



Finance Department 2015 Annual Report

Misty Dodge, CPA, CPFO, Finance Director
Kari Miller, Accounting Manager
Susan Jordan, Accounting Clerk II
Kim Hauge, Accounting Clerk II
Rylee Schuchardt, Accounting Clerk I
Meredith Shelton, Fire Business Manager

Department Responsibilities

The Finance Department is responsible for providing financial management activities for all City operations, including:

- ensuring that bills incurred by the various departments are paid efficiently and in accordance with City policies
- collecting, depositing, recording, and investing cash receipts, including property taxes
- billing utility and other customers and pursuing collection activities when needed
- making sure payroll and all the associated employer related payments are paid accurately and on time
- coordinating the annual operating budget process
- monitoring debt issuance, payments, and continuing disclosure requirements
- reporting to departments, elected officials, citizens, and other interested parties about the financial status of the City

Special Projects

Utility AMI System Project: The Automated Meter Information system project for the utilities began in November 2012 and is estimated for completion in the last quarter of 2016. There are over 6,300 meters installed throughout the City that all need to be changed as a part of this project. As of the end of 2015, about 76% of the meters are now equipped with the new AMI technology and we were completing Phase 9 of 13. We average 145 meter changes each month which require notification and follow-up with our customers and appointment scheduling by Finance staff.



Finance Department Reorganization: With the retirement of one of the Finance employees, an opportunity to reorganize the Finance Department was available. The main goals of the restructuring included improving the segregation of duties within the department, using LTE staff for periodic busy times, and creating an Accounting Manager position to oversee the day-to-day tasks of the Department.

New Purchasing Card (P-Card) Program: In an effort to further streamline the City's purchasing process, a new purchasing card (p-card) program was implemented in June 2015. The City was able to piggyback on an existing five-year contract that was bid and negotiated through Waukesha County as a part of a consortium of Wisconsin municipalities. Through this program the City has experienced reduced costs including check stock, envelopes, postage, and wear and tear on equipment. There have also been significant staff efficiencies through an easier method of completing smaller purchases; department administrative time from reduced data entry; department head time from reduced individual signatures required; and Finance Department staff time from fewer checks, elimination of maintenance of generic and store accounts, fewer 1099 filings, and a focus on auditing transactions instead of duplicative data entry. In addition to these savings, the City will also earn a rebate of approximately 1.6% of the total spend. During 2015 a total of \$1.3 million was spent on p-card by 199 cardholders with an average transaction of \$730. Of the 1,792 transactions, 87% were for purchases less than \$1,000.

