

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 6, 2018

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: Moody's Investors Service

CITY OF FITCHBURG, WISCONSIN (Dane County)

\$7,745,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018B

BID OPENING: February 13, 2018, 11:00 A.M., C.T. **CONSIDERATION:** February 13, 2018, 7:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$7,745,000* General Obligation Corporate Purpose Bonds, Series 2018B (the "Bonds") of the City of Fitchburg, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of constructing an engine house for the fire department, and refunding certain obligations of the City. The Bonds are valid and binding general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: March 14, 2018

MATURITY: March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$400,000	2026	\$500,000	2033	\$240,000
2020	415,000	2027	515,000	2034	245,000
2021	425,000	2028	525,000	2035	255,000
2022	440,000	2029	540,000	2036	265,000
2023	450,000	2030	565,000	2037	270,000
2024	470,000	2031	225,000	2038	280,000
2025	490,000	2032	230,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: September 1, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing March 1, 2027 and thereafter are subject to call for prior redemption on March 1, 2026 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$7,648,188.

MAXIMUM BID: \$8,132,250.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$154,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be determined by the Issuer.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers & Associates, Inc., payable entirely by the City, is contingent upon the sale of the issue.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers & Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the Bonds are exempt or required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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COMMON COUNCIL

		<u>Term Expires</u>
Jason Gonzalez	Mayor	April 2019
Dorothy Krause	Aldersperson	April 2019
Anne Scott	Aldersperson	April 2019
Julia Arata-Fratta	Aldersperson	April 2019
Daniel Bahr	Aldersperson	April 2019
Aaron Richardson	Aldersperson	April 2019
Dan Carpenter	Aldersperson	April 2019
Tom Clauder	Aldersperson	April 2019
Tony Hartmann	Aldersperson	April 2019

ADMINISTRATION

Patrick Marsh, Administrator
Misty Dodge, Finance Director/Treasurer
Patricia Anderson, Clerk

PROFESSIONAL SERVICES

Valerie Zisman, City Attorney
Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin
Ehlers & Associates, Inc., Municipal Advisors, Pewaukee, Wisconsin
(Other offices located in Roseville, Minnesota, Chicago, Illinois and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Fitchburg, Wisconsin (the "City") and the issuance of its \$7,745,000* General Obligation Corporate Purpose Bonds, Series 2018B (the "Bonds" or the "Obligations"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds (the "Award Resolution") to be adopted by the Common Council on February 13, 2018.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of March 14, 2018. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing September 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2027 shall be subject to optional redemption prior to maturity on March 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed.

* Preliminary, subject to change.

DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of constructing an engine house for the fire department, and refunding certain obligations of the City as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
\$4,995,000 Taxable General Obligation Library Bonds, Series 2010B (Build America Bonds - Direct Payment) (the "2010B Bonds")	11/18/10	3/21/18	100%	2018	2.850%	\$215,000
				2019	3.300%	225,000
				2020	3.500%	235,000
				2021	3.800%	245,000
				2022	4.000%	255,000
				2023	4.200%	265,000
				2024	4.400%	280,000
				2025	4.600%	295,000
				2026	4.850%	300,000
				2027	5.000%	310,000
				2028	5.100%	320,000
				2029	5.200%	330,000
			2030	5.250%	<u>350,000</u>	
Total Principal						\$3,625,000

The Internal Revenue Service of the Department of the Treasury has reduced the City's Build America Bond cash subsidy payment requested with respect to the interest payments on the 2010 Bonds by approximately 8.7% pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The reduction was not due to any action or inaction by the City.

The 2010 Bonds are subject to redemption prior to maturity, in whole or in part, at the option of the City, on any day, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date of redemption, in the event that either (a) Section 54AA or 6431 of the Internal Revenue Service Code of 1986, as amended, is repealed, amended or modified in a manner which results in a reduction or elimination of the City's 35% cash subsidy payment from the United States Treasury or (b) the United States Treasury fails to make a cash subsidy payment to which the City is entitled and such failure is not caused by any action or inaction by the City.

The City will authorize the redemption of the 2010 Bonds pursuant to the extraordinary redemption provision stated above.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$7,745,000	
Transfer from Prior Issue Debt Service Funds	282,014	
Interest Earnings	<u>10,463</u>	
Total Sources		\$8,037,477

Uses

Project Costs	\$4,185,000	
Deposit to Current Refunding Fund	3,687,305	
Estimated Underwriter's Discount	96,812	
Costs of Issuance	67,735	
Contingency	<u>625</u>	
Total Uses		\$8,037,477

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "Aa1" by Moody's Investors Service ("Moody's").

