

**CITY OF FITCHBURG**

Fitchburg, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2013

# CITY OF FITCHBURG

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Fitchburg  
Fitchburg, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Fitchburg's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

To the City Council  
City of Fitchburg

### ***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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the City of Fitchburg adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary Information*

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 fund financial statements and the statement of component unit cash flows as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the statement of component unit cash flows are fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Vinehaw Krause, LLP*

Madison, Wisconsin  
June 2, 2014

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

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, 2013. We encourage the reader to consider the information presented here in conjunction with the city's financial statements.

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#### FINANCIAL HIGHLIGHTS

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When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses is considered the city's results of operations. Changes in net position are one indicator of financial health or financial position. Over time, increases or decreases in net position 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, 2013 by \$108,568,299 (net position). Of this amount, \$5,381,505 (unrestricted net position) may be used to meet the city's ongoing obligations to citizens and creditors, \$6,331,354 is restricted for specific purposes (restricted net position) and \$96,855,440 is the net investment in capital assets, including all infrastructure.
- > The City of Fitchburg's total net position increased by \$6,762,545 over the previous year. Net position relating to Governmental Activities increased by \$5,478,439 while net position relating to Business-type Activities increased by \$1,284,106.
- > As of December 31, 2013, the city's governmental funds reported combined fund balances of \$16,768,712, a decrease of \$2,533,651 from 2012.
- > Unassigned fund balance for the general fund was \$4,880,303 or 30.3 percent of 2013 general fund expenditures.
- > The 3 percent debt limit set by local ordinance as of December 31, 2013 was \$75,113,190. Total general obligation debt outstanding at the end of the year was \$41,432,334 (55.2 percent of the allowable limit).

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#### OVERVIEW OF THE FINANCIAL STATEMENTS

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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.

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.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

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

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##### ***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 position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 position and how they have changed. Net Position – the difference between the city's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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.

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.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

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

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

The city maintains fourteen 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 general debt service fund, the general capital projects fund, and the TID No. 4 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.

*Agency Funds* – Agency funds are used to account for resources held for the benefit of parties outside the government. Agency 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 agency 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.

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

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An analysis of the city's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the city's net position 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 position 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 \$108,568,299 at the close of 2013, an increase of \$6,762,545 or 6.6 percent.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

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

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 \$51,664,883 or 47.6 percent of total net position. When net positions relating to business-type activities are included, 89.2 percent of total city net positions 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 position (\$6,331,354 or 5.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,381,505 or 5.0 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 position, for the city as a whole, as well as for its business-type activities.

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

**Table 1  
Condensed Statements of Net Position**

	Governmental Activities	Business-type Activities	2013 Totals	2012 Totals
Current and other assets	\$ 43,732,463	\$ 4,977,351	\$ 48,709,814	\$ 47,437,309
Capital assets	80,938,299	48,876,833	129,815,132	124,919,963
Total Assets	<u>124,670,762</u>	<u>53,854,184</u>	<u>178,524,946</u>	<u>172,357,272</u>
Long-term liabilities outstanding	42,800,723	707,745	43,508,468	45,664,663
Other liabilities	2,004,388	583,970	2,588,358	24,886,855
Total Liabilities	<u>44,805,111</u>	<u>1,291,715</u>	<u>46,096,826</u>	<u>70,551,518</u>
Total Deferred Inflows of Resources	<u>23,859,821</u>	-	<u>23,859,821</u>	-
Net Position				
Net investment in capital assets	51,664,883	48,376,833	96,855,440	90,332,252
Restricted	6,227,641	103,713	6,331,354	5,450,356
Unrestricted (deficit)	<u>(1,886,694)</u>	<u>4,081,923</u>	<u>5,381,505</u>	<u>6,023,146</u>
Total Net Position	<u>\$ 56,005,830</u>	<u>\$ 52,562,469</u>	<u>\$ 108,568,299</u>	<u>\$ 101,805,754</u>

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

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

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

##### **GOVERNMENTAL ACTIVITIES**

Governmental activities increased the city's net position by \$5,478,439. This increase is primarily a result of the following:

A decrease in governmental activities expenses of \$5,125,458.

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

Business-type activities increased the city's net position by \$1,284,106.

**Table 2  
Condensed Statement of Activities**

	Governmental Activities	Business-type Activities	2013 Totals	2012 Totals
<b>Revenues:</b>				
Program Revenues				
Charges for services	\$ 2,111,312	\$ 5,405,711	\$ 7,517,023	\$ 7,452,401
Operating grants and contributions	1,709,573	-	1,709,573	1,776,574
Capital grants and contributions	2,711,549	1,102,373	3,813,922	5,490,841
General Revenues				
Property taxes	20,833,535	-	20,833,535	20,455,378
Other taxes	38,723	-	38,723	28,763
Intergovernmental	2,111,067	-	2,111,067	1,869,257
Other revenues	1,023,481	20,766	1,044,247	1,098,150
Total Revenues	30,539,240	6,528,850	37,068,090	38,171,364
<b>Expenses:</b>				
General government	4,194,646	-	4,194,646	3,712,572
Public safety	9,707,764	-	9,707,764	9,934,613
Health and social services	400,169	-	400,169	405,611
Public works	6,143,365	-	6,143,365	6,696,726
Leisure activities	3,919,726	-	3,919,726	3,766,584
Conservation and development	55,856	-	55,856	5,091,478
Interest and fiscal charges	1,085,047	-	1,085,047	1,024,447
Water and sewer utilities	-	3,766,747	3,766,747	3,538,650
Storm water utility	-	1,032,225	1,032,225	818,578
Total Expenses	25,506,573	4,798,972	30,305,545	34,989,259
Increase in net position before transfers	5,032,667	1,729,878	6,762,545	3,182,105
Transfers	445,772	(445,772)	-	-
Change in Net Position	5,478,439	1,284,106	6,762,545	3,182,105
Net Position – Beginning of Year	50,527,391	51,278,363	101,805,754	98,623,649
Net Position – End of Year	\$ 56,005,830	\$ 52,562,469	\$ 108,568,299	\$ 101,805,754

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

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

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##### *BUSINESS-TYPE ACTIVITIES (cont.)*

As previously noted, the Statement of Net Position shows the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown in Table 2.

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#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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##### *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, unassigned 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, 2013, the city's governmental funds reported combined fund balances of \$16,768,712. Approximately 28.9 percent of this amount, \$4,843,851 constitutes unassigned fund balance, which is available to meet the city's current and future needs. The remaining \$11,924,861 is non-spendable for noncurrent asset balances, or restricted, committed or assigned for specific purposes of the city.

##### *General Fund*

The city's general fund is the chief operating fund of the city. The total general fund balance is \$5,904,496, an increase of \$287,339 or 5.1%.

The city evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the current year's general fund revenues. For 2013, unassigned fund balance is \$4,880,303 and the 2013 general fund revenues were \$15,942,185, resulting in an unassigned fund balance of 30.6 percent.

##### *General 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 \$154,954 which is a decrease of 71.6 percent over the prior year is assigned for future debt service.

##### *General Capital Projects Fund*

The city's capital projects fund accounts for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The fund balance of \$4,106,900 is a decrease of \$3,296,031 or 44.5% over the previous year. The decrease is due to spending of unexpended bond issue proceeds from 2012 for assessable road projects, projects related to the DaneCom Radio Replacement initiative, and on the Maintenance Facility project.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

For the Year Ended December 31, 2013

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#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

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##### *GOVERNMENTAL FUNDS (cont.)*

##### *TID No. 4 Capital Projects Fund*

TID No. 4 is currently the city's largest tax incremental district. This TID has been amended twice; the most recent amendment was approved in 2011 to add Nine Springs. This portion of the TID is a traditional TID with the city's major financial involvement being an interchange at Highway 14. Funds were borrowed in 2010, 2011 and 2012 for the interchange. The entire fund balance of \$3,626,427 is restricted for TID activities.

##### *Nonmajor Governmental Funds*

Fund balance of nonmajor governmental funds is \$2,975,935, which is restricted or committed for future projects and expenditures. This balance includes a negative fund balance of \$23,990 for TID No. 8, due to the district being new and having a small amount of implementation/administration costs that have not been borrowed for. Also the municipal building includes a negative fund balance of \$12,462. Funds have been advanced by the general fund with a charge for interest.

##### *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.

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#### GENERAL FUND BUDGETARY HIGHLIGHTS

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The 2013 adopted General Fund budget was amended in total during the year. The total original appropriations were \$16,604,766 and final appropriations including transfers out were \$16,760,166. Actual expenditures and other financing uses were \$16,320,300 resulting in a favorable variance of \$439,866.

Total revenues and other sources were \$16,607,639, \$32,873 more than the final budget.