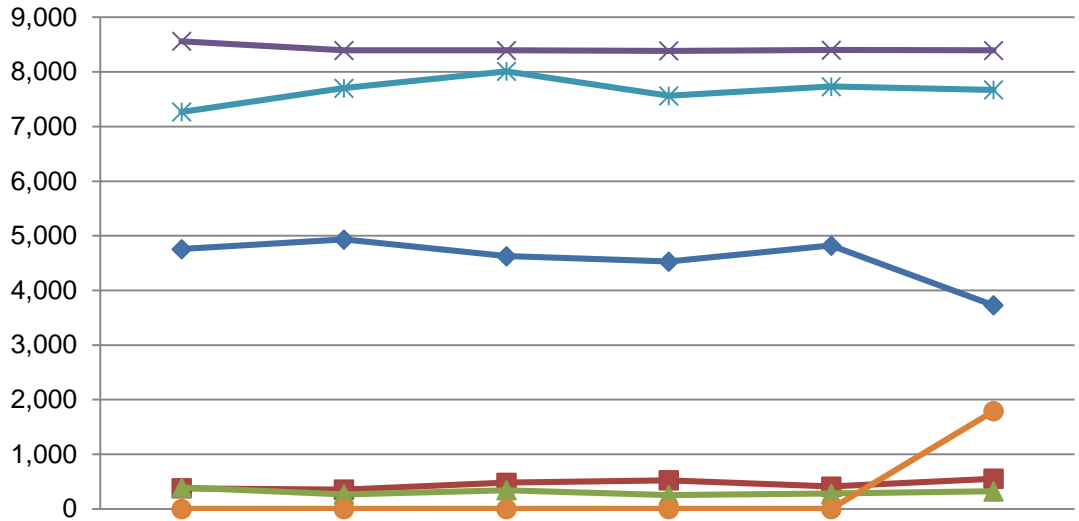


Streamlined Pre-Approval Process: After reviewing the ordinances in relation to the purchasing of goods and services, especially in consideration of the new agenda management software implemented by the City Clerks department, a revised pre-approval process was developed. The main change was to better document the procedures performed in regards to quotes received and vendor selection.

Routine Activities

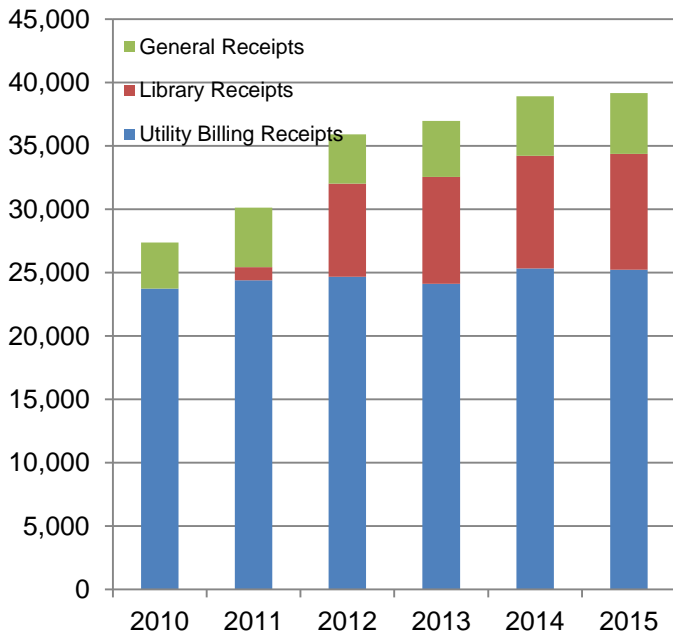
Over the past five years, the volume of transactions has been relatively stable, with the exception of receipts. The total number of receipts increased significantly between 2010 and 2012 due to the opening of the library in late 2011. While the Library staff collects and receipts their own money, the Finance Department is involved in verifying the receipts, reconciling the deposits, and bringing the deposits to the bank. We have also seen a shift from payroll checks to ACH with the direct deposit requirement for all new hires. Direct deposit is more convenient for most employees and saves the City time and money. In 2015 a new purchasing card (p-card) program was implemented to reduce the number of paper checks written.

