



Finance Department 2014 Annual Report

Misty Dodge, CPA, CPFO, Finance Director
Kari Peterson, Utility Accounting Supervisor/Interim Acting Finance Director
Susan Jordan, Accounting Clerk – Payroll
Jan Uselmann, Accounting Clerk – Payables, Receivables
Kim Hauge, Utility Billing Specialist
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 2014, about 55% of the meters are now equipped with the new AMI technology and we were in Phase 6 of 13. We average 130 meter changes each month which require notification and follow-up with our customers and appointment scheduling by Finance staff.

Fixed Asset Management: In 2014, the WASP MobileAsset asset management program was initiated. Citywide assets, such as land, buildings, and improvements were added earlier in the year and during the last few months the process of entering Fire Department's equipment was started. As of the end of the year, the majority of the department's turnout gear items were imported and checked out to the appropriate members and a number of pieces of apparatus were also inventoried and imported into WASP. The focus of the project so far has been to ensure that the database is set up correctly from the start so as to ensure as efficient of a process as possible for other city departments.



New Online Paystubs for Employees: In the 4th quarter of 2014, a new module of the City's accounting software was implemented that allowed for paperless distribution of employee paystubs. Each employee is given a log-in to the new system and can now access paystubs from any computer, at any time of the day or night. All of the paystubs for 2014 and the final paystub from 2013 were back-loaded into the software and through time we will build-up to a total of seven years being available. Not only does this new module provide a convenience to employees, it also saves time and money, and supports the City's sustainability mission. During each bi-weekly payroll cycle, approximately 250 paystubs are no longer printed and manually distributed. This action saves envelopes, paper, printer toner and maintenance, and staff time.

Elimination of Tax Payment Return Envelopes: The Department is always working to improve our processes, find cost savings, and become more efficient. In 2014, the property tax bills were mailed to property owners without the usual return envelope. In previous years, many tax payments were remitted using a personal envelope, were paid in person, were paid online, or were paid by an escrow company. As expected, the change went widely unnoticed by our customers. To those who questioned the change, it was well received when we explained that it was a cost savings measure. Not only did we not have to purchase the return envelope but we were also able to buy a smaller mailing envelope, were able to fit more bills in a single envelope to save postage, and spent less time stuffing the tax bills.

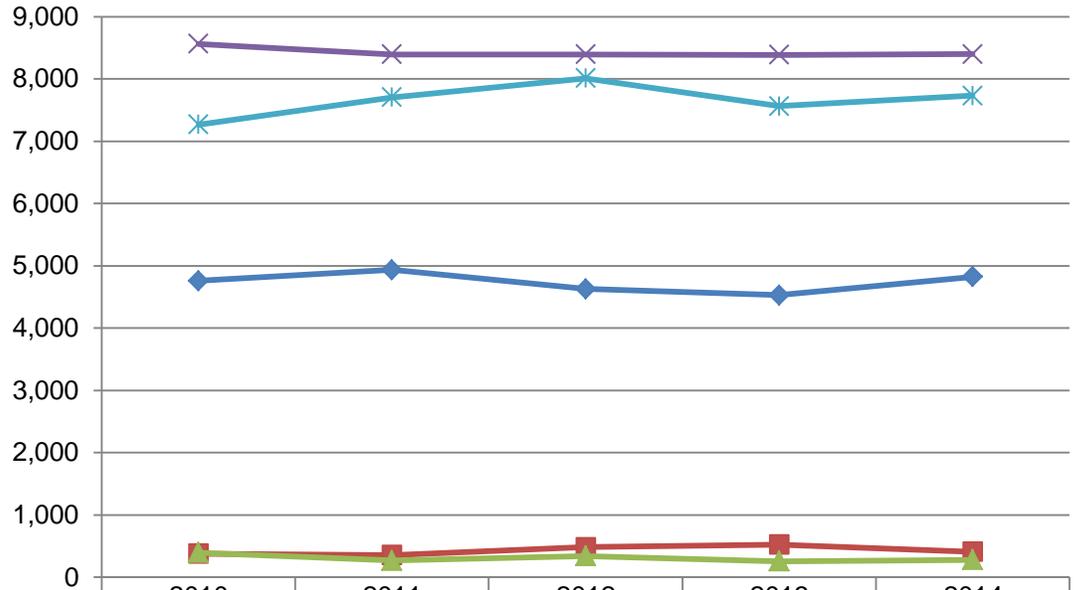
New Finance Director: The City operated with an interim acting Finance Director for about three months following the passing of Norma DeHaven. In September, Misty Dodge joined the City of Fitchburg with 12 years of experience in local government and related accounting.



