766,302</u>

See accompanying notes to financial statements.

**CITY OF FITCHBURG**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 4,034,316	\$ 85,786	\$ 111,895	\$ -
Public safety	8,980,115	902,940	110,910	24,363
Public works	6,600,907	692,037	870,812	930,696
Health and human services	360,097	-	-	-
Culture, education and recreation	1,362,914	160,359	-	-
Conservation and development	1,412,117	25,785	91,179	-
Interest and fiscal charges	548,404	-	-	-
<b>Total Governmental Activities</b>	<u>23,298,870</u>	<u>1,866,907</u>	<u>1,184,796</u>	<u>955,059</u>
<b>Business-type Activities</b>				
Utility District No. 1	3,207,776	3,534,962	-	312,970
Stormwater Utility	823,359	751,964	-	235,530
<b>Total Business-type Activities</b>	<u>4,031,135</u>	<u>4,286,926</u>	<u>-</u>	<u>548,500</u>
<b>Total Primary Government</b>	<u>\$ 27,330,005</u>	<u>\$ 6,153,833</u>	<u>\$ 1,184,796</u>	<u>\$ 1,503,559</u>
<b>Component Unit</b>				
Community development authority	\$ 137,412	\$ -	\$ -	\$ -

**General Revenues**

**Taxes**

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for capital assets
- Property taxes, levied for TIF districts
- Property taxes, levied for library purposes
- Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

**Transfers**

**Total General Revenues and Transfers**

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (3,836,635)	\$ -	\$ (3,836,635)	\$ -
(7,941,902)	-	(7,941,902)	-
(4,107,362)	-	(4,107,362)	-
(360,097)	-	(360,097)	-
(1,202,555)	-	(1,202,555)	-
(1,295,153)	-	(1,295,153)	-
(548,404)	-	(548,404)	-
<u>(19,292,108)</u>	<u>-</u>	<u>(19,292,108)</u>	<u>-</u>
-	640,156	640,156	-
-	<u>164,135</u>	<u>164,135</u>	-
-	<u>804,291</u>	<u>804,291</u>	-
<u>(19,292,108)</u>	<u>804,291</u>	<u>(18,487,817)</u>	-
-	-	-	(137,412)
11,419,565	-	11,419,565	-
1,468,407	-	1,468,407	-
1,052,844	-	1,052,844	-
2,020,014	-	2,020,014	-
59,736	-	59,736	-
52,266	-	52,266	179,573
1,026,621	-	1,026,621	-
15,430	-	15,430	-
303,247	46,978	350,225	19,317
915,397	-	915,397	10,010
<u>461,417</u>	<u>(461,417)</u>	<u>-</u>	<u>-</u>
<u>18,794,944</u>	<u>(414,439)</u>	<u>18,380,505</u>	<u>208,900</u>
(497,164)	389,852	(107,312)	71,488
<u>50,899,197</u>	<u>45,978,665</u>	<u>96,877,862</u>	<u>694,814</u>
<u>\$ 50,402,033</u>	<u>\$ 46,368,517</u>	<u>\$ 96,770,550</u>	<u>\$ 766,302</u>

See accompanying notes to financial statements.

**CITY OF FITCHBURG**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2009

	General	General Debt Service	General Capital Projects
<b>ASSETS</b>			
Cash and investments	\$ 4,475,122	\$ 857,574	\$ 9,278,298
Receivables			
Taxes	12,031,407	1,433,630	1,006,298
Delinquent personal property taxes	86,658	-	-
Accounts	963,909	-	57,480
Interest	5,117	-	-
Special assessments	2,879	813,521	-
Delinquent special assessments	40,388	-	-
Land contract	18,277	-	-
Due from other funds	342,927	-	-
Advances to other funds	-	-	1,150,000
Prepaid items	<u>165,256</u>	-	<u>15,957</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 18,131,940</u></u>	<u><u>\$ 3,104,725</u></u>	<u><u>\$ 11,508,033</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 242,446	\$ -	\$ 285,020
Accrued liabilities	404,122	-	-
Due to other funds	-	-	-
Due to other governments	50,136	-	-
Deposits	72,425	-	28,955
Deferred revenue	11,969,199	1,433,630	1,012,644
Deferred special assessment revenues	2,879	813,521	-
Advances from other funds	-	-	-
Total Liabilities	<u>12,741,207</u>	<u>2,247,151</u>	<u>1,326,619</u>
Fund Balances			
Reserved			
Reserved for advances to other funds and non-current receivables	127,046	-	1,150,000
Payment in lieu of taxes	461,417	-	-
Prepaid items	165,256	-	15,957
Debt service	-	857,574	-
Encumbrances	-	-	578,692
Unreserved, reported in:			
General fund designated	90,000	-	-
General fund undesignated	4,547,014	-	-
Special revenue funds undesignated	-	-	-
Capital projects funds undesignated	-	-	8,436,765
Total Fund Balances	<u>5,390,733</u>	<u>857,574</u>	<u>10,181,414</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 18,131,940</u></u>	<u><u>\$ 3,104,725</u></u>	<u><u>\$ 11,508,033</u></u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,313,213	\$ 16,924,207
3,330,848	17,802,183
-	86,658
61,914	1,083,303
-	5,117
-	816,400
-	40,388
-	18,277
-	342,927
38,342	1,188,342
<u>3,301</u>	<u>184,514</u>
<u>\$ 5,747,618</u>	<u>\$ 38,492,316</u>

\$ 68,620	\$ 596,086
4,863	408,985
220,974	220,974
-	50,136
-	101,380
3,330,849	17,746,322
-	816,400
<u>38,342</u>	<u>38,342</u>
<u>3,663,648</u>	<u>19,978,625</u>

38,342	1,315,388
-	461,417
3,301	184,514
-	857,574
-	578,692
-	90,000
-	4,547,014
1,506,535	1,506,535
<u>535,792</u>	<u>8,972,557</u>
<u>2,083,970</u>	<u>18,513,691</u>

\$ 5,747,618    \$ 38,492,316

See accompanying notes to financial statements.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

## CITY OF FITCHBURG

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2009

---

Total Fund Balances - Governmental Funds	\$ 18,513,691
--	---------------

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	51,261,150
--	------------

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B	863,136
---	---------

The city's equity interest in joint ventures is reported on the statement of net assets.	350,297
--	---------

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(20,586,241)</u>
--	---------------------

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 50,402,033</u></b>
--	-----------------------------

## CITY OF FITCHBURG

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2009

	General	General Debt Service	General Capital Projects	Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 11,484,761	\$ 1,468,407	\$ 1,052,844	\$ 2,079,750
Intergovernmental	1,736,232	-	890,161	283,944
Licenses and permits	234,793	-	-	235,937
Fines, forfeitures and penalties	402,395	-	-	16,523
Public charges for services	209,191	-	-	705,877
Special assessments	3,617	65,024	-	-
Investment income	288,003	6,399	39,478	13,092
Intergovernmental charges for services	146,438	-	-	-
Miscellaneous	340,776	54,180	401,893	9,966
<b>Total Revenues</b>	<u>14,846,206</u>	<u>1,594,010</u>	<u>2,384,376</u>	<u>3,345,089</u>
<b>EXPENDITURES</b>				
Current				
General government	3,043,454	-	-	-
Public safety	8,314,819	-	-	39,072
Health and human services	345,578	-	-	-
Public works	1,670,595	-	-	739,916
Culture, recreation and education	916,312	-	-	239,011
Conservation and development	486,452	-	-	-
Capital Outlay	-	-	4,996,356	2,040,472
Debt Service				
Principal	-	1,340,235	-	-
Interest and fiscal charges	-	392,734	50,283	11,404
<b>Total Expenditures</b>	<u>14,777,210</u>	<u>1,732,969</u>	<u>5,046,639</u>	<u>3,069,875</u>
Excess (deficiency) of revenues over expenditures	<u>68,996</u>	<u>(138,959)</u>	<u>(2,662,263)</u>	<u>275,214</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	9,435,000	860,000
Transfers in	479,417	180,821	505,000	-
Transfers out	-	-	(45,000)	(658,821)
<b>Total Other Financing Sources (Uses)</b>	<u>479,417</u>	<u>180,821</u>	<u>9,895,000</u>	<u>201,179</u>
<b>Net Change in Fund Balances</b>	548,413	41,862	7,232,737	476,393
FUND BALANCES - Beginning of Year	<u>4,842,320</u>	<u>815,712</u>	<u>2,948,677</u>	<u>1,607,577</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,390,733</u>	<u>\$ 857,574</u>	<u>\$ 10,181,414</u>	<u>\$ 2,083,970</u>

See accompanying notes to financial statements.