The overall operating result of the general fund was a gain of \$287,339 which was due to expenditures under budget in the Public Safety and General Government departments.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED For the Year Ended December 31, 2013

#### **CAPITAL ASSETS**

At the end of 2013, the city had invested a total of \$129,815,132 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	2013 Totals	2012 Totals
Land and other assets not being depreciated	\$ 22,039,016	\$ 4,667,587	\$ 26,706,603	\$ 21,251,884
Land improvements	412,878	-	412,878	412,878
Building and improvements	25,769,504	2,790,303	28,559,807	28,450,294
Machinery and equipment	11,167,751	2,804,696	13,972,447	13,656,371
Roads, paths and sidewalks	46,436,007	-	46,436,007	45,613,903
Utility plant	-	56,245,593	56,245,593	54,987,371
Total Capital Assets	105,825,156	66,508,179	172,333,335	164,372,701
Less: Accumulated Depreciation	(24,886,857)	(17,631,346)	(42,518,203)	(39,452,738)
Net Capital Assets	<u>\$ 80,938,299</u>	<u>\$ 48,876,833</u>	<u>\$ 129,815,132</u>	<u>\$ 124,919,963</u>

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

Major capital asset events during the current fiscal year included the following:

#### **GOVERNMENTAL ACTIVITIES**

Net capital asset additions from governmental activities were \$6,880,669

- > Machinery, equipment, and furniture additions included police and fire safety equipment, including purchases of radios for the DaneCom project. The significant building project in 2013 was the construction of the maintenance facility, which is still in progress. The majority of capital asset additions were related to road and road related projects, and the Highway 14 interchange.

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

- > The net water utility capital asset additions were \$659,641.
- > The net sewer system capital asset additions were \$93,767.
- > The net storm water capital asset additions were \$768,105.
- > Water and sewer work in process at year-end includes Rolfsmeyer Road Sanitary, future Glacier Valley Improvements, King James Booster Station Improvements, AMI, and Syene Water Connection.
- > The storm water utility work in process includes the preliminary assessment of Area H.
- > There were 48 water services and no sanitary sewer services added during 2013.
- > There were 1,907 feet of water main added in 2013, so total footage is increased to 507,438 feet, which equates to just over 96.1 miles of water main.

## CITY OF FITCHBURG

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

For the Year Ended December 31, 2013

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#### LONG-TERM DEBT

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At December 31, 2013, the city had \$41,432,334, 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, 2013 decreased by \$2,328,264 due to paying off of old debt in the amount of \$3,368,234 and new borrowing of only about \$1 million.

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, 2013 was \$125,188,650. Total general obligation debt outstanding at year-end was \$41,432,334. Therefore, the city was at 33.1 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 2013, the city was at 55.2 percent of that debt limit.

Also see notes to the financial statements, Note IV.F.

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#### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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All currently known facts and economic conditions were considered in preparing the 2014 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 No. 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 2013 scheduled payments were able to be made on the development agreements with the exception of a partial principal payment on TID No. 4. A similar development agreement related to TID No. 6 was approved during 2009, with payments made each year since then. During 2009, TID No. 8 had a base value certified. No projects for this TID were started during 2009, 2010, 2011, 2012 or 2013.

During 2011, the city got approval for a second amendment to TID No. 4. This amendment involves a developer agreement with Green Tech and Tech Lands for development of the Nine Springs Property which with development of FTC I (original TID) and FTC II will ultimately have a minimum value increment of \$44,000,000. The new closing date for this TID is projected to be 2025. The City's main investment in the amended TID has been the construction of an interchange at Hwy 14, which was completed in 2012.

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#### REQUESTS FOR INFORMATION

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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 the city Finance Director at (608) 270-4252, Monday through Friday, 8:00 a.m. – 4:00 p.m.

# CITY OF FITCHBURG

## STATEMENT OF NET POSITION As of December 31, 2013

	Governmental Activities	Business-type Activities	Totals	Component Unit
<b>ASSETS</b>				
Cash and investments	\$ 15,389,553	\$ 4,847,154	\$ 20,236,707	\$ 574,474
Receivables (net)				
Taxes receivable	23,972,494	-	23,972,494	-
Delinquent personal property taxes	33,269	-	33,269	-
Accounts	595,416	1,398,543	1,993,959	63,269
Loans	-	-	-	45,000
Special assessments	973,292	284,202	1,257,494	-
Delinquent special assessments	10,014	-	10,014	-
Land contract	18,277	-	18,277	-
Due from other governmental units	30,040	-	30,040	-
Internal balances	1,727,566	(1,727,566)	-	-
Inventories	-	40,204	40,204	-
Prepaid items	260,615	-	260,615	2,785
Other assets	-	31,101	31,101	-
Investment in joint venture	389,807	-	389,807	-
Restricted assets				
Cash and investments	332,120	103,713	435,833	-
Capital Assets				
Land	18,208,269	4,283,057	22,491,326	-
Intangible plant - land	-	56,316	56,316	-
Construction in progress	3,830,747	328,214	4,158,961	-
Other capital assets, net of depreciation	<u>58,899,283</u>	<u>44,209,246</u>	<u>103,108,529</u>	-
Total Assets	<u>124,670,762</u>	<u>53,854,184</u>	<u>178,524,946</u>	<u>685,528</u>
<b>LIABILITIES</b>				
Accounts payable	1,249,308	552,124	1,801,432	30,958
Accrued liabilities	703,805	31,846	735,651	-
Due to other governmental units	19,772	-	19,772	-
Deposits	31,503	-	31,503	-
Noncurrent Liabilities				
Due within one year	3,817,557	119,133	3,936,690	-
Due in more than one year	<u>38,983,166</u>	<u>588,612</u>	<u>39,571,778</u>	-
Total Liabilities	<u>44,805,111</u>	<u>1,291,715</u>	<u>46,096,826</u>	<u>30,958</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	<u>23,859,821</u>	-	<u>23,859,821</u>	-
Total Deferred Inflows of Resources	<u>23,859,821</u>	-	<u>23,859,821</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	51,664,883	48,376,833	96,855,440	-
Restricted for				
Park and recreational fees	680,755	-	680,755	-
Impact fees	332,120	103,713	435,833	-
Library	188,218	-	188,218	-
Library project	4,957	-	4,957	-
TID activities	5,005,715	-	5,005,715	-
Park projects	15,876	-	15,876	-
Room tax	-	-	-	212,161
Unrestricted (deficit)	<u>(1,886,694)</u>	<u>4,081,923</u>	<u>5,381,505</u>	<u>442,409</u>
<b>TOTAL NET POSITION</b>	<u>\$ 56,005,830</u>	<u>\$ 52,562,469</u>	<u>\$ 108,568,299</u>	<u>\$ 654,570</u>

See accompanying notes to financial statements.

# CITY OF FITCHBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 4,194,646	\$ 479,105	\$ 85,904	\$ -
Public safety	9,707,764	480,779	112,725	102,637
Public works	6,143,365	779,170	1,035,261	2,237,571
Health and human services	400,169	-	-	-
Culture, education and recreation	3,919,726	331,859	398,409	371,341
Conservation and development	55,856	40,399	-	-
Interest and fiscal charges	<u>1,085,047</u>	<u>-</u>	<u>77,274</u>	<u>-</u>
Total Governmental Activities	<u>25,506,573</u>	<u>2,111,312</u>	<u>1,709,573</u>	<u>2,711,549</u>
Business-type Activities				
Water	1,593,790	2,215,653	-	748,383
Sewer	2,172,957	2,148,958	-	241,301
Stormwater	<u>1,032,225</u>	<u>1,041,100</u>	<u>-</u>	<u>112,689</u>
Total Business-type Activities	<u>4,798,972</u>	<u>5,405,711</u>	<u>-</u>	<u>1,102,373</u>
Total Primary Government	<u>\$ 30,305,545</u>	<u>\$ 7,517,023</u>	<u>\$ 1,709,573</u>	<u>\$ 3,813,922</u>
<b>Component Unit</b>				
Community development authority	<u>\$ 238,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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 (loss)

Miscellaneous

Transfers

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (3,629,637)	\$ -	\$ (3,629,637)	\$ -
(9,011,623)	-	(9,011,623)	-
(2,091,363)	-	(2,091,363)	-
(400,169)	-	(400,169)	-
(2,818,117)	-	(2,818,117)	-
(15,457)	-	(15,457)	-
(1,007,773)	-	(1,007,773)	-
<u>(18,974,139)</u>	<u>-</u>	<u>(18,974,139)</u>	<u>-</u>
-	1,370,246	1,370,246	-
-	217,302	217,302	-
-	121,564	121,564	-
-	<u>1,709,112</u>	<u>1,709,112</u>	<u>-</u>
<u>(18,974,139)</u>	<u>1,709,112</u>	<u>(17,265,027)</u>	<u>-</u>
-	-	-	(238,165)
12,483,080	-	12,483,080	-
2,819,689	-	2,819,689	-
620,500	-	620,500	-
3,385,497	-	3,385,497	-
1,524,769	-	1,524,769	-
38,723	-	38,723	264,647
2,111,067	-	2,111,067	-
95,056	-	95,056	-
(62,888)	13,590	(49,298)	605
991,313	7,176	998,489	6,585
<u>445,772</u>	<u>(445,772)</u>	<u>-</u>	<u>-</u>
<u>24,452,578</u>	<u>(425,006)</u>	<u>24,027,572</u>	<u>271,837</u>
5,478,439	1,284,106	6,762,545	33,672
<u>50,527,391</u>	<u>51,278,363</u>	<u>101,805,754</u>	<u>620,898</u>
<u>\$ 56,005,830</u>	<u>\$ 52,562,469</u>	<u>\$ 108,568,299</u>	<u>\$ 654,570</u>

See accompanying notes to financial statements.