Transactions Processed

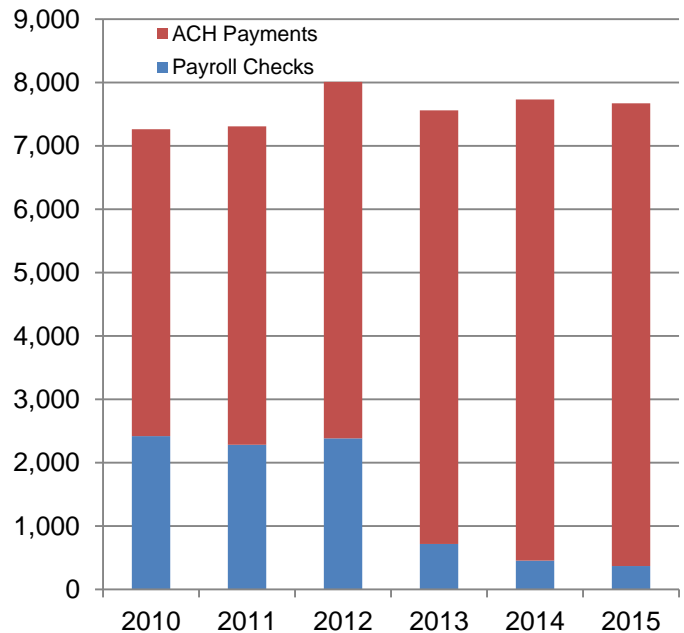


	2010	2011	2012	2013	2014	2015
✕ Tax Bills Issued	8,562	8,395	8,395	8,384	8,399	8,393
* Payroll Transactions	7,266	7,703	8,010	7,563	7,732	7,671
◆ Accounts Payable Checks	4,758	4,934	4,628	4,529	4,822	3,730
■ Special Assessment Letters	380	356	483	525	412	554
▲ Invoices Issued	394	268	343	257	282	324
● P-Card Transactions	0	0	0	0	0	1,792

Receipts

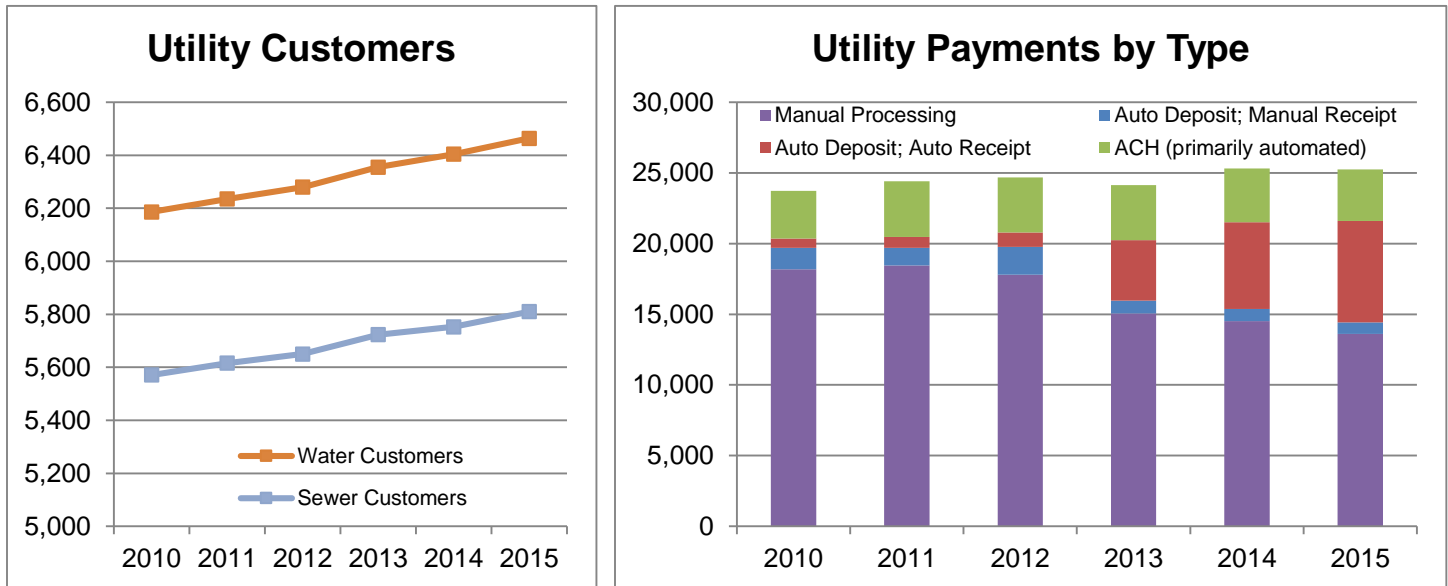


Payroll Transactions



Utility Billing and Collection

The process performed by the Finance Department that is most visible to citizens is utility billing and collection. Utility bills are issued quarterly in March, June, September and December and include water, sewer, storm water, and fire protection charges. The number of utility customers continues to rise as new housing projects are completed. The other area of efficiency we are promoting is the increased use of our automated bill payment methods. In 2013 online bill viewing and free online payment was implemented. This new payment option has significantly decreased the number of payments that require manual processing and has allowed current staffing levels to meet the increased demand.