---

Totals  
\$ 16,085,762  
2,910,337  
470,730  
418,918  
915,068  
68,641  
346,972  
146,438  
806,815  
22,169,681

3,043,454  
8,353,891  
345,578  
2,410,511  
1,155,323  
486,452  
7,036,828

1,340,235  
454,421  
24,626,693

(2,457,012)

10,295,000  
1,165,238  
(703,821)  
10,756,417

8,299,405

10,214,286

\$ 18,513,691

See accompanying notes to financial statements.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**CITY OF FITCHBURG**

**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, 2009**

Net change in fund balances - total governmental funds \$ 8,299,405

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

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	7,036,828
Some items reported as capital outlay were not capitalized	(4,497,094)
Depreciation is reported in the government-wide financial statements	(1,579,081)
Net book value of assets retired	(469,880)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(54,052)
---	----------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt issued	(10,295,000)
Principal repaid	1,340,235

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(182,475)
Accrued interest on debt	(93,983)

The proportionate share of the change in net assets related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.	(2,067)
---	---------

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>(497,164)</u></b>
--	----------------------------

**CITY OF FITCHBURG**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Utility District</u>	<u>Stormwater</u>	
	<u>No. 1</u>	<u>Utility</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 1,399,312	\$ 402,619	\$ 1,801,931
Receivables			
Accounts	897,833	164,347	1,062,180
Interest	4,700	-	4,700
Inventories	<u>37,055</u>	<u>-</u>	<u>37,055</u>
Total Current Assets	<u>2,338,900</u>	<u>566,966</u>	<u>2,905,866</u>
Noncurrent Assets			
Capital Assets			
Land and land rights	460,096	2,848,480	3,308,576
Construction in progress	362,534	32,551	395,085
Property and equipment	42,124,510	13,795,270	55,919,780
Less: Accumulated depreciation	(9,115,733)	(4,196,521)	(13,312,254)
Other Assets			
Special assessments receivable	138,410	52,841	191,251
Advances to other funds	<u>398,750</u>	<u>-</u>	<u>398,750</u>
Total Noncurrent Assets	<u>34,368,567</u>	<u>12,532,621</u>	<u>46,901,188</u>
Total Assets	<u>36,707,467</u>	<u>13,099,587</u>	<u>49,807,054</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Utility District	Stormwater	Totals
	No. 1	Utility	
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 341,442	\$ 17,100	\$ 358,542
Accrued wages	7,414	1,950	9,364
Accrued taxes	461,417	-	461,417
Accrued interest	-	4,700	4,700
Due to other funds	-	121,953	121,953
Compensated absences (current portion)	11,073	2,613	13,686
Current portion of advances	-	55,000	55,000
General obligation bonds and notes payable	-	115,520	115,520
Total Current Liabilities	<u>821,346</u>	<u>318,836</u>	<u>1,140,182</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation bonds payable	-	699,390	699,390
Advances from other funds	-	1,493,750	1,493,750
Compensated absences	88,278	16,937	105,215
Total Noncurrent Liabilities	<u>88,278</u>	<u>2,210,077</u>	<u>2,298,355</u>
Total Liabilities	<u>909,624</u>	<u>2,528,913</u>	<u>3,438,537</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	33,831,407	11,664,870	45,496,277
Unrestricted (deficit)	<u>1,966,436</u>	<u>(1,094,196)</u>	<u>872,240</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 35,797,843</u>	<u>\$ 10,570,674</u>	<u>\$ 46,368,517</u>

See accompanying notes to financial statements.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

## CITY OF FITCHBURG

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds		
	Utility District No. 1	Stormwater Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 3,534,962</u>	<u>\$ 751,964</u>	<u>\$ 4,286,926</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	2,448,306	355,650	2,803,956
Depreciation	<u>759,470</u>	<u>406,555</u>	<u>1,166,025</u>
Total Operating Expenses	<u>3,207,776</u>	<u>762,205</u>	<u>3,969,981</u>
Operating Income	<u>327,186</u>	<u>(10,241)</u>	<u>316,945</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	41,940	5,038	46,978
Interest expense	<u>-</u>	<u>(61,154)</u>	<u>(61,154)</u>
Total Nonoperating Revenues (Expenses)	<u>41,940</u>	<u>(56,116)</u>	<u>(14,176)</u>
Income (Loss) Before Contributions and Transfers	<u>369,126</u>	<u>(66,357)</u>	<u>302,769</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	312,970	235,530	548,500
Transfers out - tax equivalent	<u>(461,417)</u>	<u>-</u>	<u>(461,417)</u>
Total Contributions and Transfers	<u>(148,447)</u>	<u>235,530</u>	<u>87,083</u>
Change in Net Assets	220,679	169,173	389,852
NET ASSETS - Beginning of Year	<u>35,577,164</u>	<u>10,401,501</u>	<u>45,978,665</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 35,797,843</u>	<u>\$ 10,570,674</u>	<u>\$ 46,368,517</u>

See accompanying notes to financial statements.

**CITY OF FITCHBURG**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2009**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Utility District No. 1</u>	<u>Stormwater Utility</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 3,454,842	\$ 821,397	\$ 4,276,239
Received from municipality	430,947	-	430,947
Paid to suppliers for goods and services	(2,427,381)	(631,749)	(3,059,130)
Paid to employees for services	-	(123,809)	(123,809)
Net Cash Flows From Operating Activities	<u>1,458,408</u>	<u>65,839</u>	<u>1,524,247</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>42,547</u>	<u>5,038</u>	<u>47,585</u>
Net Cash Flows From Investing Activities	<u>42,547</u>	<u>5,038</u>	<u>47,585</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(432,947)	-	(432,947)
Advance from water	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(377,947)</u>	<u>(55,000)</u>	<u>(432,947)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(129,015)	(129,015)
Interest paid	-	(61,761)	(61,761)
Special assessments received	97,782	21,735	119,517
Acquisition and construction of capital assets	<u>(417,320)</u>	<u>20,014</u>	<u>(397,306)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(6,568)</u>	<u>86,503</u>	<u>79,935</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,116,440	102,380	1,218,820
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>282,872</u>	<u>300,239</u>	<u>583,111</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,399,312</u>	<u>\$ 402,619</u>	<u>\$ 1,801,931</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Utility District No. 1	Stormwater Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 327,186	\$ (10,241)	\$ 316,945
Adjustments to Reconcile Operating Income to Net Cash			
Flows From Operating Activities			
Depreciation	759,470	406,555	1,166,025
Depreciation charged to other funds	35,580	-	35,580
Changes in assets and liabilities			
Accounts receivable	(4,637)	66,650	62,013
Other accounts receivable	628	-	628
Due from other funds	319,256	2,783	322,039
Prepays	325	-	325
Inventories	604	-	604
Accounts payable	34,844	2,229	37,073
Compensated absences	(22,262)	(371)	(22,633)
Due to other funds	-	(397,000)	(397,000)
Accrued wages	7,414	(4,766)	2,648
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 1,458,408</u>	<u>\$ 65,839</u>	<u>\$ 1,524,247</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

See accompanying notes to financial statements.

**CITY OF FITCHBURG**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
December 31, 2009**

---

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 15,691,636
Tax roll receivable	<u>21,845,273</u>
<b>TOTAL ASSETS</b>	<u>\$ 37,536,909</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 37,536,909</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 37,536,909</u>

See accompanying notes to financial statements.