Routine Activities

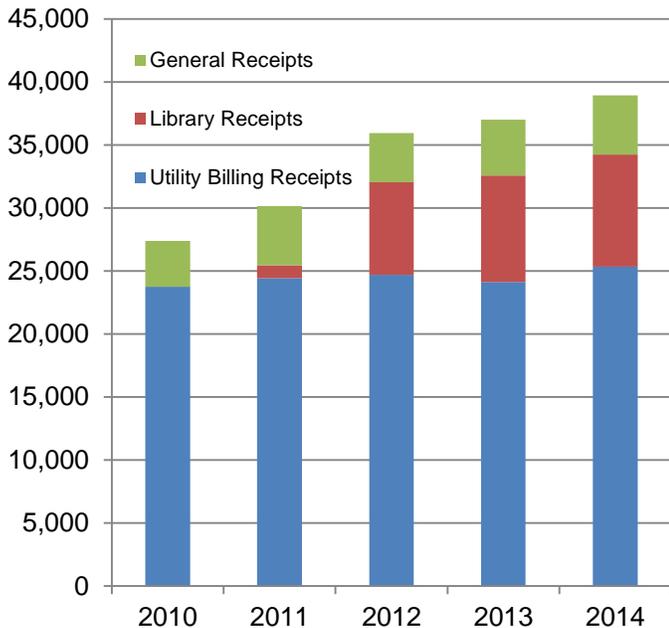
Over the past five years, the volume of transactions has been relatively stable, with the exception of receipts. The total number of receipts increased significantly between 2010 and 2012 due to the opening of the library in late 2011. While the Library staff collects and receipts their own money, the 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.

Transactions Processed

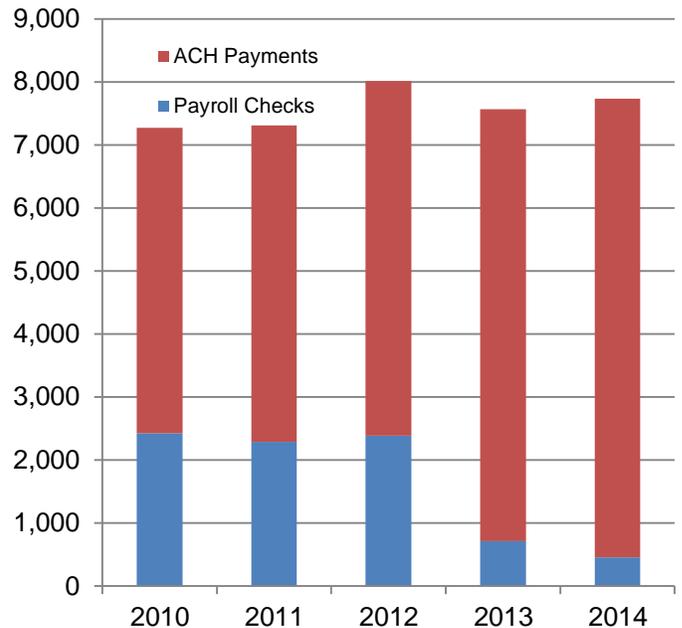


	2010	2011	2012	2013	2014
✕ Tax Bills Issued	8,562	8,395	8,395	8,384	8,399
* Payroll Transactions	7,266	7,703	8,010	7,563	7,732
◆ Accounts Payable Checks	4,758	4,934	4,628	4,529	4,822
■ Special Assessment Letters	380	356	483	525	412
▲ Invoices Issued	394	268	343	257	282