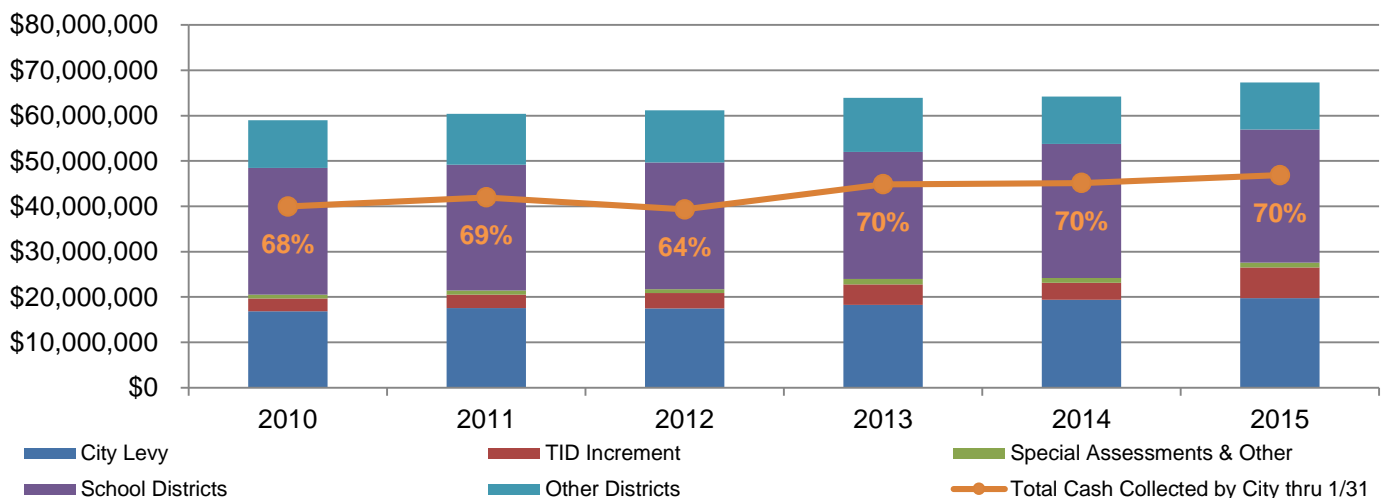


Property Tax Collection

The second most visible Finance Department process is property tax collection. We collect property taxes not just for the City of Fitchburg but also for the overlying jurisdictions, including the three school districts, Madison College (MATC), State of Wisconsin, and Dane County. Property tax bills are issued in December each year for the current year's tax roll and the following year's budget (e.g. the 2015 tax bills were issued in December 2015 and collected through 2016 to pay 2016 expenses). For real property, the City collects payments through January 31 and then the outstanding amounts are turned over to Dane County. The collection responsibility for personal property remains with the City.

The total number of tax bills and the percentage collected by the City has remained relatively stable over the past five years; however, the total volume of collections has risen due to the increase in levies for the taxing jurisdictions.

Tax Roll by Jurisdiction (based on tax roll year)