# CITY OF FITCHBURG

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Liabilities, and Net Assets or Equity	22
1. Deposits and Investments	22
2. Receivables	24
3. Inventories and Prepaid Items	24
4. Capital Assets	25
5. Compensated Absences	25
6. Long-Term Obligations/Conduit Debt	26
7. Claims and Judgments	27
8. Equity Classifications	27
II Reconciliation of Government-Wide and Fund Financial Statements	28
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	28
III Stewardship, Compliance, and Accountability	29
A. Budgetary Information	29
B. Excess Expenditures Over Appropriations	29
C. Deficit Balances	29
D. Limitations on the City's Tax Levy	30
E. Violation of Finance-Related Legal or Contractual Provisions	30
IV Detailed Notes on All Funds	30
A. Deposits and Investments	30
B. Receivables	33
C. Capital Assets	34
D. Interfund Receivables/Payables, Advances and Transfers	38
E. Long-Term Obligations	41
F. Lease Disclosures	43
G. Net Assets/Fund Balances	44
H. Component Unit	46
V Other Information	47
A. Employees' Retirement System	47
B. Risk Management	48
C. Commitments and Contingencies	48
D. Joint Ventures	50
E. Effect of New Accounting Standards on Current-Period Financial Statements	51

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

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

#### **A. REPORTING ENTITY**

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

#### ***Discretely Presented Component Unit***

##### *Housing and Community Development Authority*

The government-wide financial statements include the Housing and Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor of Fitchburg. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note IV.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2009. The CDA does not issue separate financial statements.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### *B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

##### *Government-Wide Financial Statements*

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

##### *Fund Financial Statements*

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

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

**CITY OF FITCHBURG**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009

---

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

***Fund Financial Statements (cont.)***

- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- General Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- General Capital Projects Fund - accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The city reports the following major enterprise funds:

- Utility District No. 1 Fund - accounts for operations of the water and wastewater system.
- Stormwater Utility - accounts for operations of the stormwater system.

The city reports the following non-major governmental funds:

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

- |                                 |                  |
|---------------------------------|------------------|
| Drug Enforcement and Training   | Cable TV         |
| Recycling and Refuse Collection | Cemetery         |
| Park Dedication                 | Library Services |

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- Municipal Building
- Tax Incremental District (TID) No. 4
- Tax Incremental District (TID) No. 6
- Tax Incremental District (TID) No. 7
- Tax Incremental District (TID) No. 8

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

In addition, the city reports the following fund type:

Agency funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***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 unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***Fund Financial Statements***

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

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

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements (cont.)***

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city 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 recorded 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 by the county are reported as receivables and deferred revenue.

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 city 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 city 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 city 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 (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility District No. 1 and the Stormwater Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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. Deposits and Investments***

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by Wisconsin state statutes. Available investments are limited to:

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

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

The city has adopted an investment policy. That policy contains the following guidelines for allowable investments. Custodial credit risk - A maximum of \$500,000 may be invested at any one financial institution, except the Local Government Investment Pool, unless properly collateralized by federal government securities having a market value of 100% of the investment or collateralization shall have been waived by the City Council. Concentration of credit risk - With the exception of U.S. Treasury securities and the Local Government Investment Pool, no more than 40% of the city's total investment portfolio should be invested in a single security type or with a single financial institution for extended periods of time.

No policy exists for the following risks:

Credit risk  
Interest rate risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2009, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The CLASS investment (Cooperative Liquid Assets Securities System) is an investment pool established by an intergovernmental agreement dated March 1, 1996. CLASS is available for investment by Wisconsin governmental entities except school districts. CLASS is a 2a 7 - like pool, and invests only in investments legally permissible under Wisconsin law, with a weighted average maturity not exceeding 120 days. The value of pool shares is the same as the fair value position in the pool.

See Note IV. A. for further information.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***2. Receivables***

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

Property tax calendar - 2009 tax roll:

Lien date and levy date	December 2009
Tax bills mailed	December 2009
Payment in full, or	January 31, 2010
First installment due	January 31, 2010
Second installment due	July 31, 2010
Personal property taxes in full	January 31, 2010
Tax sale - 2009 delinquent real estate taxes	October 2012

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Utility District No. 1 and Stormwater utility because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***4. Capital Assets***

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$10,000 for 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 capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 Years
Land Improvements	30 Years
Machinery and Equipment	5-15 Years
Utility System	15-100 Years
Infrastructure	15-50 Years

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### ***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.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***5. Compensated Absences (cont.)***

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

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retirement. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 1,120 hours of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were \$85,749. The number of participants currently eligible to receive benefits is eight. The total amount outstanding at year end to be paid in the future is \$89,315 and is included in the government-wide statement of net assets.

GASB No. 45 implicit rate subsidy does not apply to the city as the city belongs to a community-rated health insurance plan.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2009, are determined on the basis of current salary rates and include salary related payments.

##### ***6. Long-Term Obligations/Conduit Debt***

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line or effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### *6. Long-Term Obligations/Conduit Debt (cont.)*

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$1,030,000, made up of one issue.

##### *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. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds 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 (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net 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 definitions of "restricted" or "invested in capital assets, net of related debt."

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column.

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

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

##### 8. Equity Classifications (cont.)

###### *Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

---

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

---

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	11,426,459
Construction in progress		139,381
Land improvements		412,878
Buildings		12,095,289
Machinery and equipment		8,109,285
Infrastructure		37,765,370
Less: Accumulated depreciation		<u>(18,687,512)</u>
Combined Adjustment for Capital Assets	\$	<u>51,261,150</u>

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets.

Bonds and notes payable	\$	18,928,147
Compensated absences		1,383,914
Accrued interest		<u>274,180</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>20,586,241</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for the general fund, certain special revenue, debt service and certain capital projects funds. Budgets have not been formally adopted for cemetery, police equipment, and municipal building funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The department heads may authorize transfers of up to 5% and no more than \$2,000 of their department budget within their respective departments, with mayoral approval. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Capital projects	\$ 4,625,169	\$ 5,046,639	\$ 421,470
Drug enforcement and training	28,200	39,072	10,872
TID No. 6	38,500	527,670	489,170

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

**C. DEFICIT BALANCES**

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

As of December 31, 2009, the following individual funds held a deficit balance:

Fund	Amount	Reason
Cemetery fund	\$ 7,761	Expenditures in excess of revenues
Municipal building	12,462	Expenditures in excess of revenues
TID No. 7	179,620	Expenditures in excess of revenues
TID No. 8	29,892	Expenditures in excess of revenues

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

#### **NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

##### **C. DEFICIT BALANCES (cont.)**

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Cemetery and municipal building fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

##### **D. LIMITATIONS ON THE CITY'S TAX LEVY**

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

##### **E. VIOLATION OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

In 2009, the city issued promissory notes in the amount of \$5,295,000. The terms of the notes include a requirement that the city levy a property tax to repay the note beginning with the tax year 2009, which is collected in 2010. The city did not include such a levy in its 2010 budget due to a clerical error. The city plans on making the debt payment on time with funds advanced to the debt service fund from the general fund.

#### **NOTE IV - DETAILED NOTES ON ALL FUNDS**

##### **A. DEPOSITS AND INVESTMENTS**

The city's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 25,008,921	\$ 24,306,816	Custodial credit
US agencies	359,786	359,786	Credit, custodial credit, concentration of credit, and interest rate
LGIP	9,047,616	9,047,616	Credit and interest rate
CLASS	735	735	Credit
Petty cash	716	-	N/A
<b>Total Deposits and Investments</b>	<b><u>\$ 34,417,774</u></b>	<b><u>\$ 33,714,953</u></b>	

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

---

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### Reconciliation to financial statements

Per statement of net assets	
Unrestricted cash and investments	\$ 18,726,138
Per statement of net assets- fiduciary funds	
Agency Fund	<u>15,691,636</u>
 Total Deposits and Investments	 <u>\$ 34,417,774</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions 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 not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$1,331,402 of the city's investments are covered by SIPC.

The city maintains collateral agreements with its operating bank. At December 31, 2009, the bank had pledged various government securities in the amount of \$4,142,749 to secure the city's deposits.

#### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

As of December 31, 2009, \$14,615,811 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 14,615,811</u>
--------------------------------	----------------------

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

***Custodial Credit Risk (cont.)***

**Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The city does not have any investments exposed to custodial credit risk.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2009, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Fitch Ratings</u>
US Agencies CLASS	AAA AAA

The city also held investments in the following external pool which is not rated:

LGIP

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2009, the city's investments were as follows:

<u>Investment</u>	<u>Maturity Date</u>	<u>Call Date</u>	<u>Fair Value</u>
Federal Farm Credit Bank	4/22/16	4/22/10	\$ 131,794
FHLMC	12/29/17	6/29/10	227,992
FHLMC			-
 Total			 <u>\$ 359,786</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk (cont.)**

Investment Type	Fair Value	Weighted Average Maturity (Days)
Local government investment pool	<u>\$ 9,047,616</u>	88

See Note I.D.1. for further information on deposit and investment policies.