## CITY OF FITCHBURG

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2013

	General	General Debt Service	General Capital Projects	TID No. 4
<b>ASSETS</b>				
Cash and investments	\$ 5,007,631	\$ 125,902	\$ 3,367,048	\$ 3,874,334
Receivables				
Taxes	12,945,149	3,436,199	669,900	3,034,232
Delinquent personal property taxes	33,269	-	-	-
Accounts	510,118	29,052	-	-
Special assessments	-	973,292	-	-
Delinquent special assessments	10,014	-	-	-
Land contract	18,277	-	-	-
Due from other governments	30,040	-	-	-
Due from other funds	604,840	-	-	-
Advances to other funds	36,452	-	1,122,726	-
Prepaid items	249,618	-	-	-
Restricted assets	-	-	332,120	-
	<u>\$ 19,445,408</u>	<u>\$ 4,564,445</u>	<u>\$ 5,491,794</u>	<u>\$ 6,908,566</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 243,899	\$ -	\$ 714,994	\$ 247,907
Accrued liabilities	394,985	-	-	-
Due to other governments	19,772	-	-	-
Deposits	31,503	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>690,159</u>	<u>-</u>	<u>714,994</u>	<u>247,907</u>
Deferred Inflows of Resources				
Unearned revenues	12,832,476	3,436,199	669,900	3,034,232
Unavailable revenues	18,277	973,292	-	-
Total Deferred Inflows of Resources	<u>12,850,753</u>	<u>4,409,491</u>	<u>669,900</u>	<u>3,034,232</u>
Fund Balances				
Nonspendable	329,353	-	1,122,726	-
Restricted	-	-	2,090,122	3,626,427
Committed	-	-	-	-
Assigned	694,840	154,954	894,052	-
Unassigned (deficit)	4,880,303	-	-	-
Total Fund Balances	<u>5,904,496</u>	<u>154,954</u>	<u>4,106,900</u>	<u>3,626,427</u>
	<u>\$ 19,445,408</u>	<u>\$ 4,564,445</u>	<u>\$ 5,491,794</u>	<u>\$ 6,908,566</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 3,014,638	\$ 15,389,553
3,887,014	23,972,494
-	33,269
56,246	595,416
-	973,292
-	10,014
-	18,277
-	30,040
-	604,840
-	1,159,178
10,997	260,615
<u>-</u>	<u>332,120</u>
<u>\$ 6,968,895</u>	<u>\$ 43,379,108</u>
\$ 42,508	\$ 1,249,308
26,986	421,971
-	19,772
-	31,503
<u>36,452</u>	<u>36,452</u>
<u>105,946</u>	<u>1,759,006</u>
3,887,014	23,859,821
-	991,569
<u>3,887,014</u>	<u>24,851,390</u>
10,997	1,463,076
2,244,024	7,960,573
757,366	757,366
-	1,743,846
<u>(36,452)</u>	<u>4,843,851</u>
<u>2,975,935</u>	<u>16,768,712</u>
<u>\$ 6,968,895</u>	<u>\$ 43,379,108</u>

See accompanying notes to financial statements.

## CITY OF FITCHBURG

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2013

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Total Fund Balances - Governmental Funds	\$ 16,768,712
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Amounts reported for governmental activities in the statement of net position 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.	80,938,299
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Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV. B.	991,569
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The city's equity interest in joint ventures is reported on the statement of net position.	389,807
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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>(43,082,557)</u>
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<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 56,005,830</u></b>
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## CITY OF FITCHBURG

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

	General	General Debt Service	General Capital Projects	TID No. 4
<b>REVENUES</b>				
Taxes	\$ 12,521,803	\$ 2,819,689	\$ 620,500	\$ 2,004,109
Intergovernmental	1,812,903	77,274	482,105	676,598
Licenses and permits	572,310	-	-	-
Fines, forfeitures and penalties	272,885	-	-	-
Public charges for services	239,847	-	-	-
Special assessments	4,427	94,764	-	-
Investment income	(70,508)	4,872	2,544	-
Intergovernmental charges for services	261,246	-	-	-
Miscellaneous	<u>327,272</u>	<u>54,180</u>	<u>750,099</u>	<u>-</u>
Total Revenues	<u>15,942,185</u>	<u>3,050,779</u>	<u>1,855,248</u>	<u>2,680,707</u>
<b>EXPENDITURES</b>				
Current				
General government	3,094,802	-	-	-
Public safety	9,072,387	-	-	-
Health and human services	383,175	-	-	-
Public works	1,980,866	-	-	-
Culture, recreation and education	1,087,903	-	-	-
Conservation and development	470,767	-	-	-
Capital Outlay	-	-	6,564,109	410,121
Debt Service				
Principal	-	3,318,234	-	-
Interest and fiscal charges	-	<u>1,242,867</u>	<u>33,920</u>	<u>-</u>
Total Expenditures	<u>16,089,900</u>	<u>4,561,101</u>	<u>6,598,029</u>	<u>410,121</u>
Excess (deficiency) of revenues over expenditures	<u>(147,715)</u>	<u>(1,510,322)</u>	<u>(4,742,781)</u>	<u>2,270,586</u>
<b>OTHER FINANCING USES</b>				
Debt issued	-	-	1,040,000	-
Property sales	42,614	-	41,600	-
Transfers in	622,840	1,120,312	365,150	-
Transfers out	<u>(230,400)</u>	<u>-</u>	<u>-</u>	<u>(1,117,799)</u>
Total Other Financing Uses	<u>435,054</u>	<u>1,120,312</u>	<u>1,446,750</u>	<u>(1,117,799)</u>
<b>Net Change in Fund Balances</b>	287,339	(390,010)	(3,296,031)	1,152,787
FUND BALANCES - Beginning of Year	<u>5,617,157</u>	<u>544,964</u>	<u>7,402,931</u>	<u>2,473,640</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,904,496</u>	<u>\$ 154,954</u>	<u>\$ 4,106,900</u>	<u>\$ 3,626,427</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 2,906,157	\$ 20,872,258
512,981	3,561,861
297,854	870,164
30,412	303,297
913,155	1,153,002
-	99,191
204	(62,888)
-	261,246
<u>30,100</u>	<u>1,161,651</u>
<u>4,690,863</u>	<u>28,219,782</u>
-	3,094,802
45,268	9,117,655
-	383,175
914,592	2,895,458
2,145,674	3,233,577
-	470,767
1,717,802	8,692,032
-	3,318,234
-	<u>1,276,787</u>
<u>4,823,336</u>	<u>32,482,487</u>
<u>(132,473)</u>	<u>(4,262,705)</u>
-	1,040,000
-	84,214
-	2,108,302
<u>(155,263)</u>	<u>(1,503,462)</u>
<u>(155,263)</u>	<u>1,729,054</u>
(287,736)	(2,533,651)
<u>3,263,671</u>	<u>19,302,363</u>
<u>\$ 2,975,935</u>	<u>\$ 16,768,712</u>

See accompanying notes to financial statements.

## 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, 2013

Net change in fund balances - total governmental funds \$ (2,533,651)

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position 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	8,692,032
Some items reported as capital outlay were not capitalized	(1,811,363)
Depreciation is reported in the government-wide financial statements	(1,991,917)
Net book value of assets retired	(200,512)

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.	911,069
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(1,040,000)
Principal repaid	3,318,234

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	(159,830)
Accrued interest on debt	191,740

The proportionate share of the change in net position 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.	<u>102,637</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 5,478,439</u></b>
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## CITY OF FITCHBURG

### STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

	Business-type Activities - Enterprise Funds		
	Utility District No. 1	Stormwater Utility	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 4,433,492	\$ 413,662	\$ 4,847,154
Receivables			
Accounts	1,163,738	234,805	1,398,543
Inventories	40,204	-	40,204
Total Current Assets	<u>5,637,434</u>	<u>648,467</u>	<u>6,285,901</u>
Noncurrent Assets			
Restricted Assets			
Restricted assets	103,713	-	103,713
Capital Assets			
Land and land rights	470,003	3,813,054	4,283,057
Construction in progress	305,876	22,338	328,214
Intangible plant	46,813	9,503	56,316
Property and equipment	45,512,075	16,328,517	61,840,592
Less: Accumulated depreciation	(11,719,814)	(5,911,532)	(17,631,346)
Other Assets			
Other long term receivables	31,101	-	31,101
Special assessments receivable	271,684	12,518	284,202
Total Noncurrent Assets	<u>35,021,451</u>	<u>14,274,398</u>	<u>49,295,849</u>
 Total Assets	 <u>40,658,885</u>	 <u>14,922,865</u>	 <u>55,581,750</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Utility District No. 1	Stormwater Utility	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 490,540	\$ 30,483	\$ 521,023
Accrued wages	28,102	3,744	31,846
Due to other funds	604,840	-	604,840
Compensated absences	14,735	4,398	19,133
General obligation bonds payable	-	100,000	100,000
Total Current Liabilities	<u>1,138,217</u>	<u>138,625</u>	<u>1,276,842</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation bonds payable	-	400,000	400,000
Advances from other funds	-	1,122,726	1,122,726
Compensated absences	148,398	40,214	188,612
Other long term payables	31,101	-	31,101
Total Noncurrent Liabilities	<u>179,499</u>	<u>1,562,940</u>	<u>1,742,439</u>
Total Liabilities	<u>1,317,716</u>	<u>1,701,565</u>	<u>3,019,281</u>
<b>NET POSITION</b>			
Net investment in capital assets	34,614,953	13,761,880	48,376,833
Restricted for impact fees	103,713	-	103,713
Unrestricted (deficit)	<u>4,622,503</u>	<u>(540,580)</u>	<u>4,081,923</u>
<b>TOTAL NET POSITION</b>	<u>\$ 39,341,169</u>	<u>\$ 13,221,300</u>	<u>\$ 52,562,469</u>

See accompanying notes to financial statements.