Receipts

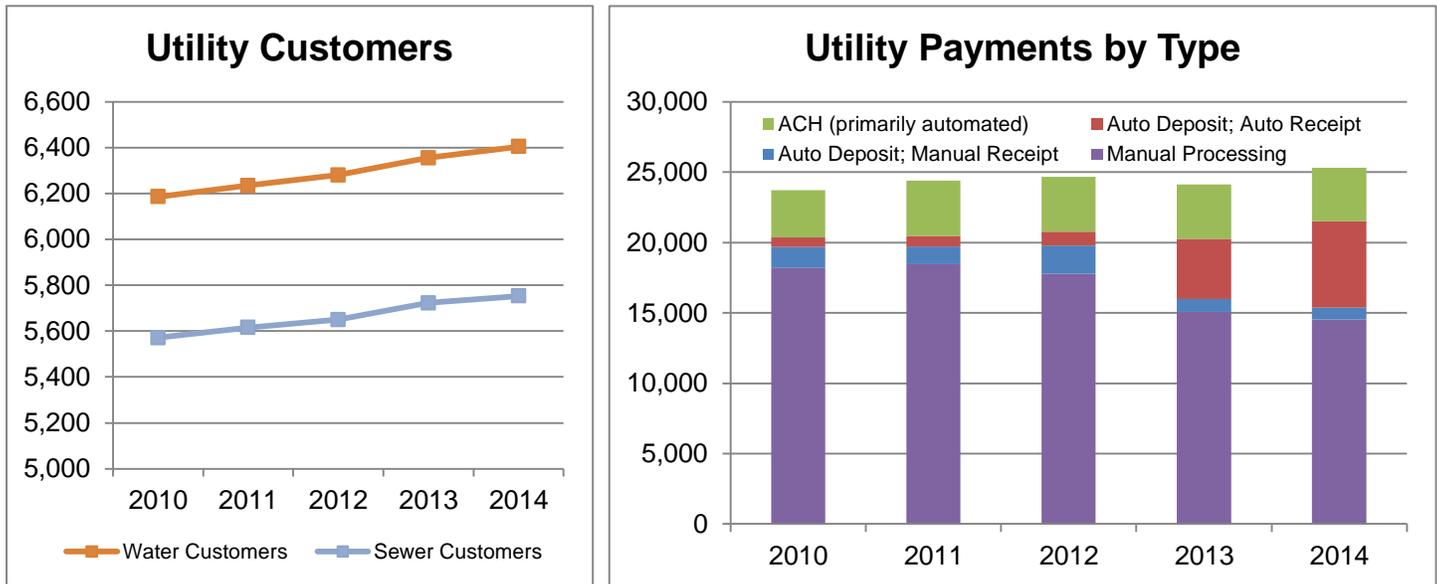


Payroll Transactions



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.