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 17,699,586	\$ 17,699,586
Special assessments not yet due	816,400	-	816,400
Grant drawdowns prior to meeting all eligibility requirements	6,346	-	6,346
Land contract	18,277	-	18,277
Accrued interest	5,118	-	5,118
Omitted taxes	<u>16,995</u>	-	<u>16,995</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 863,136</u>	<u>\$ 17,699,586</u>	<u>\$ 18,562,722</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 11,361,689	\$ 64,770	\$ -	\$ 11,426,459
Construction in progress	157,930	137,581	156,130	139,381
Total Capital Assets Not Being Depreciated	<u>11,519,619</u>	<u>202,351</u>	<u>156,130</u>	<u>11,565,840</u>
Capital assets being depreciated				
Land improvements	463,452	38,132	88,706	412,878
Buildings and improvements	11,966,049	444,559	315,319	12,095,289
Machinery and equipment	9,852,359	603,043	2,346,117	8,109,285
Streets	33,244,494	-	-	33,244,494
Sidewalks	2,746,531	69,406	-	2,815,937
Bikepath	366,566	158,082	-	524,648
Bridge	-	1,180,291	-	1,180,291
Total Capital Assets Being Depreciated	<u>58,639,451</u>	<u>2,493,513</u>	<u>2,750,142</u>	<u>58,382,822</u>
Total Capital Assets	<u>70,159,070</u>	<u>2,695,864</u>	<u>2,906,272</u>	<u>69,948,662</u>
Less: Accumulated depreciation for				
Land improvements	(511,339)	(20,512)	199,092	(332,759)
Buildings and improvements	(6,423,770)	(360,124)	228,140	(6,555,754)
Machinery and equipment	(5,841,504)	(597,514)	1,853,030	(4,585,988)
Streets	(6,159,055)	(531,912)	-	(6,690,967)
Sidewalks	(327,303)	(44,900)	-	(372,203)
Bikepath	(125,722)	(17,824)	-	(143,546)
Bridge	-	(6,295)	-	(6,295)
Total Accumulated Depreciation	<u>(19,388,693)</u>	<u>(1,579,081)</u>	<u>2,280,262</u>	<u>(18,687,512)</u>
Net Capital Assets Being Depreciated	<u>39,250,758</u>	<u>914,432</u>	<u>469,880</u>	<u>39,695,310</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 50,770,377</u>	<u>\$ 1,116,783</u>	<u>\$ 626,010</u>	<u>\$ 51,261,150</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 459,853
Public safety	338,152
Public works, which includes the depreciation of infrastructure	626,928
Leisure activities	<u>154,148</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,579,081</u>

**Business-type Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 542,986	\$ -	\$ 193,800	\$ 349,186
Construction in progress	<u>259,337</u>	<u>456,646</u>	<u>353,449</u>	<u>362,534</u>
Total Capital Assets Not Being Depreciated	<u>802,323</u>	<u>456,646</u>	<u>547,249</u>	<u>711,720</u>
Capital assets being depreciated				
Buildings and improvements	1,168,551	66,343	9,500	1,225,394
Machinery and equipment	1,875,222	75,476	17,880	1,932,818
Infrastructure	<u>24,287,696</u>	<u>238,901</u>	<u>9,021</u>	<u>24,517,576</u>
Total Capital Assets Being Depreciated	<u>27,331,469</u>	<u>380,720</u>	<u>36,401</u>	<u>27,675,788</u>
Total Capital Assets	<u>28,133,792</u>	<u>837,366</u>	<u>583,650</u>	<u>28,387,508</u>
Less: Accumulated depreciation for				
Buildings and improvements	(313,657)	(38,303)	9,500	(342,460)
Machinery and equipment	(1,222,883)	(140,436)	17,880	(1,345,439)
Infrastructure	<u>(4,335,198)</u>	<u>(431,422)</u>	<u>9,021</u>	<u>(4,757,599)</u>
Total Accumulated Depreciation	<u>(5,871,738)</u>	<u>(610,161)</u>	<u>36,401</u>	<u>(6,445,498)</u>
Net Capital Assets Being Depreciated	<u>21,459,731</u>	<u>(229,441)</u>	<u>-</u>	<u>21,230,290</u>
Net Water Plant	<u>\$ 22,262,054</u>	<u>\$ 227,205</u>	<u>\$ 547,249</u>	<u>\$ 21,942,010</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 110,910	\$ -	\$ -	\$ 110,910
Capital assets being depreciated				
Machinery and equipment	460,501	15,969	-	476,470
Infrastructure	13,663,902	111,293	-	13,775,195
Intangible	197,057	-	-	197,057
Total Capital Assets Being Depreciated	<u>14,321,460</u>	<u>127,262</u>	-	<u>14,448,722</u>
Total Capital Assets	<u>14,432,370</u>	<u>127,262</u>	-	<u>14,559,632</u>
Less: Accumulated depreciation for				
Machinery and equipment	(449,198)	(4,308)	-	(453,506)
Infrastructure	(1,916,091)	(177,684)	-	(2,093,775)
Intangible	(119,998)	(2,956)	-	(122,954)
Total Accumulated Depreciation	<u>(2,485,287)</u>	<u>(184,948)</u>	-	<u>(2,670,235)</u>
Net Capital Assets Being Depreciated	<u>11,836,173</u>	<u>(57,686)</u>	-	<u>11,778,487</u>
Net Sewer Plant	<u>\$ 11,947,083</u>	<u>\$ (57,686)</u>	<u>\$ -</u>	<u>\$ 11,889,397</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Land and land rights	\$ 2,833,320	\$ 15,160	\$ -	\$ 2,848,480
Construction in progress	22,556	9,995	-	32,551
Total Capital Assets Not Being Depreciated	<u>2,855,876</u>	<u>25,155</u>	-	<u>2,881,031</u>
Capital assets being depreciated				
Buildings and improvements	1,172,322	38,540	-	1,210,862
Machinery and equipment	1,172,220	71,523	-	1,243,743
Infrastructure	11,097,149	243,516	-	11,340,665
Total Capital Assets Being Depreciated	<u>13,441,691</u>	<u>353,579</u>	-	<u>13,795,270</u>
Total Capital Assets	<u>16,297,567</u>	<u>378,734</u>	-	<u>16,676,301</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Stormwater (cont.)</u>				
Less: Accumulated depreciation for				
Buildings and improvements	\$ (218,018)	\$ (23,832)	\$ -	\$ (241,850)
Machinery and equipment	(151,881)	(54,642)	-	(206,523)
Infrastructure	<u>(3,420,067)</u>	<u>(328,081)</u>	-	<u>(3,748,148)</u>
Total Accumulated Depreciation	<u>(3,789,966)</u>	<u>(406,555)</u>	-	<u>(4,196,521)</u>
Net Capital Assets Being Depreciated	<u>9,651,725</u>	<u>(52,976)</u>	-	<u>9,598,749</u>
Net Stormwater Plant	<u>\$ 12,507,601</u>	<u>\$ (27,821)</u>	<u>\$ -</u>	<u>\$ 12,479,780</u>
 Business-type Capital Assets, Net of Accumulated Depreciation	 <u>\$ 46,716,738</u>	 <u>\$ 141,698</u>	 <u>\$ 547,249</u>	 <u>\$ 46,311,187</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 574,522
Sewer	184,948
Storm	<u>406,555</u>

Total Business-type Activities Depreciation Expense \$ 1,166,025

Expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

***D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	TID No. 7	\$ 178,620	\$ 178,620
General fund	TID No. 8	29,892	29,892
General fund	Municipal building	12,462	-
General fund	Utility District No. 1	108,623	-
General fund	Stormwater Utility	13,330	-
Total - Fund Financial Statements		342,927	
Less: Fund eliminations		(220,974)	
Add: Interfund advances		1,150,000	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 1,271,953	

The principal purpose of these interfunds is for commingled cash. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

***Advances***

The park dedication fund is advancing funds to the cemetery fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. No repayment schedule has been established.