## CITY OF FITCHBURG

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds		
	Utility District No. 1	Stormwater Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 4,364,611</u>	<u>\$ 1,041,100</u>	<u>\$ 5,405,711</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	2,949,124	469,371	3,418,495
Depreciation	<u>817,623</u>	<u>454,806</u>	<u>1,272,429</u>
Total Operating Expenses	<u>3,766,747</u>	<u>924,177</u>	<u>4,690,924</u>
Operating Income	<u>597,864</u>	<u>116,923</u>	<u>714,787</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	12,258	1,332	13,590
Interest expense	-	(108,048)	(108,048)
Miscellaneous	-	<u>7,176</u>	<u>7,176</u>
Total Nonoperating Revenues (Expenses)	<u>12,258</u>	<u>(99,540)</u>	<u>(87,282)</u>
Income Before Contributions and Transfers	<u>610,122</u>	<u>17,383</u>	<u>627,505</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	989,684	112,689	1,102,373
Capital contributions - municipality	4,400	154,668	159,068
Transfers out	<u>(604,840)</u>	<u>-</u>	<u>(604,840)</u>
Total Contributions and Transfers	<u>389,244</u>	<u>267,357</u>	<u>656,601</u>
Change in Net Position	999,366	284,740	1,284,106
NET POSITION - Beginning of Year	<u>38,341,803</u>	<u>12,936,560</u>	<u>51,278,363</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 39,341,169</u>	<u>\$ 13,221,300</u>	<u>\$ 52,562,469</u>

See accompanying notes to financial statements.

**CITY OF FITCHBURG**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2013

	<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 and the state of Wisconsin	\$ 4,300,926	\$ 1,013,561	\$ 5,314,487
Paid to suppliers for goods and services	(2,562,599)	(280,990)	(2,843,589)
Paid to employees for services	(226,311)	(155,801)	(382,112)
Net Cash Flows From Operating Activities	<u>1,512,016</u>	<u>576,770</u>	<u>2,088,786</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>13,239</u>	<u>1,332</u>	<u>14,571</u>
Net Cash Flows From Investing Activities	<u>13,239</u>	<u>1,332</u>	<u>14,571</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(562,272)	-	(562,272)
Repayment of advances to other funds	<u>233,750</u>	-	<u>233,750</u>
Net Cash Flows From Noncapital Financing Activities	<u>(328,522)</u>	<u>-</u>	<u>(328,522)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(50,000)	(50,000)
Interest paid	-	(109,030)	(109,030)
Special assessments received	58,259	10,012	68,271
Acquisition and construction of capital assets	(582,899)	(766,880)	(1,349,779)
Capital contributions received	346,432	-	346,432
Salvage on retirement of land	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(171,208)</u>	<u>(915,898)</u>	<u>(1,087,106)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,025,525	(337,796)	687,729
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,511,680</u>	<u>751,458</u>	<u>4,263,138</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,537,205</u>	<u>\$ 413,662</u>	<u>\$ 4,950,867</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Utility District	Stormwater	Totals
	No. 1	Utility	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 597,864	\$ 116,923	\$ 714,787
Nonoperating revenue	-	7,176	7,176
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	817,623	454,806	1,272,429
Depreciation charged to other funds	36,205	-	36,205
Changes in assets and liabilities			
Accounts receivable	(99,893)	(34,715)	(134,608)
Inventories	(999)	-	(999)
Accounts payable	139,922	25,093	165,015
Compensated absences	5,486	7,008	12,494
Accrued wages	15,808	479	16,287
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 1,512,016</b>	<b>\$ 576,770</b>	<b>\$ 2,088,786</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net position	\$ 4,433,492	\$ 413,662	\$ 4,847,154
Restricted cash and investments - statement of net position	103,713	-	103,713
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 4,537,205</b>	<b>\$ 413,662</b>	<b>\$ 4,950,867</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
City and developer financed additions to plant	\$ 385,747	\$ 267,357	
Capital costs assessed to customers	\$ 262,917	\$ -	

See accompanying notes to financial statements.

**CITY OF FITCHBURG**

**STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
As of December 31, 2013**

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 26,362,937
Tax roll receivable	<u>13,591,983</u>
<b>TOTAL ASSETS</b>	<u>\$ 39,954,920</u>
<b>LIABILITIES</b>	
Due to other taxing units	\$ <u>39,954,920</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 39,954,920</u>

See accompanying notes to financial statements.

## CITY OF FITCHBURG

### INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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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. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

---

##### **A. REPORTING ENTITY (cont.)**

###### ***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. 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.I. 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, 2013. The CDA does not issue separate financial statements.

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

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

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

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. 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.

## CITY OF FITCHBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

---

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

##### ***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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor 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/deferred outflows of resources, liabilities/deferred inflows of resources, 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.
- 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, 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 and report all financial resources except those accounted for and reported in another fund.
- General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets..
- Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

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

## CITY OF FITCHBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

---

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

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

The city reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

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

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

In addition, the city reports the following fund type:

Agency Fund - used to account for and report 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 position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and 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.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

###### *Government-Wide Financial Statements (cont.)*

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water, sewer and stormwater and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

###### *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 unearned revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable revenues. At December 31, 2013, there were \$3,886,583 of unrecorded assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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.

Proprietary fund financial statements 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.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

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

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.

###### ***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 POSITION 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, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace 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.

## CITY OF FITCHBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

---

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

---

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

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

- 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.

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

At December 31, 2013, the city has deposits which do not meet the custodial credit risk investment policy guidelines and are uninsured and uncollateralized. See Note IV.A.

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, 2013, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

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

The Madison Community Foundation ("the Foundation") is a community endowment fund. The Foundation is not registered with the Securities and Exchange Commission. It constitutes a contractual agreement between the city and the Foundation with respect to investment of city assets. The Foundation reports the fair value of its underlying assets annually. At December 31, 2013, the fair value of the Foundation's assets was substantially equal to the city's share as reported in Note IV. A.

See Note IV. A. for further information.

##### 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 statement of assets and liabilities - agency fund.

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

##### *2. Receivables (cont.)*

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

##### *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.

##### *4. Restricted Assets*

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

##### *5. 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 one 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.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

##### *5. Capital Assets (cont.)*

###### *Government-Wide Statements (cont.)*

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 position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. 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.

##### *6. 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.

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.

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 \$30,561. The number of participants currently eligible to receive benefits is three. The total amount outstanding at year end to be paid in the future is \$67,843 and is included in the government-wide statement of net position.

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

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

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

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, 2013, are determined on the basis of current salary rates and include salary related payments.

###### **7. *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 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

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. There were no IRB's outstanding at year end.

The city has approved Midwest Disaster Area Bonds for the benefit of private business enterprises. They 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 bonds outstanding at the end of the year is approximately \$68,833,840, made up of two issues.

###### **8. *Deferred Inflows of Resources***

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

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***9. Equity Classifications***

***Government-Wide Statements***

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (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 position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position 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 "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 51,664,883	\$ 48,376,833	\$ (3,186,276)	\$ 96,855,440
Unrestricted	(1,886,694)	4,081,923	3,186,276	5,381,505

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.

***Fund Statements***

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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.

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### *9. Equity Classifications (cont.)*

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

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Council may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The city has a formal minimum fund balance policy. That policy is to maintain its general fund unrestricted fund balance at a minimum of between 15 and 25% of total general fund annual revenues plus the amount of state shared revenue received during the previous year. The balance at year end was \$4,880,303, or 30%.

See Note IV. H. for further information.

**CITY OF FITCHBURG**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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

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

***10. Basis for Existing Rates***

***Water Utility***

Current water rates were approved by the Public Service Commission of Wisconsin on July 1, 2012.

***Sewer Utility***

Current sewer rates were approved by the City Council and they are updated every year based on treatment cost. The new rates are effective on January 1st of each year.

***Stormwater Utility***

On November 10, 2009, the City Council approved an annual increase in rates of 5% for 2009-2012.

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

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***A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION***

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. 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	\$	18,208,269
Construction in progress		3,830,747
Other capital assets, net of depreciation		<u>58,899,283</u>
Combined Adjustment for Capital Assets	\$	<u><u>80,938,299</u></u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)**

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 position.