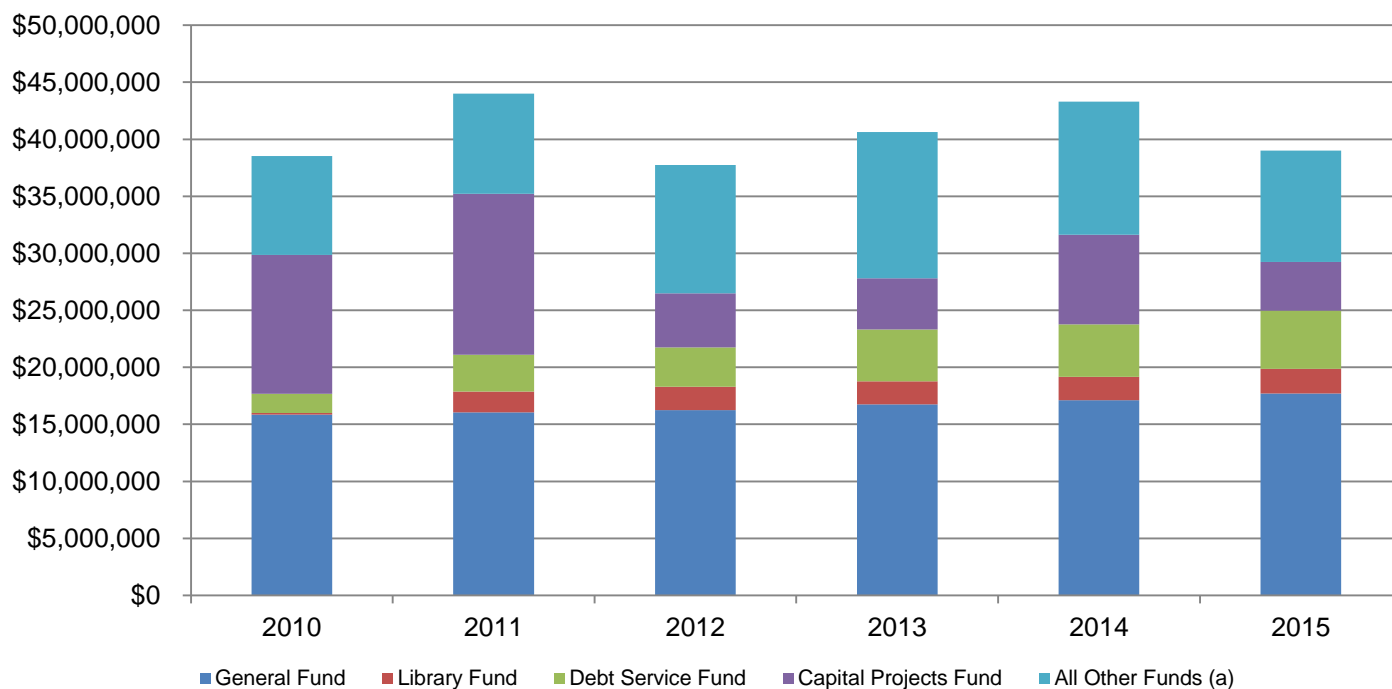


Expenditure Budgets

The Finance Department monitors financial and budgetary status for the City, in cooperation with the various departments. The City has grown quite significantly in the past five years, which has translated into larger expenditure budgets and property tax levies.

- **The General Fund** budget has remained relatively stable and has increased an average of 2.3% per year from 2010 to 2015.
- **The Library Fund** was first established in 2009 to pay the initial operating costs associated with the planning and implementation of the new programming during the construction of the new building. The library was first operational in June 2011.
- **The Debt Service Fund** expenditures have increased to pay for the external debt issued by the City to finance large projects. The largest increase was between 2010 and 2011 which was primarily the issuance of debt for the construction of the new library.
- **The Capital Projects Fund** variances are also primarily the result of the new library construction. The cost to construct the building was paid out of the Capital Projects Fund in 2010 and 2011 and funded by debt issuance. The payments on the debt were then financed by property taxes through the Debt Service Fund.
- **The Other Funds** category has seen modest changes with one exception. The TID #4 budget has increased significantly in the past five years due to projects, payment of the developer pay-as-you-go incentives, and debt service payments for the Highway 14 interchange.

Expenditure Budgets by Fund



(a) The "All Other Funds" category includes:

- Special Revenue Funds: park dedication, cable, refuse and recycling, police training and drug enforcement, community and economic development authority (CEDA)
- Tax Increment Financing District Funds: TID #4 – Fitchburg Technology Campus, Agora, and Fitchburg Technology Campus II/Uptown; TID #6 – Orchard Point and Arrowhead; TID #7 – North Fish Hatchery; and TID #8 – Brown Business Park
- Enterprise Funds: Water and sewer fund and the storm water fund