Utility District No. 1 fund is advancing funds to the Stormwater Utility. The purpose of the advance is for capital project related activities for the Stormwater Utility. Utility District No. 1 is charging interest on the advance based on the outstanding advance balance at a rate of 2.5%. A repayment schedule has been established and requires the Stormwater Utility to make quarterly principal payments of \$25,000 until the advance is paid.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

*D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)*

*Advances (cont.)*

The general capital projects fund is advancing funds to the Stormwater Utility. The purpose of the advance is for acquisition of land for the Stormwater Utility. No repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Park dedication fund	Cemetery	\$ 38,342	\$ 38,342
Utility District No. 1	Stormwater Utility	398,750	343,750
General capital projects fund	Stormwater Utility	1,150,000	1,150,000
Total - Fund Financial Statements		1,587,092	
Less: Fund eliminations		(437,092)	
Total - Interfund Advances - Government-Wide Statement of Net Assets		\$ 1,150,000	

For the statement of net assets, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

#### **NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

#### ***D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

##### ***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Recycling and refuse	\$ 18,000	Reimbursement for work done by the highway department
General fund	Utility District No. 1	461,417	Tax-equivalent
Debt service fund	Capital projects fund	45,000	Fire impact fees
Debt service fund	TID No. 4	133,308	Debt repayment on developer incentive - trust fund
Debt service fund	Recycling	2,513	Share of rent for space in city hall
Capital projects fund	Park dedication	<u>505,000</u>	Capital projects
Total - Fund Financial Statements		1,165,238	
Less: Fund eliminations		<u>(703,821)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 461,417</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**CITY OF FITCHBURG**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 9,973,382	\$ 10,295,000	\$ 1,340,235	\$ 18,928,147	\$ 1,856,849
<b>Other Liabilities</b>					
Vested compensated absences	<u>1,201,439</u>	<u>345,169</u>	<u>162,694</u>	<u>1,383,914</u>	<u>272,865</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,174,821</u>	<u>\$ 10,640,169</u>	<u>\$ 1,502,929</u>	<u>\$ 20,312,061</u>	<u>\$ 2,129,714</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 943,925	\$ -	\$ 129,015	\$ 814,910	\$ 115,520
<b>Other Liabilities</b>					
Vested compensated absences	<u>110,126</u>	<u>19,180</u>	<u>10,405</u>	<u>118,901</u>	<u>13,686</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,054,051</u>	<u>\$ 19,180</u>	<u>\$ 139,420</u>	<u>\$ 933,811</u>	<u>\$ 129,206</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2009, was \$129,111,310. Total general obligation debt outstanding at year end was \$19,743,057.

**General Obligation Debt**

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

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2009</u>
General Obligation Debt					
1997 general obligation bonds	7/1/97	7/1/17	5.00 - 5.125%	\$ 3,250,000	\$ 190,000
1998 general obligation municipal bonds	8/1/98	7/1/17	4.10 - 4.88%	3,245,000	190,000
2000 general obligation promissory note	8/1/00	8/1/10	4.50 - 5.05%	1,172,035	135,465
2001 general obligation promissory note	8/1/01	8/1/11	3.50 - 4.60%	3,067,648	169,625

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

*E. LONG-TERM OBLIGATIONS (cont.)*

*General Obligation Debt (cont.)*

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2009</u>
<b>Governmental Activities</b>					
<b>General Obligation Debt (cont.)</b>					
2002 general obligation promissory note	11/1/02	6/1/12	1.80 - 4.05%	\$ 2,986,047	\$ 985,000
2005 State Trust Fund Loan	6/23/05	3/15/15	4.00 %	500,000	319,765
2005 general obligation promissory note	8/1/05	8/1/15	2.80 - 3.70%	1,135,000	720,000
2005 general obligation refunding bonds	8/1/05	8/1/17	3.00 - 3.75%	5,888,920	4,405,000
2005 State Trust Fund Loan	8/26/05	3/15/15	4.00%	395,000	284,405
2005 State Trust Fund Loan	8/26/05	3/15/10	4.00%	268,700	71,312
2007 general obligation promissory note	9/13/07	8/1/17	3.70-4.00%	860,000	700,000
2007 State Trust Fund Loan	11/16/07	3/15/17	5.25%	500,000	462,575
2009 general obligation promissory note	9/16/09	9/1/19	2.00-3.125%	5,295,000	5,295,000
2009 State Trust Fund Loan	9/1/09	3/15/29	5.50%	5,000,000	<u>5,000,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 18,928,147</u>
<b>Business-type Activities</b>					
<b>General Obligation Debt</b>					
2000 general obligation promissory note	8/7/00	8/1/10	4.50 - 5.05%	\$ 197,965	\$ 29,535
2001 general obligation promissory note	8/1/01	8/1/11	3.50 - 4.60%	612,352	160,375
2007 general obligation promissory note	9/13/07	8/1/17	3.70-4.00%	625,000	<u>625,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 814,910</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2010	\$ 1,856,849	\$ 446,480	\$ 115,520	\$ 33,347
2011	1,758,942	805,107	117,815	28,692
2012	1,976,624	599,425	31,575	22,563
2013	1,693,450	537,947	50,000	21,613
2014	1,735,488	482,160	500,000	52,439
2015-2019	6,571,794	1,549,583	-	-
2020-2024	1,450,000	766,710	-	-
2025-2029	1,885,000	322,148	-	-
<b>Totals</b>	<b>\$ 18,928,147</b>	<b>\$ 5,509,560</b>	<b>\$ 814,910</b>	<b>\$ 158,654</b>

**Other Debt Information**

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

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

**Prior-Year Defeasance of Debt**

In prior years, the city defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the city's financial statements. At December 31, 2009, \$4,205,000 of bonds outstanding are considered defeased. The bonds are callable on July 1, 2010.

**F. LEASE DISCLOSURES**

The city has no material leases as lessee or lessor.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

---

#### **G. NET ASSETS/FUND BALANCES**

Net assets reported on the government wide statement of net assets at December 31, 2009, includes the following:

#### **Governmental Activities**

Invested in Capital Assets, Net of Related Debt	
Land	\$ 11,426,459
Construction in progress	139,381
Other capital assets, net of accumulated depreciation	39,695,310
Less: Long-term debt outstanding	(18,928,147)
Plus: Unspent capital related debt proceeds	5,948,401
Plus: Non-capital debt proceeds	3,786,340
Total Invested in Capital Assets, Net of Related Debt	<u>42,067,744</u>
Restricted	
Debt service	583,394
Park dedication	731,808
Cable TV	487,831
Total Restricted	<u>1,803,033</u>
Unrestricted	<u>6,531,256</u>
Total Governmental Activities Net Assets	<u>\$ 50,402,033</u>

#### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2009, include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Noncurrent receivables, advances and interfunds	\$ 127,046
Payment in lieu of taxes	461,417
Prepaid items	<u>165,256</u>
Total	<u>\$ 753,719</u>
Debt Service Fund	
Reserved for debt service	<u>\$ 857,574</u>

CITY OF FITCHBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

---

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

---

**G. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Funds (cont.)**

**Reserved (cont.)**

Major Funds (cont.)

General Capital Projects Fund	
Reserved for encumbrances	\$ 578,692
Prepays	15,957
Noncurrent interfunds	<u>1,150,000</u>
 Total	 <u>\$ 1,744,649</u>

Non-Major Funds

Special Revenue Funds	
Drug enforcement and training - prepaid items	\$ 300
Recycling and refuse collection - prepaid items	3,001
Park dedication - advances	<u>38,342</u>
 Total	 <u>\$ 41,643</u>

**Unreserved (designated)**

Major Fund

General Fund	
Designated for employee retirement	<u>\$ 90,000</u>

**Unreserved (undesignated) (deficit)**

Major Funds

General fund	\$ 4,547,014
Capital projects fund	<u>8,436,765</u>
 Total	 <u>\$ 12,983,779</u>

Non-Major Funds

Special Revenue Funds	
Drug enforcement and training	\$ 56,711
Recycling and refuse collection	272,189
Park dedication	693,466
Cable TV	487,831
Cemetery (deficit)	(7,761)
Library services	<u>4,099</u>
 Total	 <u>\$ 1,506,535</u>

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

---

#### G. NET ASSETS/FUND BALANCES (cont.)

##### Governmental Funds (cont.)

##### Unreserved (undesignated) (deficit) (cont.)

##### Non-Major Funds (cont.)

##### Capital Projects Funds

Municipal building (deficit)	\$	(12,462)
TID No. 4		487,038
TID No. 6		270,728
TID No. 7 (deficit)		(179,620)
TID No. 8 (deficit)		<u>(29,892)</u>
Total	\$	<u>535,792</u>

##### Business-type Activities

##### Invested in capital assets, net of related debt

Land	\$	3,308,576
Construction in progress		395,085
Other capital assets, net of accumulated depreciation		42,607,526
Less: Long-term debt outstanding		<u>(814,910)</u>
Total Invested in Capital Assets, Net of Related Debt		<u>45,496,277</u>

Unrestricted 872,240

Total Business-type Activities Net Assets \$ 46,368,517

#### H. COMPONENT UNIT

##### HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Housing and Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities.