Bonds and notes payable	\$	40,932,334
Compensated absences		1,868,389
Accrued interest		<u>281,834</u>
 Combined Adjustment for Long-Term Liabilities	\$	<u><u>43,082,557</u></u>

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

**A. BUDGETARY INFORMATION**

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

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General debt service	\$ 4,560,621	\$ 4,561,101	\$ 480
General capital projects	4,460,874	6,598,029	2,137,155
Drug enforcement and training	43,110	45,268	2,158
Park dedication	134,750	140,626	5,876
TID No. 6	837,000	1,716,772	879,772

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.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**C. DEFICIT BALANCES**

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

As of December 31, 2013, the following individual funds held a deficit balance:

Fund	Amount	Reason
Municipal building	\$ 12,462	Expenditures in excess of revenues
TID No. 8	23,990	Expenditures in excess of revenues

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. The municipal building fund deficit is anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

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

Wisconsin law 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 zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

**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:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 41,226,366	\$ 41,287,360	Custodial credit
US agencies-implicitly guaranteed	3,170,309	3,170,309	Credit, custodial credit, concentration of credit, and interest rate
LGIP	3,191,793	3,191,793	Credit
Madison Community Foundation	20,833	20,833	Interest rate and credit
Petty cash	650	-	N/A
<b>Total Deposits and Investments</b>	<b><u>\$ 47,609,951</u></b>	<b><u>\$ 47,670,295</u></b>	

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### Reconciliation to financial statements

##### Per statement of net position

Unrestricted cash and investments - City	\$ 20,236,707
Restricted cash and investments - City	435,833
Cash and investments - Component unit	574,474

##### Per statement of assets and liabilities - agency fund

Agency Fund	<u>26,362,937</u>
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Total Deposits and Investments \$ 47,609,951

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit 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 nature of this fund, 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. \$4,403,605 of the city's investments are covered by SIPC. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit.

#### ***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, 2013, \$33,076,520 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 33,076,520</u>
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**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***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, 2013, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
FFCB	AA	N/A
FHLB	AA	AAA

The city also held investments in the following external pools which are not rated:

- LGIP
- Madison Community Foundation

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2013, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FFCB	US Agency-implicitly guaranteed	12.00%
FHLB	US Agency-implicitly guaranteed	38.00%

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***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, 2013, the city's investments were as follows:

<u>Investment</u>	<u>Maturity Date</u>	<u>Call Date</u>	<u>Fair Value</u>
FFCB	07/01/20	07/01/14	\$ 741,000
FHLB	09/13/21	03/13/14	543,065
FHLB	11/23/21	05/23/14	467,065
FHLB	11/09/22	02/09/14	228,087
FHLB	12/19/22	03/19/14	273,075
FHLB	01/30/23	01/30/14	362,344
FHLB	03/27/23	03/27/14	<u>555,672</u>
 Total			 <u>\$ 3,170,308</u>

The average maturity for the \$20,833 held in the Madison Community Foundation was not available.

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

**B. RECEIVABLES**

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>
Receivables	
Accounts	\$ 2,614,217
Less: Allowance for uncollectibles	<u>(2,104,099)</u>
 Net Total Receivables	 <u>\$ 510,118</u>

Delinquent personal property taxes receivable is shown net of an allowance of \$221,376. All of the receivables on the balance sheet are expected to be collected within one year, except for \$33,269 of delinquent personal property taxes and \$10,014 of delinquent special assessments.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**B. RECEIVABLES (cont.)**

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 23,859,821	\$ -
Special assessments not yet due	-	973,292
Land contract	-	18,277
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 23,859,821	 \$ 991,569

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Impact Fee Account***

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets at December 31, 2013:

	<u>Restricted Assets</u>
Impact fee account	\$ 435,833

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013, 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	\$ 16,018,264	\$ 2,190,005	\$ -	\$ 18,208,269
Construction in progress	<u>665,331</u>	<u>3,165,416</u>	<u>-</u>	<u>3,830,747</u>
Total Capital Assets Not Being Depreciated	<u>16,683,595</u>	<u>5,355,421</u>	<u>-</u>	<u>22,039,016</u>
Capital assets being depreciated				
Land improvements	412,878	-	-	412,878
Buildings and improvements	25,722,236	47,268	-	25,769,504
Machinery and equipment	10,865,590	655,876	353,715	11,167,751
Traffic signals	-	278,475	-	278,475
Cycle track	215,637	-	-	215,637
Street lights	444,170	167,535	-	611,705
Streets	38,768,014	200,321	-	38,968,335
Sidewalks	3,143,814	148,523	-	3,292,337
Bikepath	570,987	27,250	-	598,237
Bridge	<u>2,471,281</u>	<u>-</u>	<u>-</u>	<u>2,471,281</u>
Total Capital Assets Being Depreciated	<u>82,614,607</u>	<u>1,525,248</u>	<u>353,715</u>	<u>83,786,140</u>
Total Capital Assets	<u>99,298,202</u>	<u>6,880,669</u>	<u>353,715</u>	<u>105,825,156</u>
Less: Accumulated depreciation for				
Land improvements	\$ (351,430)	\$ (3,117)	\$ -	\$ (354,547)
Buildings and improvements	(7,845,187)	(522,079)	-	(8,367,266)
Machinery and equipment	(5,766,640)	(696,377)	153,203	(6,309,814)
Traffic signals	-	(24,106)	-	(24,106)
Cycle track	(1,725)	(3,450)	-	(5,175)
Street lights	(8,883)	(21,118)	-	(30,001)
Streets	(8,313,920)	(621,890)	-	(8,935,810)
Sidewalks	(510,113)	(51,842)	-	(561,955)
Bikepath	(199,295)	(21,578)	-	(220,873)
Bridge	<u>(50,950)</u>	<u>(26,360)</u>	<u>-</u>	<u>(77,310)</u>
Total Accumulated Depreciation	<u>(23,048,143)</u>	<u>(1,991,917)</u>	<u>153,203</u>	<u>(24,886,857)</u>
Net Capital Assets Being Depreciated	<u>59,566,464</u>	<u>(466,669)</u>	<u>200,512</u>	<u>58,899,283</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,250,059</u>	<u>\$ 4,888,752</u>	<u>\$ 200,512</u>	<u>\$ 80,938,299</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 497,928
Public safety	297,596
Public works, which includes the depreciation of infrastructure	783,180
Culture, education and recreation	<u>413,213</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,991,917</u>

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated/amortized				
Land and land rights	\$ 359,093	\$ -	\$ -	\$ 359,093
Intangible plant - land	30,829	1,160	-	31,989
Construction in progress	<u>244,542</u>	<u>61,334</u>	-	<u>305,876</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>634,464</u>	<u>62,494</u>	-	<u>696,958</u>
Capital assets being depreciated				
Buildings and improvements	1,177,022	-	-	1,177,022
Machinery and equipment	2,054,199	7,556	-	2,061,755
Infrastructure	<u>25,986,224</u>	<u>666,137</u>	<u>46,041</u>	<u>26,606,320</u>
Total Capital Assets Being Depreciated	<u>29,217,445</u>	<u>673,693</u>	<u>46,041</u>	<u>29,845,097</u>
Total Capital Assets	<u>29,851,909</u>	<u>736,187</u>	<u>46,041</u>	<u>30,542,055</u>
Less: Accumulated depreciation for				
Buildings and improvements	(397,952)	(37,663)	-	(435,615)
Machinery and equipment	(1,452,384)	(112,635)	-	(1,565,019)
Infrastructure	<u>(5,864,368)</u>	<u>(512,850)</u>	<u>46,041</u>	<u>(6,331,177)</u>
Total Accumulated Depreciation	<u>(7,714,704)</u>	<u>(663,148)</u>	<u>46,041</u>	<u>(8,331,811)</u>
Net Capital Assets Being Depreciated	<u>21,502,741</u>	<u>10,545</u>	-	<u>21,513,286</u>
Net Water Capital Assets	<u>\$ 22,137,205</u>	<u>\$ 73,039</u>	<u>\$ -</u>	<u>\$ 22,210,244</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**D. CAPITAL ASSETS (cont.)**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated/amortized				
Land and land rights	\$ 110,910	\$ -	\$ -	\$ 110,910
Intangible plant - land	14,824	-	-	14,824
Total Capital Assets Not Being Depreciated/Amortized	<u>125,734</u>	<u>-</u>	<u>-</u>	<u>125,734</u>
Capital assets being depreciated				
Machinery and equipment	511,339	6,359	-	517,698
Infrastructure	14,879,638	115,426	42,841	14,952,223
Intangible	197,057	-	-	197,057
Total Capital Assets Being Depreciated	<u>15,588,034</u>	<u>121,785</u>	<u>42,841</u>	<u>15,666,978</u>
Total Capital Assets	<u>15,713,768</u>	<u>121,785</u>	<u>42,841</u>	<u>15,792,712</u>
Less: Accumulated depreciation for				
Machinery and equipment	(468,322)	(4,219)	-	(472,541)
Infrastructure	(2,633,020)	(193,238)	42,841	(2,783,417)
Intangible	(131,822)	(223)	-	(132,045)
Total Accumulated Depreciation	<u>(3,233,164)</u>	<u>(197,680)</u>	<u>42,841</u>	<u>(3,388,003)</u>
Net Capital Assets Being Depreciated	<u>12,354,870</u>	<u>(75,895)</u>	<u>-</u>	<u>12,278,975</u>
Net Sewer Capital Assets	<u>\$ 12,480,604</u>	<u>\$ (75,895)</u>	<u>\$ -</u>	<u>\$ 12,404,709</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**D. CAPITAL ASSETS (cont.)**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Land and land rights	\$ 3,751,988	\$ 173,566	\$ 112,500	\$ 3,813,054
Intangible plant - land	9,503	-	-	9,503
Construction in progress	46,600	138,002	162,264	22,338
Total Capital Assets Not Being Depreciated	<u>3,808,091</u>	<u>311,568</u>	<u>274,764</u>	<u>3,844,895</u>
Capital assets being depreciated				
Buildings and improvements	1,551,036	62,245	-	1,613,281
Machinery and equipment	225,243	-	-	225,243
Infrastructure	13,924,452	565,541	-	14,489,993
Total Capital Assets Being Depreciated	<u>15,700,731</u>	<u>627,786</u>	<u>-</u>	<u>16,328,517</u>
Total Capital Assets	<u>19,508,822</u>	<u>939,354</u>	<u>274,764</u>	<u>20,173,412</u>
Less: Accumulated depreciation for				
Buildings and improvements	(319,165)	(31,643)	-	(350,808)
Machinery and equipment	(154,591)	(23,015)	-	(177,606)
Infrastructure	(4,982,971)	(400,147)	-	(5,383,118)
Total Accumulated Depreciation	<u>(5,456,727)</u>	<u>(454,805)</u>	<u>-</u>	<u>(5,911,532)</u>
Net Capital Assets Being Depreciated	<u>10,244,004</u>	<u>172,981</u>	<u>-</u>	<u>10,416,985</u>
Net Stormwater Capital Assets	<u>\$ 14,052,095</u>	<u>\$ 484,549</u>	<u>\$ 274,764</u>	<u>\$ 14,261,880</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 48,669,904</u>	<u>\$ 481,693</u>	<u>\$ 274,764</u>	<u>\$ 48,876,833</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 619,943
Sewer	197,680
Storm	<u>454,806</u>