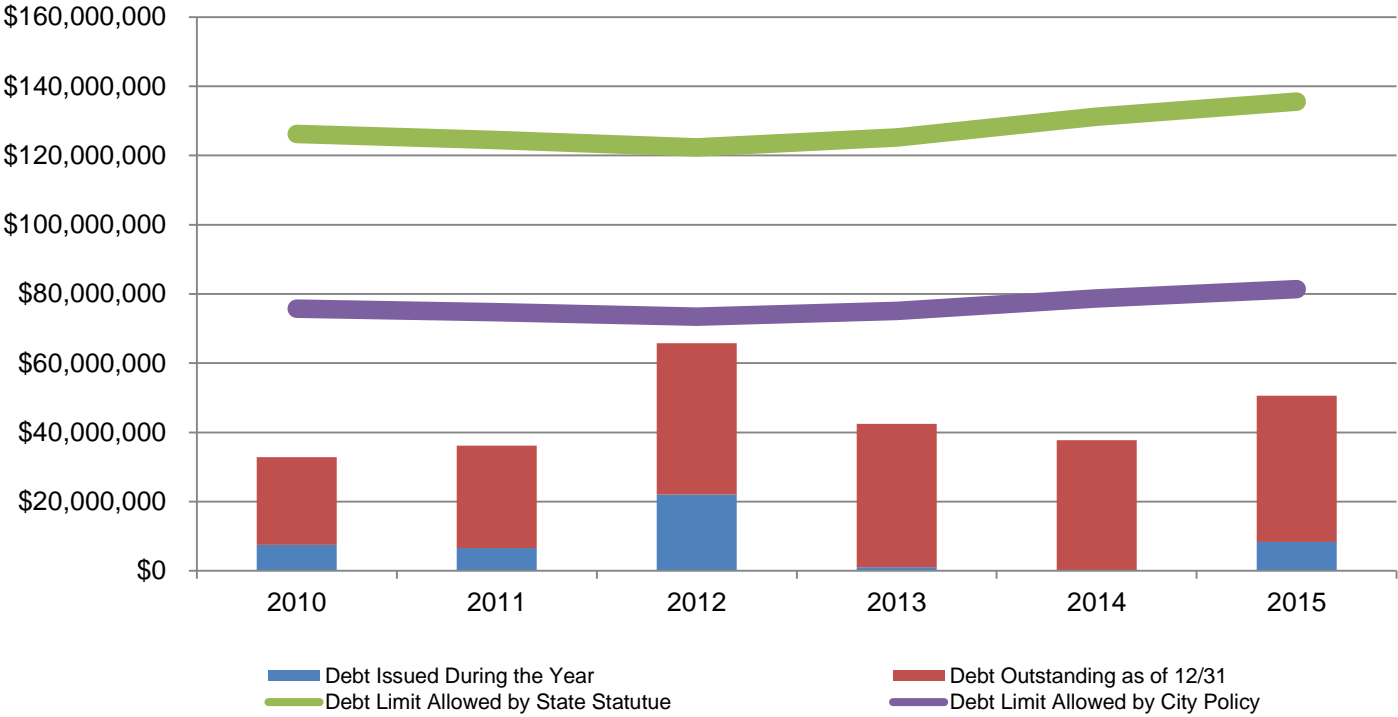
General Obligation Debt

The City also uses external debt to finance large capital projects as indicated in the financial plans. One primary benefit of using debt issuance for these projects is to match the payments for the projects to the property tax collections from owners who benefit from the projects.

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 City has also adopted a more strict internal policy of 3% of equalized value. The City remains well within both of these limits.

Included in the 2014 budget was issuance of debt for approximately \$6 million in projects. However, due to turnover in the Finance Department, the debt was not issued as originally expected. Instead, it was issued in the beginning of 2015, along with costs for the reconstruction of Highway PD that was approved by Council.

General Obligation Debt



In Memoriam



Nancy Solberg, age 65, died in her sleep surrounded by her family and loved ones, early Tuesday morning, Feb. 10, 2015, at Agrace HospiceCare, after battling cancer. Nancy retired as the Finance Director and Treasurer for the City of Fitchburg in 2012 after almost 24 years. She was passionate about her family, friends, and her dogs, most recently Cole. Nancy enjoyed being in the water, crafting, and she was always up for a new adventure traveling with her friends.