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

##### a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

---

#### *H. COMPONENT UNIT (cont.)*

##### *HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY (cont.)*

###### b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$534,375 and is part of the city's commingled cash. See Note IV. A.

###### c. Loans Receivable

In 1999, the city established a revolving loan fund by providing \$375,000 of development incentive money to the CDA. At December 31, 2009, the CDA's loans receivable balance was \$180,975.

---

### NOTE V - OTHER INFORMATION

---

#### *A. EMPLOYEES' RETIREMENT SYSTEM*

All eligible city 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 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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.

The payroll for city employees covered by the system for the year ended December 31, 2009, was \$8,364,428; the employer's total payroll was \$8,749,934. The total required contribution for the year ended December 31, 2009, was \$1,069,603 or 12.8% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2008, and 2007 were \$955,339 and \$904,807, 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 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.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

---

### NOTE V - OTHER INFORMATION (cont.)

---

#### *A. EMPLOYEES' RETIREMENT SYSTEM (cont.)*

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 System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2009 there was no pension related debt for the city.

#### *B. RISK MANAGEMENT*

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; 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.

#### *C. COMMITMENTS AND CONTINGENCIES*

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the city 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 city. 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 city.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

#### **NOTE V - OTHER INFORMATION (cont.)**

---

##### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

In 2009, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$1,923,108, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 4.

Payments are scheduled through the year 2018, and carry an interest rate of 7%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$1,500,088.

In 2007, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$2,200,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 4.

Payments are scheduled through the year 2017 and carry an interest rate of 6%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability on the accompanying financial statements. The balance of the commitment outstanding at year end was \$1,970,000.

In 2009, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$3,500,000, and is payable to the developers solely from tax increments collected from specific portions of the development in TIF No. 6.

Payments are scheduled through the year 2017 and carry an interest rate of 6.5%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability on the accompanying financial statements. The balance of the commitment outstanding at year end was \$3,500,000.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### NOTE V - OTHER INFORMATION (cont.)

---

#### *D. JOINT VENTURES*

##### *FitchRona EMS District*

The City of Fitchburg, City of Verona and Town of Verona jointly operate the local EMS District, which is called the FitchRona EMS District.

The district adopts its own budget. Net operating costs including debt service are shared by the three communities based on the ratio of equalized values. The department is governed by the Fitch-Rona EMS Commission. The board consists of the citizens from each community. City of Fitchburg representatives are appointed by the mayor (2 members) and city council (1 member). The city made a payment to the district in 2009 of \$430,940. The city believes that the district will continue to provide services in the future at similar rates.

The city's equity interest in the EMS District is equal to its percentage share of participation. The equity interest is reported in the governmental activities column of the government-wide statement of net assets. Changes in the equity interest are reported on the statement of activities.

##### *Multijurisdictional Public Safety Information System Commission (MPSISC)*

The City of Fitchburg, City of Sun Prairie, City of Middleton, and City of Verona jointly operate the Multijurisdictional Public Safety Information System Commission. On March 20, 2003, the City of Middleton, City of Fitchburg, and City of Sun Prairie executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes. The City of Verona joined the commission in 2009. The commission adopts its own budget. Net operating costs including debt service are shared by the three communities equally. The department is governed by the Intermunicipal Commission. The commission consists of one representative from each community. The city's share of the joint costs was \$199,035 in 2009. The city believes that the commission will continue to provide services in the future at similar costs. The transactions of the commission are not reflected in these financial statements.

The city does not have an equity interest in this joint venture.

##### *Town of Madison Cooperative Plan*

On November 8, 2002, the Town of Madison, City of Fitchburg and City of Madison executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the Cities, the Town and existing Town property owners and residents. The plan provides for the eventual dissolution of the Town after a protected period of up to 20 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 30, 2022, or at such earlier time as the Town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the City of Madison, City of Fitchburg and Town of Madison Cooperative Plan can be obtained at the Town of Madison, 2120 Fish Hatchery Road, Madison, WI 53713.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### **NOTE V - OTHER INFORMATION (cont.)**

---

#### ***D. JOINT VENTURES (cont.)***

##### ***City of Fitchburg and Village of Oregon Joint Rail Line***

The City of Fitchburg and the Village of Oregon jointly own a rail line. On January 27, 1999, the City of Fitchburg and the Village of Oregon executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes. Net operating costs are shared by the two communities equally. The city's share of the joint costs was \$19,696 in 2009. The city believes that the joint rail line will continue to provide services in the future at similar costs. The transactions of the joint rail line are not reflected in these financial statements.

The city does not have an equity interest in this joint venture.

#### ***E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF FITCHBURG

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property taxes	\$ 11,419,565	\$ 11,419,565	\$ 11,419,565	\$ -
Mobile home lottery credit and parking fees	2,800	2,800	6,263	3,463
Public accommodation (room) taxes	22,575	22,575	19,953	(2,622)
Other taxes	-	-	30,877	30,877
Interest and penalties on taxes	15,000	15,000	8,103	(6,897)
Total Taxes	<u>11,459,940</u>	<u>11,459,940</u>	<u>11,484,761</u>	<u>24,821</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	504,164	504,164	556,226	52,062
Payments for municipal services	106,000	106,000	61,700	(44,300)
State aid - general transportation aids	728,722	728,722	728,887	165
State aid - DNR lands	17,500	17,500	17,213	(287)
Fire insurance tax (2% fire dues)	70,000	70,000	71,757	1,757
State aid - exempt computer aid	120,000	120,000	155,801	35,801
Federal aid - land	4,000	4,000	3,517	(483)
Federal aid - fire	21,761	21,761	91,179	69,418
County aid - senior	33,547	33,547	33,491	(56)
Other police grants	2,000	2,000	16,461	14,461
Total Intergovernmental Revenues	<u>1,607,694</u>	<u>1,607,694</u>	<u>1,736,232</u>	<u>128,538</u>
<b>LICENSES AND PERMITS</b>				
Business and occupational licenses	36,000	36,000	25,785	(10,215)
Other nonbusiness licenses	6,100	6,100	7,696	1,596
Building permits	350,000	350,000	148,893	(201,107)
Zoning permits and fees	67,500	67,500	45,842	(21,658)
Other regulatory permits and fees	2,460	2,460	6,577	4,117
Total Licenses and Permits	<u>462,060</u>	<u>462,060</u>	<u>234,793</u>	<u>(227,267)</u>
<b>FINES AND FORFEITURES</b>				
Law and ordinance violations	<u>317,500</u>	<u>317,500</u>	<u>402,395</u>	<u>84,895</u>

See independent auditors' report and accompanying notes to required supplementary information.