Total Business-type Activities Depreciation Expense \$ 1,272,429

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**D. CAPITAL ASSETS (cont.)**

Depreciation expense may be different from business-type activity capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

**E. 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	Utility District No. 1	\$ 604,840	\$ -
Total - Fund Financial Statements		604,840	
Add: Interfund advances		1,122,726	
Total Internal Balances - Government-Wide Statement of Net Position		\$ 1,727,566	

The principal purpose of this interfund is for payment in lieu of taxes.

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

**Advances**

The general fund is advancing funds to TID No. 8 and municipal building funds. The amount advanced is determined by the deficit cash balance. No repayment schedule has been established.

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. Interest is being accrued at 2.00 - 3.125%. A repayment schedule has been established and requires the Stormwater Utility to make quarterly principal payments of \$13,985, plus accrued interest, until the advance is repaid.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***Advances (cont.)***

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	TID No. 8	\$ 23,990	\$ 23,990
General fund	Municipal building	12,462	12,462
General capital projects fund	Stormwater Utility	<u>1,122,726</u>	1,066,786
Total - Fund Financial Statements		1,159,178	
Less: Fund eliminations		<u>(36,452)</u>	
Total - Interfund Advances		<u>\$ 1,122,726</u>	

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

***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	604,840	Tax-equivalent
Debt service fund	TID No. 4	1,117,799	Debt repayment on developer incentive - trust fund
Debt service fund	Recycling and refuse	2,513	Rent
Capital projects fund	General fund	230,400	Capital projects
Capital projects fund	Park dedication	<u>134,750</u>	Capital projects
Total - Fund Financial Statements		2,108,302	
Less: Fund eliminations		(1,503,462)	
Less: Capital asset contributions from governmental activities to business-type activities		<u>(159,068)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 445,772</u>	

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### **Transfers (cont.)**

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.

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 43,210,568	\$ 1,040,000	\$ 3,318,234	\$ 40,932,334	\$ 3,570,164
Other Liabilities					
Vested compensated absences	1,708,559	190,391	30,561	1,868,389	247,393
Total Governmental Activities Long-Term Liabilities	<u>\$ 44,919,127</u>	<u>\$ 1,230,391</u>	<u>\$ 3,348,795</u>	<u>\$ 42,800,723</u>	<u>\$ 3,817,557</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 550,000	-	50,000	500,000	100,000
Other Liabilities					
Vested compensated absences	195,536	26,564	14,355	207,745	19,133
Total Business-type Activities Long-Term Liabilities	<u>\$ 745,536</u>	<u>\$ 26,564</u>	<u>\$ 64,355</u>	<u>\$ 707,745</u>	<u>\$ 119,133</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, 2013, was \$125,188,650. Total general obligation debt outstanding at year end was \$41,432,334.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**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.

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
2005 general obligation promissory note	8/1/05	8/1/15	2.80 - 3.70%	\$ 1,135,000	\$ 250,000
2005 general obligation refunding bonds	8/1/05	8/1/17	3.00 - 3.75%	5,888,920	2,810,000
2005 State Trust Fund Loan	8/26/05	3/15/15	4.00%	395,000	102,334
2007 general obligation promissory note	9/13/07	8/1/17	3.70-4.00%	860,000	295,000
2009 general obligation promissory note	9/16/09	9/1/19	2.00-3.125%	5,295,000	3,185,000
2010 taxable general obligation promissory note	11/18/10	11/1/20	0.65-3.60%	2,550,000	1,840,000
2010 taxable general obligation library bonds	11/18/10	11/1/30	0.70-5.25%	4,995,000	4,435,000
2011 general obligation promissory notes	12/13/11	12/1/21	2.00-2.10%	1,190,000	835,000
2011 general obligation bonds	12/13/11	12/1/27	2.00-2.850%	5,395,000	5,295,000
2012 general obligation promissory note	3/21/12	3/1/22	1.00-2.00%	6,195,000	5,470,000
2012 general obligation corporate purpose bonds	3/21/12	3/1/29	2.00-3.00%	15,350,000	14,995,000
2012 taxable general obligation refunding bonds	3/21/12	3/1/17	0.40-1.30%	500,000	380,000
2013 general obligation promissory notes	11/14/13	11/1/23	0.40-2.35%	1,040,000	<u>1,040,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 40,932,334</u>

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

*General Obligation Debt (cont.)*

<b>Business-type Activities</b>					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2013</u>
2007 general obligation promissory note	9/13/07	8/1/17	3.70-4.00%	\$ 625,000	\$ <u>500,000</u>
Total Business-type Activities - General Obligation Debt					\$ <u>500,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,570,164	\$ 1,027,410	\$ 100,000	\$ 19,688
2015	3,732,170	953,480	125,000	15,813
2016	3,750,000	870,298	125,000	10,938
2017	3,780,000	781,516	150,000	6,000
2018	3,045,000	684,678	-	-
2019-2023	12,555,000	2,449,127	-	-
2024-2028	9,420,000	985,022	-	-
2029-2030	1,080,000	59,910	-	-
Totals	\$ <u>40,932,334</u>	\$ <u>7,811,441</u>	\$ <u>500,000</u>	\$ <u>52,439</u>

***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.

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**G. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2013, includes the following:

**Governmental Activities**

Net Investment in Capital Assets

Land	\$ 18,208,269
Construction in progress	3,830,747
Other capital assets, net of accumulated depreciation	58,899,283
Less: Long-term debt outstanding	(40,932,334)
Plus: Unspent capital related debt proceeds	1,737,169
Plus: Noncapital debt proceeds	<u>9,921,749</u>
 Total Net Investment in Capital Assets	 <u>\$ 51,664,883</u>

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2013, include the following:

	<u>General Fund</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>TID No. 4</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Delinquent personal property taxes	\$ 33,269	\$ -	\$ -	\$ -	\$ -	\$ 33,269
Delinquent special assessments	10,014	-	-	-	-	10,014
Advances to other funds	36,452	-	1,122,726	-	-	1,159,178
Prepaid items	249,618	-	-	-	10,997	260,615
<b>Restricted for:</b>						
Park and recreational improvement fees	-	-	-	-	680,755	680,755
Fire impact fees	-	-	332,120	-	-	332,120
Library	-	-	-	-	183,981	183,981
Library project	-	-	4,957	-	-	4,957
TID activities	-	-	-	3,626,427	1,379,288	5,005,715
Park projects	-	-	15,876	-	-	15,876
Capital projects	-	-	1,737,169	-	-	1,737,169

**CITY OF FITCHBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

	<u>General Fund</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>TID No. 4</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Fund Balances (cont.)</b>						
<b>Committed to:</b>						
Drug enforcement and training	\$ -	\$ -	\$ -	\$ -	\$ 22,368	\$ 22,368
Recycling and refuse	-	-	-	-	262,642	262,642
Cable TV	-	-	-	-	467,030	467,030
Cemetery	-	-	-	-	5,326	5,326
<b>Assigned to:</b>						
Debt service	-	154,954	-	-	-	154,954
Capital projects	-	-	894,052	-	-	894,052
Payment in lieu of taxes	604,840	-	-	-	-	604,840
Employee retirement	90,000	-	-	-	-	90,000
<b>Unassigned (deficit):</b>	<u>4,880,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,452)</u>	<u>4,843,851</u>
<b>Total Fund Balances</b>	<u>\$5,904,496</u>	<u>\$ 154,954</u>	<u>\$4,106,900</u>	<u>\$3,626,427</u>	<u>\$2,975,935</u>	<u>\$ 16,768,712</u>

***Business-type Activities***

<b>Net Investment in Capital Assets</b>	
Land	\$ 4,283,057
Construction in progress	328,214
Intangible plant - land	56,316
Other capital assets, net of accumulated depreciation	44,209,246
Less: Long-term debt outstanding	<u>(500,000)</u>
<b>Total Net Investment in Capital Assets</b>	<u>\$ 48,376,833</u>

## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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##### *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.