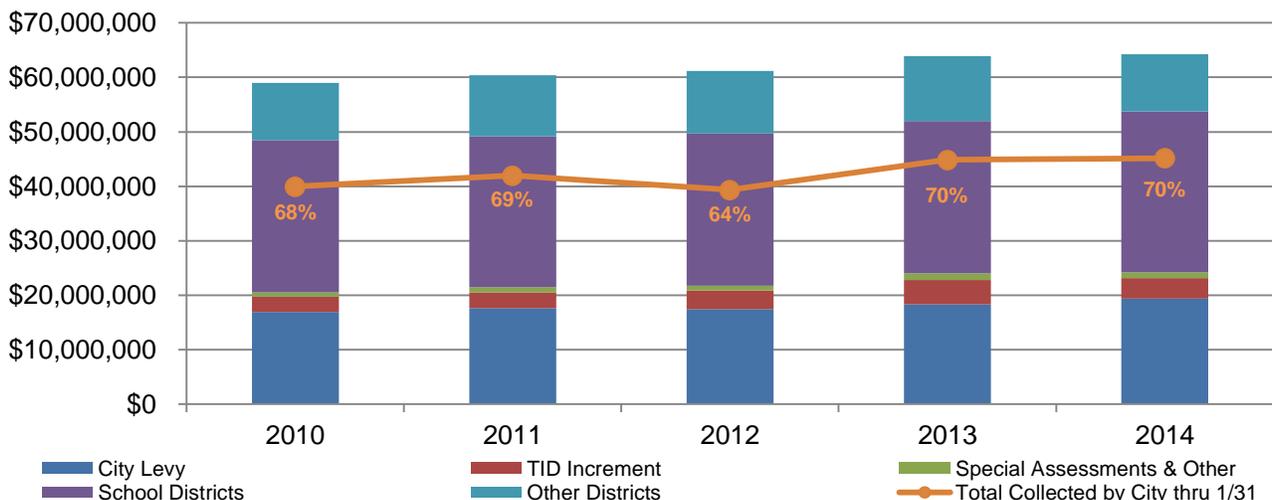


Property Tax Collection

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 2014 tax bills were issued in December 2014 and collected through 2015 to pay 2015 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)

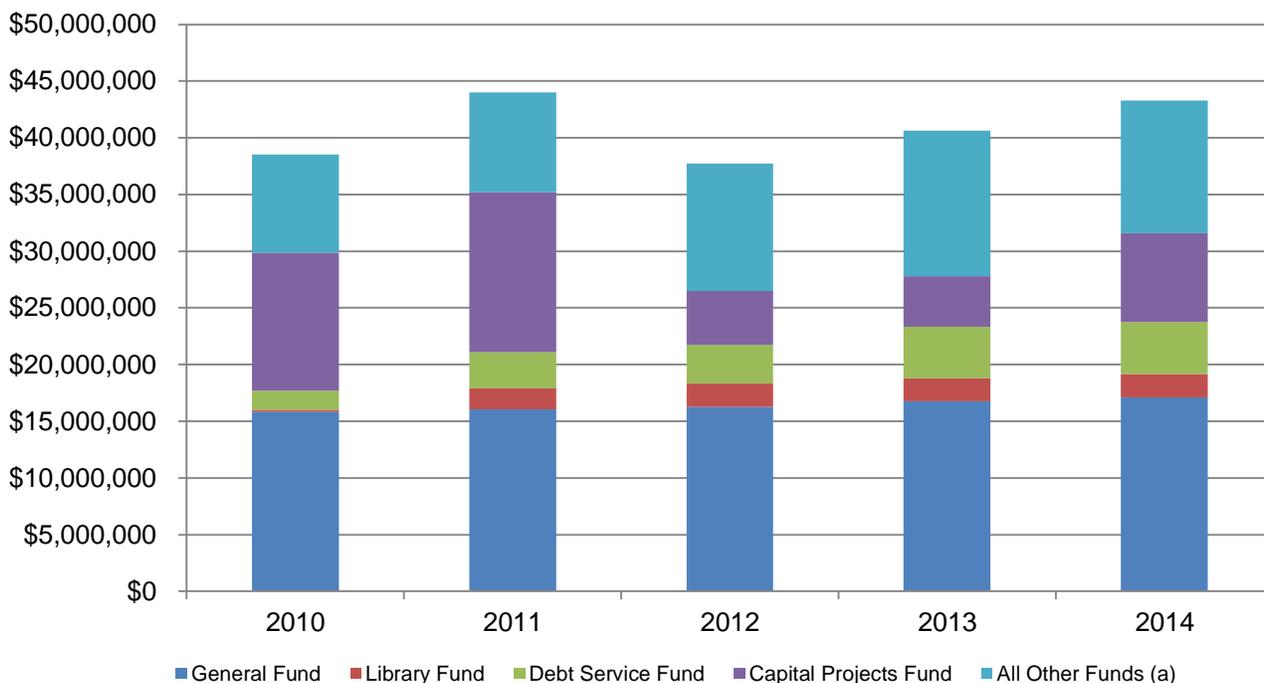


Expenditure Budgets

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 1.6% per year over the past five years.
- **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