**CITY OF FITCHBURG**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES</b>				
General government	\$ 16,100	\$ 16,100	\$ 25,671	\$ 9,571
Public safety	16,100	16,100	37,031	20,931
Engineering	14,500	14,500	(625)	(15,125)
Senior program fees	5,650	5,650	10,849	5,199
Recreation programs	140,000	140,000	117,945	(22,055)
Shelter and rental fees	14,500	14,500	18,320	3,820
Other public charges for services	2,000	2,000	-	(2,000)
Total Public Charges for Services	<u>208,850</u>	<u>208,850</u>	<u>209,191</u>	<u>341</u>
<b>SPECIAL ASSESSMENTS</b>				
Interest on delinquent special assessments	<u>2,000</u>	<u>2,000</u>	<u>3,617</u>	<u>1,617</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>400,450</u>	<u>400,450</u>	<u>288,003</u>	<u>(112,447)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - emergency services	60,600	60,600	73,438	12,838
Administration charges to utilities	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>-</u>
Total Intergovernmental Charges for Services	<u>133,600</u>	<u>133,600</u>	<u>146,438</u>	<u>12,838</u>

## CITY OF FITCHBURG

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>MISCELLANEOUS</b>				
Rental of city buildings	\$ 32,475	\$ 32,475	\$ 33,334	\$ 859
Cemetery	1,000	1,000	30	(970)
WPRA ticket commission	500	500	315	(185)
Land rental and leases	9,000	9,000	3,000	(6,000)
Donations	5,000	5,000	2,018	(2,982)
Refund of prior year expenditures	40,000	40,000	82,765	42,765
Reimbursement from stormwater	125,000	125,000	83,310	(41,690)
Maintenance facility reimbursement from utility	2,000	2,000	3,710	1,710
Worker's compensation reimbursement	-	-	20,199	20,199
Property sales	-	-	17,014	17,014
Senior advertising sales	2,500	2,500	1,502	(998)
Reimbursement from TIFs	2,500	2,500	3,698	1,198
Insurance recoveries	-	-	31,780	31,780
Transfer from CDA	35,000	35,000	35,000	-
EMS rental	2,795	2,795	5,505	2,710
Tower lease	15,876	15,876	15,876	-
Other miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>1,720</u>	<u>(780)</u>
Total Miscellaneous	<u>276,146</u>	<u>276,146</u>	<u>340,776</u>	<u>64,630</u>
 Total Revenues	 <u>14,868,240</u>	 <u>14,868,240</u>	 <u>14,846,206</u>	 <u>(22,034)</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF FITCHBURG

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Mayor and city council	\$ 69,263	\$ 69,263	\$ 72,025	\$ (2,762)
Administrator	298,174	298,174	321,294	(23,120)
Municipal court	156,112	156,112	136,930	19,182
Clerk's office	313,744	313,744	303,444	10,300
Treasurer's office	246,983	246,983	241,587	5,396
Information technology	348,719	348,719	302,576	46,143
Assessment of property	351,675	351,675	329,578	22,097
Accounting and auditing	33,500	33,500	32,991	509
Legal counsel	260,000	260,000	248,775	11,225
New city hall	306,973	306,973	328,770	(21,797)
City hall	13,500	13,500	12,188	1,312
Other buildings - safety	39,600	39,600	31,303	8,297
Other buildings - fire	32,650	32,650	36,143	(3,493)
Other buildings - maintenance	55,000	55,000	49,300	5,700
Employee bonds	900	900	1,265	(365)
Property and liability insurance	313,650	313,650	325,125	(11,475)
Office supplies	15,000	15,000	21,315	(6,315)
Police evidence processing facility	5,500	5,500	5,786	(286)
Taxes paid by city	14,000	14,000	42,417	(28,417)
Illegal taxes	-	-	157	(157)
Miscellaneous	12,213	12,213	53,420	(41,207)
Employee retirement reserve	25,000	25,000	86,465	(61,465)
Merit pay	600	600	-	600
Professional services	45,000	45,000	45,000	-
Contingency	216,575	216,575	12,600	203,975
Total General Government	<u>3,174,331</u>	<u>3,174,331</u>	<u>3,040,454</u>	<u>133,877</u>
<b>PUBLIC SAFETY</b>				
Law enforcement	5,421,264	5,421,264	5,139,941	281,323
Fire suppression and prevention	2,050,172	2,050,172	2,179,303	(129,131)
Joint public safety system	209,753	209,753	202,035	7,718
Building inspection	374,872	374,872	360,148	14,724
EMS district	431,540	431,540	431,405	135
Weights and measures	3,600	3,600	3,600	-
Other public safety	1,905	1,905	1,387	518
Total Public Safety	<u>8,493,106</u>	<u>8,493,106</u>	<u>8,317,819</u>	<u>175,287</u>
<b>HEALTH AND SOCIAL SERVICES</b>				
Senior citizens program	<u>360,689</u>	<u>360,689</u>	<u>345,578</u>	<u>15,111</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF FITCHBURG

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC WORKS</b>				
Mass transit - bus subsidy	\$ 386,500	\$ 386,500	\$ 360,019	\$ 26,481
Highway department	<u>1,459,516</u>	<u>1,459,516</u>	<u>1,310,576</u>	<u>148,940</u>
Total Public Works	<u>1,846,016</u>	<u>1,846,016</u>	<u>1,670,595</u>	<u>175,421</u>
<b>CULTURE, EDUCATION AND RECREATION</b>				
Parks	609,624	609,624	587,786	21,838
Community center	59,073	59,073	68,126	(9,053)
Recreation programs and events	<u>245,013</u>	<u>245,013</u>	<u>260,400</u>	<u>(15,387)</u>
Total Culture, Education and Recreation	<u>913,710</u>	<u>913,710</u>	<u>916,312</u>	<u>(2,602)</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Zoning	342,896	342,896	303,946	38,950
Economic and community development	<u>190,492</u>	<u>190,492</u>	<u>182,506</u>	<u>7,986</u>
Total Conservation and Development	<u>533,388</u>	<u>533,388</u>	<u>486,452</u>	<u>46,936</u>
Total Expenditures	<u>15,321,240</u>	<u>15,321,240</u>	<u>14,777,210</u>	<u>544,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(453,000)</u>	<u>(453,000)</u>	<u>68,996</u>	<u>521,996</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>453,000</u>	<u>453,000</u>	<u>479,417</u>	<u>26,417</u>
Net Change in Fund Balance	-	-	548,413	548,413
FUND BALANCE - Beginning of Year	<u>4,842,320</u>	<u>4,842,320</u>	<u>4,842,320</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 4,842,320</u>	<u>\$ 4,842,320</u>	<u>\$ 5,390,733</u>	<u>\$ 548,413</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF FITCHBURG

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2009

#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	Amended Budget	Expenditures	Excess
<b><u>General Fund</u></b>			
Mayor and city council	\$ 69,263	\$ 72,025	\$ 2,762
Administrator	298,174	321,294	23,120
New city hall	306,973	328,770	21,797
Other buildings - fire	32,650	36,143	3,493
Employee bonds	900	1,265	365
Property and liability insurance	313,650	325,125	11,475
Office supplies	15,000	21,315	6,315
Police evidence processing facility	5,500	5,786	286
Taxes paid by city	14,000	42,417	28,417
Illegal taxes	-	157	157
Miscellaneous	9,213	53,420	44,207
Employee retirement reserve	25,000	86,465	61,465
Fire suppression and prevention	2,050,172	2,179,303	129,131
Community center	59,073	68,126	9,053
Recreation programs and events	245,013	260,400	15,387

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**SUPPLEMENTARY INFORMATION**

**CITY OF FITCHBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2009

	Special Revenue Funds				
	Drug Enforcement and Training	Recycling and Refuse Collection	Park Dedication	Cable TV	Cemetery
<b>ASSETS</b>					
Cash and investments	\$ 59,048	\$ 317,191	\$ 693,466	\$ 448,144	\$ 30,581
Taxes receivable	-	705,597	-	-	-
Accounts receivable	-	-	-	61,914	-
Advances to other funds	-	-	38,342	-	-
Prepaid items	300	3,001	-	-	-
	<u>300</u>	<u>3,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 59,348</u>	<u>\$ 1,025,789</u>	<u>\$ 731,808</u>	<u>\$ 510,058</u>	<u>\$ 30,581</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,337	\$ 42,484	\$ -	\$ 19,882	\$ -
Accrued liabilities	-	2,518	-	2,345	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	705,597	-	-	-
Advances from other funds	-	-	-	-	38,342
Total Liabilities	<u>2,337</u>	<u>750,599</u>	<u>-</u>	<u>22,227</u>	<u>38,342</u>
Fund Balances					
Reserved for					
Advances to other funds	-	-	38,342	-	-
Prepaid items	300	3,001	-	-	-
Undesignated (deficit)	<u>56,711</u>	<u>272,189</u>	<u>693,466</u>	<u>487,831</u>	<u>(7,761)</u>
Total Fund Balances (Deficit)	<u>57,011</u>	<u>275,190</u>	<u>731,808</u>	<u>487,831</u>	<u>(7,761)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 59,348</u>	<u>\$ 1,025,789</u>	<u>\$ 731,808</u>	<u>\$ 510,058</u>	<u>\$ 30,581</u>