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.

b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$574,474 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, 2013, the CDA's loans receivable balance was \$168,319 and its allowance for doubtful accounts was \$123,319, leaving a net receivable balance of \$45,000.

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#### **NOTE V - OTHER INFORMATION**

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

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective employees are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for city employees covered by the WRS for the year ended December 31, 2013 was \$9,711,460; the employer's total payroll was \$10,111,897. The total required contribution for the year ended December 31, 2013 was \$1,536,972 or 15.8% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending 2012 and 2011 were \$1,402,846 and \$1,305,155, 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. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS 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, 2013 there was no pension related debt for the city.

# CITY OF FITCHBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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#### ***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***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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, except for the following: a suit has been filed against the city claiming additional compensation of approximately \$1 million in relation to a condemnation. It is not known at this time what the outcome of this suit will be.

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.

The city has active construction projects as of December 31, 2013. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

General Capital Projects	<u>\$ 380,219</u>
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## CITY OF FITCHBURG

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

In 2007, 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 \$944,042.

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 \$1,452,990.

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 \$1,792,649.

##### **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 FitchRona 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 2013 of \$450,984. 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 position. Changes in the equity interest are reported on the statement of activities.

## CITY OF FITCHBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

##### ***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 \$208,055 in 2013. 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 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 \$16,975 in 2013. 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.

## CITY OF FITCHBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, 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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property taxes	\$ 12,508,311	\$ 12,508,311	\$ 12,483,080	\$ (25,231)
Mobile home lottery credit and parking fees	3,800	3,800	4,571	771
Public accommodation (room) taxes	20,000	20,000	24,059	4,059
Other taxes	-	-	1,723	1,723
Interest and penalties on taxes	12,000	12,000	8,370	(3,630)
Total Taxes	<u>12,544,111</u>	<u>12,544,111</u>	<u>12,521,803</u>	<u>(22,308)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	472,856	472,856	474,662	1,806
Payments for municipal services	64,650	64,650	49,975	(14,675)
State aid - general transportation aids	932,411	932,411	931,896	(515)
State aid - DNR lands	23,000	23,000	23,054	54
Fire insurance tax (2% fire dues)	83,500	83,500	84,114	614
State aid - exempt computer aid	150,000	150,000	160,621	10,621
Federal aid - land	2,496	2,496	1,623	(873)
Other police grants	2,000	2,000	20,891	18,891
Federal aid - fire	15,940	15,940	15,329	(611)
Federal aid - law enforcement	-	-	10,125	10,125
County aid - senior	36,562	36,562	40,613	4,051
Total Intergovernmental Revenues	<u>1,783,415</u>	<u>1,783,415</u>	<u>1,812,903</u>	<u>29,488</u>
<b>LICENSES AND PERMITS</b>				
Business and occupational licenses	36,000	36,000	38,075	2,075
Other nonbusiness licenses	8,650	8,650	12,738	4,088
Building permits	290,000	290,000	342,937	52,937
Zoning permits and fees	64,000	64,000	161,485	97,485
Other regulatory permits and fees	6,000	6,000	17,075	11,075
Total Licenses and Permits	<u>404,650</u>	<u>404,650</u>	<u>572,310</u>	<u>167,660</u>
<b>FINES AND FORFEITURES</b>				
Law and ordinance violations	400,000	400,000	272,885	(127,115)

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
General government	\$ 11,000	\$ 11,000	\$ 14,922	\$ 3,922
Public safety	25,000	25,000	29,184	4,184
Engineering	2,000	2,000	10,596	8,596
Senior program fees	14,000	14,000	15,606	1,606
Recreation programs	138,000	138,000	145,909	7,909
Shelter and rental fees	19,750	19,750	21,306	1,556
Other public charges for services	<u>7,000</u>	<u>7,000</u>	<u>2,324</u>	<u>(4,676)</u>
Total Public Charges for Services	<u>216,750</u>	<u>216,750</u>	<u>239,847</u>	<u>23,097</u>
<b>SPECIAL ASSESSMENTS</b>				
Interest on delinquent special assessments	<u>6,000</u>	<u>6,000</u>	<u>4,427</u>	<u>(1,573)</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>125,100</u>	<u>125,100</u>	<u>(70,508)</u>	<u>(195,608)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - emergency services	76,300	76,300	78,246	1,946
Administrative charges to utilities	70,000	70,000	70,000	-
Administrative charges to library	91,900	91,900	91,900	-
Administrative charges to cable	<u>21,100</u>	<u>21,100</u>	<u>21,100</u>	<u>-</u>
Total Intergovernmental Charges for Services	<u>259,300</u>	<u>259,300</u>	<u>261,246</u>	<u>1,946</u>

## CITY OF FITCHBURG

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<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	\$ 16,250	\$ 16,250	\$ 4,522	\$ (11,728)
Cemetery	-	-	30	30
WPRA ticket commission	250	250	187	(63)
Refund of prior year expenditures	50,000	50,000	110,214	60,214
Reimbursement from stormwater	90,000	90,000	68,476	(21,524)
Maintenance facility reimbursement from utility	1,600	1,600	824	(776)
Tower lease	15,800	15,800	15,876	76
Transfer from CDA	42,440	42,440	42,440	-
EMS rental	3,000	3,000	4,677	1,677
Senior advertising sales	2,800	2,800	2,420	(380)
Worker's compensation reimbursement	-	-	507	507
Insurance recoveries	-	-	44,103	44,103
Other miscellaneous	7,000	7,000	7,732	732
Reimbursement from TIFs	35,000	35,000	23,400	(11,600)
Donations	3,000	3,000	1,864	(1,136)
Total Miscellaneous	<u>267,140</u>	<u>267,140</u>	<u>327,272</u>	<u>60,132</u>
 Total Revenues	 <u>16,006,466</u>	 <u>16,006,466</u>	 <u>15,942,185</u>	 <u>(64,281)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Mayor and city council	\$ 96,463	\$ 96,463	\$ 66,576	\$ 29,887
Administrator	358,816	358,816	348,101	10,715
Municipal court	157,076	157,076	149,068	8,008
Clerk's office	373,973	373,973	351,380	22,593
Legal counsel	204,931	204,931	169,332	35,599
Treasurer's office	278,703	278,703	272,881	5,822
Information technology	355,803	355,803	335,659	20,144
Assessment of property	378,684	378,684	380,671	(1,987)
Accounting and auditing	40,000	40,000	35,793	4,207
New city hall	311,200	311,200	334,704	(23,504)
City hall	-	-	7,380	(7,380)
Other buildings - safety	34,275	34,275	32,672	1,603
Other buildings - fire	31,875	31,875	27,668	4,207
Other buildings - maintenance	35,500	35,500	32,248	3,252
Police evidence processing facility	5,500	5,500	4,089	1,411
Property and liability insurance	428,986	428,986	417,853	11,133
Employee bonds	1,500	1,500	1,447	53
Office supplies	16,000	16,000	15,294	706
Miscellaneous	12,700	12,700	29,712	(17,012)
Illegal taxes	-	-	11,494	(11,494)
Employee retirement reserve	15,350	15,350	25,780	(10,430)
Professional services	45,000	45,000	45,000	-
Contingency	47,188	132,816	-	132,816
Total General Government	<u>3,229,523</u>	<u>3,315,151</u>	<u>3,094,802</u>	<u>220,349</u>
<b>PUBLIC SAFETY</b>				
Law enforcement	6,165,474	6,165,474	5,967,679	197,795
Fire suppression and prevention	2,268,540	2,167,912	2,101,462	66,450
Joint public safety system	207,514	207,514	208,055	(541)
Building inspection	394,322	394,322	320,550	73,772
EMS district	451,484	451,484	451,384	100
Weights and measures	33,800	33,800	22,281	11,519
Other public safety	1,928	1,928	976	952
Total Public Safety	<u>9,523,062</u>	<u>9,422,434</u>	<u>9,072,387</u>	<u>350,047</u>
<b>HEALTH AND SOCIAL SERVICES</b>				
Senior citizens program	380,810	380,810	383,175	(2,365)
<b>PUBLIC WORKS</b>				
Mass transit - bus subsidy	380,000	380,000	384,000	(4,000)
Highway department	1,518,121	1,518,121	1,596,866	(78,745)
Total Public Works	<u>1,898,121</u>	<u>1,898,121</u>	<u>1,980,866</u>	<u>(82,745)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE, EDUCATION AND RECREATION</b>				
Parks	\$ 729,283	\$ 729,283	\$ 736,605	\$ (7,322)
Community center	73,952	73,952	65,996	7,956
Recreation programs and events	<u>283,997</u>	<u>283,997</u>	<u>285,302</u>	<u>(1,305)</u>
Total Culture, Education and Recreation	<u>1,087,232</u>	<u>1,087,232</u>	<u>1,087,903</u>	<u>(671)</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Zoning	290,995	290,995	277,886	13,109
Economic and community development	<u>195,023</u>	<u>195,023</u>	<u>192,881</u>	<u>2,142</u>
Total Conservation and Development	<u>486,018</u>	<u>486,018</u>	<u>470,767</u>	<u>15,251</u>
Total Expenditures	<u>16,604,766</u>	<u>16,589,766</u>	<u>16,089,900</u>	<u>499,866</u>
Excess of revenues over expenditures	<u>(598,300)</u>	<u>(583,300)</u>	<u>(147,715)</u>	<u>435,585</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	568,000	568,000	622,840	54,840
Transfers out	-	(170,400)	(230,400)	(60,000)
Property sales	<u>300</u>	<u>300</u>	<u>42,614</u>	<u>42,314</u>
Total Other Financing Sources (Uses)	<u>568,300</u>	<u>397,900</u>	<u>435,054</u>	<u>37,154</u>
<b>Net Change in Fund Balance</b>	(30,000)	(185,400)	287,339	472,739
FUND BALANCE - Beginning of Year	<u>5,617,157</u>	<u>5,617,157</u>	<u>5,617,157</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,587,157</u>	<u>\$ 5,431,757</u>	<u>\$ 5,904,496</u>	<u>\$ 472,739</u>