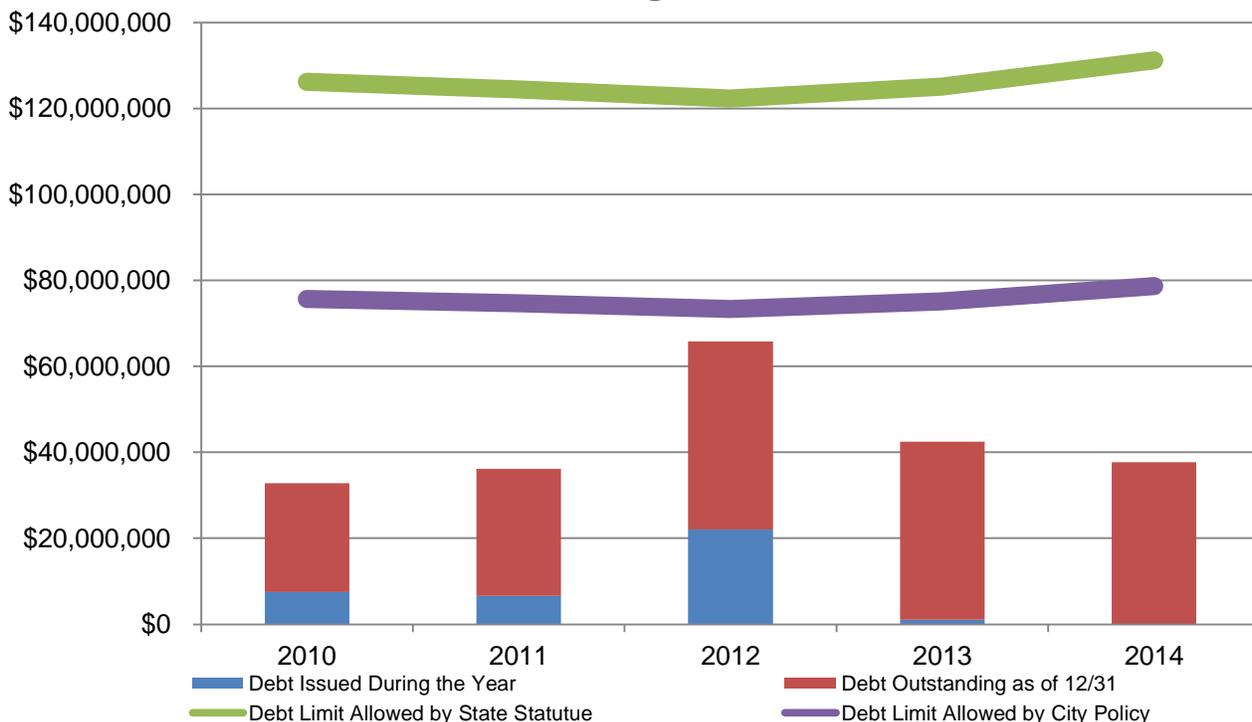
General Obligation Debt

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 is scheduled for issuance in the beginning of 2015, along with costs for the reconstruction of Highway PD that was approved by Council.

General Obligation Debt



In Memoriam



Norma Jeanne DeHaven, age 55, took her final breath on Sunday, May 25, 2014, surrounded by her loving family. After a courageous 17-month battle with pancreatic cancer, she found peace once again with the sweet smell of lilacs in the air. She was employed by the City of Fitchburg as the City Administrator from 1995 to 2000 and the Finance Director from 2012 until her death. She cherished her role and the people around her at the City and continued working until she absolutely couldn't anymore. Norma's easy smile, soft gaze, and ever hopeful speech will be greatly missed.