Special Revenue Fund	Capital Projects Funds					Total Nonmajor Governmental Funds
	Library Services	Municipal Building	TID No. 4	TID No. 6	TID No. 7	
\$ 7,016	\$ -	\$ 487,038	\$ 270,729	\$ -	\$ -	\$ 2,313,213
132,035	-	1,467,818	889,865	135,533	-	3,330,848
-	-	-	-	-	-	61,914
-	-	-	-	-	-	38,342
-	-	-	-	-	-	3,301
<u>\$ 139,051</u>	<u>\$ -</u>	<u>\$ 1,954,856</u>	<u>\$ 1,160,594</u>	<u>\$ 135,533</u>	<u>\$ -</u>	<u>\$ 5,747,618</u>
\$ 2,917	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 68,620
-	-	-	-	-	-	4,863
-	12,462	-	-	178,620	29,892	220,974
132,035	-	1,467,818	889,866	135,533	-	3,330,849
-	-	-	-	-	-	38,342
<u>134,952</u>	<u>12,462</u>	<u>1,467,818</u>	<u>889,866</u>	<u>315,153</u>	<u>29,892</u>	<u>3,663,648</u>
-	-	-	-	-	-	38,342
-	-	-	-	-	-	3,301
<u>4,099</u>	<u>(12,462)</u>	<u>487,038</u>	<u>270,728</u>	<u>(179,620)</u>	<u>(29,892)</u>	<u>2,042,327</u>
<u>4,099</u>	<u>(12,462)</u>	<u>487,038</u>	<u>270,728</u>	<u>(179,620)</u>	<u>(29,892)</u>	<u>2,083,970</u>
<u>\$ 139,051</u>	<u>\$ -</u>	<u>\$ 1,954,856</u>	<u>\$ 1,160,594</u>	<u>\$ 135,533</u>	<u>\$ -</u>	<u>\$ 5,747,618</u>

**CITY OF FITCHBURG**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2009

	Special Revenue Funds				
	Drug Enforcement and Training	Recycling and Refuse Collection	Park Dedication	Cable TV	Cemetery
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,692	141,925	-	-	-
Licenses and permits	-	-	-	235,937	-
Fines, forfeitures and penalties	16,523	-	-	-	-
Public charges for services	-	692,662	8,110	1,165	3,940
Investment income	-	-	7,623	2,923	-
Miscellaneous	4,020	4,389	-	557	-
Total Revenues	<u>43,235</u>	<u>838,976</u>	<u>15,733</u>	<u>240,582</u>	<u>3,940</u>
<b>EXPENDITURES</b>					
Current					
Public safety	39,072	-	-	-	-
Public works	-	739,916	-	-	-
Culture, recreation and education	-	-	-	182,374	-
Capital Outlay	-	-	-	-	-
Debt Service					
Debt Service	-	-	-	-	-
Total Expenditures	<u>39,072</u>	<u>739,916</u>	<u>-</u>	<u>182,374</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4,163</u>	<u>99,060</u>	<u>15,733</u>	<u>58,208</u>	<u>3,940</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issued	-	-	-	-	-
Transfers out	-	(20,513)	(505,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(20,513)</u>	<u>(505,000)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	4,163	78,547	(489,267)	58,208	3,940
<b>FUND BALANCES (DEFICIT)</b>					
- Beginning of Year	<u>52,848</u>	<u>196,643</u>	<u>1,221,075</u>	<u>429,623</u>	<u>(11,701)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 57,011</u>	<u>\$ 275,190</u>	<u>\$ 731,808</u>	<u>\$ 487,831</u>	<u>\$ (7,761)</u>

Special Revenue Fund	Capital Project Funds					Total Nonmajor Governmental Funds
	Library Services	Municipal Building	TID No. 4	TID No. 6	TID No. 7	
\$ 59,736	\$ -	\$ 1,247,325	\$ 636,761	\$ 135,928	\$ -	\$ 2,079,750
-	-	99,994	12,309	7,024	-	283,944
-	-	-	-	-	-	235,937
-	-	-	-	-	-	16,523
-	-	-	-	-	-	705,877
-	-	1,210	1,336	-	-	13,092
1,000	-	-	-	-	-	9,966
<u>60,736</u>	<u>-</u>	<u>1,348,529</u>	<u>650,406</u>	<u>142,952</u>	<u>-</u>	<u>3,345,089</u>
-	-	-	-	-	-	39,072
-	-	-	-	-	-	739,916
56,637	-	-	-	-	-	239,011
-	-	1,470,701	527,670	15,203	26,898	2,040,472
-	-	9,751	-	1,548	105	11,404
<u>56,637</u>	<u>-</u>	<u>1,480,452</u>	<u>527,670</u>	<u>16,751</u>	<u>27,003</u>	<u>3,069,875</u>
<u>4,099</u>	<u>-</u>	<u>(131,923)</u>	<u>122,736</u>	<u>126,201</u>	<u>(27,003)</u>	<u>275,214</u>
-	-	860,000	-	-	-	860,000
-	-	(133,308)	-	-	-	(658,821)
-	-	726,692	-	-	-	201,179
4,099	-	594,769	122,736	126,201	(27,003)	476,393
-	(12,462)	(107,731)	147,992	(305,821)	(2,889)	1,607,577
<u>\$ 4,099</u>	<u>\$ (12,462)</u>	<u>\$ 487,038</u>	<u>\$ 270,728</u>	<u>\$ (179,620)</u>	<u>\$ (29,892)</u>	<u>\$ 2,083,970</u>

**CITY OF FITCHBURG**

**STATEMENT OF CASH FLOWS  
COMPONENT UNIT  
For the Year Ended December 31, 2009**

	<u>Component Unit</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 109,682
Paid to suppliers for goods and services	<u>(153,799)</u>
Net Cash Flows From Operating Activities	<u>(44,117)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>19,317</u>
Net Cash Flows From Investing Activities	<u>19,317</u>
<b>Net Change in Cash and Cash Equivalents</b>	(24,800)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>559,175</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 534,375</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 42,161
Nonoperating revenue	10,010
Changes in assets and liabilities	
Accounts receivables	(79,901)
Prepays	(669)
Accounts payable	<u>(15,718)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ (44,117)</u></u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	

## CITY OF FITCHBURG

### CAPITAL PROJECTS FUND - COMBINING SCHEDULE OF SUBFUNDS For the Year Ended December 31, 2009

	Capital Projects					Totals
	Roads/ Road Related	Parks	Capital Equipment	Community Events	Other	
<b>REVENUES</b>						
Taxes	\$ 390,000	\$ 51,500	\$ 556,344	\$ -	\$ 55,000	\$ 1,052,844
Intergovernmental	865,798	-	24,363	-	-	890,161
Investment income	-	3,297	19,770	737	15,674	39,478
Miscellaneous	292,364	1,727	79,034	10,684	18,084	401,893
Total Revenues	<u>1,548,162</u>	<u>56,524</u>	<u>679,511</u>	<u>11,421</u>	<u>88,758</u>	<u>2,384,376</u>
<b>EXPENDITURES</b>						
Capital Outlay	3,245,630	241,381	1,266,040	8,790	234,515	4,996,356
Debt Service						
Interest and fiscal charges	30,726	-	5,046	-	14,511	50,283
Total Expenditures	<u>3,276,356</u>	<u>241,381</u>	<u>1,271,086</u>	<u>8,790</u>	<u>249,026</u>	<u>5,046,639</u>
Excess (deficiency) of revenues over expenditures	<u>(1,728,194)</u>	<u>(184,857)</u>	<u>(591,575)</u>	<u>2,631</u>	<u>(160,268)</u>	<u>(2,662,263)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	2,710,000	-	5,445,000	-	1,280,000	9,435,000
Transfers in	-	505,000	-	-	-	505,000
Transfers out	-	-	-	-	(45,000)	(45,000)
Total Other Financing Sources (Uses)	<u>2,710,000</u>	<u>505,000</u>	<u>5,445,000</u>	<u>-</u>	<u>1,235,000</u>	<u>9,895,000</u>
Net Change in Fund Balances	981,806	320,143	4,853,425	2,631	1,074,732	7,232,737
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(784,487)</u>	<u>228,760</u>	<u>331,184</u>	<u>98,802</u>	<u>3,074,418</u>	<u>2,948,677</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 197,319</u>	<u>\$ 548,903</u>	<u>\$ 5,184,609</u>	<u>\$ 101,433</u>	<u>\$ 4,149,150</u>	<u>\$ 10,181,414</u>