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

## CITY OF FITCHBURG

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2013

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#### ***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.

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 department level of expenditure.

**SUPPLEMENTARY INFORMATION**

**CITY OF FITCHBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2013

	Special Revenue Funds				
	Drug Enforcement and Training	Recycling and Refuse Collection	Park Dedication	Cable TV	Cemetery
<b>ASSETS</b>					
Cash and investments	\$ 22,918	\$ 268,299	\$ 680,755	\$ 423,470	\$ 5,326
Taxes receivable	-	820,893	-	-	-
Accounts	-	-	-	56,220	-
Prepaid items	1,805	-	-	4,955	-
<b>TOTAL ASSETS</b>	<u>\$ 24,723</u>	<u>\$ 1,089,192</u>	<u>\$ 680,755</u>	<u>\$ 484,645</u>	<u>\$ 5,326</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 550	\$ 2,363	\$ -	\$ 9,556	\$ -
Accrued liabilities	-	3,294	-	3,104	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>550</u>	<u>5,657</u>	<u>-</u>	<u>12,660</u>	<u>-</u>
Deferred Inflows of Resources					
Unearned revenues	-	820,893	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>820,893</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)					
Nonspendable	1,805	-	-	4,955	-
Restricted	-	-	680,755	-	-
Committed	22,368	262,642	-	467,030	5,326
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (deficit)	<u>24,173</u>	<u>262,642</u>	<u>680,755</u>	<u>471,985</u>	<u>5,326</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 24,723</u>	<u>\$ 1,089,192</u>	<u>\$ 680,755</u>	<u>\$ 484,645</u>	<u>\$ 5,326</u>

Special Revenue Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
	Library Services	Municipal Building	TID No. 6	TID No. 7	
\$ 227,948	\$ -	\$ 1,215,235	\$ 170,687	\$ -	\$ 3,014,638
1,557,433	-	1,384,348	124,340	-	3,887,014
26	-	-	-	-	56,246
<u>4,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,997</u>
<u>\$ 1,789,644</u>	<u>\$ -</u>	<u>\$ 2,599,583</u>	<u>\$ 295,027</u>	<u>\$ -</u>	<u>\$ 6,968,895</u>
\$ 23,405	\$ -	\$ 6,634	\$ -	\$ -	\$ 42,508
20,588	-	-	-	-	26,986
-	12,462	-	-	23,990	36,452
<u>43,993</u>	<u>12,462</u>	<u>6,634</u>	<u>-</u>	<u>23,990</u>	<u>105,946</u>
<u>1,557,433</u>	<u>-</u>	<u>1,384,348</u>	<u>124,340</u>	<u>-</u>	<u>3,887,014</u>
<u>1,557,433</u>	<u>-</u>	<u>1,384,348</u>	<u>124,340</u>	<u>-</u>	<u>3,887,014</u>
4,237	-	-	-	-	10,997
183,981	-	1,208,601	170,687	-	2,244,024
-	-	-	-	-	757,366
<u>-</u>	<u>(12,462)</u>	<u>-</u>	<u>-</u>	<u>(23,990)</u>	<u>(36,452)</u>
<u>188,218</u>	<u>(12,462)</u>	<u>1,208,601</u>	<u>170,687</u>	<u>(23,990)</u>	<u>2,975,935</u>
<u>\$ 1,789,644</u>	<u>\$ -</u>	<u>\$ 2,599,583</u>	<u>\$ 295,027</u>	<u>\$ -</u>	<u>\$ 6,968,895</u>

## CITY OF FITCHBURG

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	Special Revenue Funds				
	Drug Enforcement and Training	Recycling and Refuse Collection	Park Dedication	Cable TV	Cemetery
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,720	103,365	-	-	-
Licenses and permits	-	-	-	297,854	-
Fines, forfeitures and penalties	30,412	-	-	-	-
Public charges for services	-	764,147	109,819	4,250	8,320
Investment income	8	-	26	152	18
Miscellaneous	9,407	6,156	-	-	-
Total Revenues	<u>47,547</u>	<u>873,668</u>	<u>109,845</u>	<u>302,256</u>	<u>8,338</u>
<b>EXPENDITURES</b>					
Current					
Public safety	45,268	-	-	-	-
Public works	-	914,592	-	-	-
Culture, recreation and education	-	-	5,876	230,501	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>45,268</u>	<u>914,592</u>	<u>5,876</u>	<u>230,501</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,279</u>	<u>(40,924)</u>	<u>103,969</u>	<u>71,755</u>	<u>8,338</u>
<b>OTHER FINANCING USES</b>					
Transfers out	-	(20,513)	(134,750)	-	-
Total Other Financing Uses	<u>-</u>	<u>(20,513)</u>	<u>(134,750)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	2,279	(61,437)	(30,781)	71,755	8,338
<b>FUND BALANCES (DEFICIT)</b>					
- Beginning of Year	<u>21,894</u>	<u>324,079</u>	<u>711,536</u>	<u>400,230</u>	<u>(3,012)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 24,173</u>	<u>\$ 262,642</u>	<u>\$ 680,755</u>	<u>\$ 471,985</u>	<u>\$ 5,326</u>

Special Revenue Fund	Capital Project Funds				Total Nonmajor Governmental Funds
	Library Services	Municipal Building	TID No. 6	TID No. 7	
\$ 1,524,769	\$ -	\$ 1,297,664	\$ 83,724	\$ -	\$ 2,906,157
383,080	-	7,173	11,621	22	512,981
-	-	-	-	-	297,854
-	-	-	-	-	30,412
26,619	-	-	-	-	913,155
-	-	-	-	-	204
14,537	-	-	-	-	30,100
<u>1,949,005</u>	<u>-</u>	<u>1,304,837</u>	<u>95,345</u>	<u>22</u>	<u>4,690,863</u>
-	-	-	-	-	45,268
-	-	-	-	-	914,592
1,909,297	-	-	-	-	2,145,674
-	-	1,716,772	814	216	1,717,802
<u>1,909,297</u>	<u>-</u>	<u>1,716,772</u>	<u>814</u>	<u>216</u>	<u>4,823,336</u>
39,708	-	(411,935)	94,531	(194)	(132,473)
-	-	-	-	-	(155,263)
-	-	-	-	-	(155,263)
39,708	-	(411,935)	94,531	(194)	(287,736)
148,510	(12,462)	1,620,536	76,156	(23,796)	3,263,671
<u>\$ 188,218</u>	<u>\$ (12,462)</u>	<u>\$ 1,208,601</u>	<u>\$ 170,687</u>	<u>\$ (23,990)</u>	<u>\$ 2,975,935</u>

**CITY OF FITCHBURG**

STATEMENT OF CASH FLOWS  
COMPONENT UNIT  
For the Year Ended December 31, 2013

	Component Unit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 222,656
Paid to suppliers for goods and services	<u>(239,876)</u>
Net Cash Flows From Operating Activities	<u>(17,220)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>605</u>
Net Cash Flows From Investing Activities	<u>605</u>
<b>Net Change in Cash and Cash Equivalents</b>	(16,615)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>591,089</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 574,474</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 26,482
Nonoperating revenue	6,585
Changes in assets and liabilities	
Accounts receivables	(3,576)
Prepays	(579)
Accounts payable	(1,132)
Loans receivable	<u>(45,000)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (17,220)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	