The City has requested a rating on this issue from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the City shall covenant to take certain actions pursuant to the Award Resolution adopted by the Common Council by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a Municipal Advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2016, have been audited by Baker Tilly Virchow Krause, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2017 Equalized Value	\$2,954,018,100
2017 Equalized Value Reduced by Tax Increment Valuation	\$2,663,164,400
2017 Assessed Value	\$2,936,371,100

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value	Percent of Total Equalized Value
Residential	\$1,786,959,300	60.493%
Commercial	830,255,400	28.106%
Manufacturing	230,613,200	7.807%
Agricultural	2,418,400	0.082%
Undeveloped	1,603,100	0.054%
Ag Forest	3,708,000	0.126%
Forest	720,000	0.024%
Other	22,514,800	0.762%
Personal Property	75,225,900	2.547%
Total	<u><u>\$2,954,018,100</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2013	\$2,514,568,400	\$2,503,773,000	2.31%
2014	2,592,798,500	2,623,964,200	4.80%
2015	2,657,971,530	2,711,401,700	3.33%
2016	2,766,790,100	2,830,645,500	4.40%
2017	2,936,371,100	2,954,018,100	4.36%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2017 Equalized Value¹	Percent of City's Total Equalized Value
Promega	Manufacturing	\$125,402,264	4.25%
Fred-The Vue et al	Apartments	62,909,769	2.13%
SubZero/Wolf	Manufacturing	61,848,788	2.09%
New Fountains Partnership	Apartments	35,729,173	1.21%
Riva West LLC	Apartments	19,976,544	0.68%
Orion 7	Commercial	17,579,986	0.60%
Realty Income Group	Cinema	17,288,196	0.59%
Target Corp.	Retail	16,763,940	0.57%
One Neck Data	Computer Storage	16,369,893	0.55%
Certco	Wholesale Grocery	16,274,171	0.55%
Total		\$390,142,724	13.21%

City's Total 2017 Equalized Value² \$2,954,018,100

Source: The City.

¹ Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹ (includes the Bonds and the Concurrent Obligations, as defined herein)*

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u><u>\$55,750,000</u></u>
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¹ Outstanding debt is as of the dated date of the Bonds.

CITY OF FITCHBURG, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of March 14, 2018)

Fiscal Year Ending	Promissory Notes Series 2009		Taxable Promissory Notes Series 2010A (BAB)		Promissory Notes Series 2011A		Community Development Bonds Series 2011B		Promissory Notes Series 2012A			
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2018	9/16/2009 \$5,295,000	9/1	540,000	16,616	270,000	26,960	55,000	4,510	300,000	109,038	750,000	17,850
2019			545,000	17,031	280,000	19,400	55,000	3,410	350,000	103,038	340,000	28,200
2020					290,000	10,440	55,000	2,310	400,000	96,038	340,000	17,300
2021							55,000	1,155	425,000	88,038	345,000	10,450
2022									450,000	79,538	350,000	3,500
2023									500,000	69,413		
2024									500,000	58,163		
2025									550,000	45,663		
2026									575,000	31,913		
2027									575,000	16,388		
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
			1,085,000	33,647	840,000	56,800	220,000	11,385	4,625,000	697,225	1,785,000	77,300

(Continued on next page.)

CITY OF FITCHBURG, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of March 14, 2018)

Corp. Purp Bonds Series 2012B		GO Prom Notes Series 2013A		GO Prom Notes Series 2015A		GO Corp Purp Bonds, Series 2015B		GO Prom Notes Series 2016A		GO Fire Facility Bonds, Ser. 2016B	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
3/21/2012		11/14/2013		4/14/2015		4/14/2015		6/15/2016		6/15/2016	
\$15,350,000		\$1,040,000		\$3,240,000		\$5,085,000		\$4,465,000		\$5,235,000	
3/1		11/1		4/1		4/1		6/1		6/1	
	142,625	100,000	14,128	335,000	48,450	360,000	94,575	610,000	67,838	290,000	106,350
935,000	275,900	125,000	12,728	340,000	41,700	365,000	87,325	360,000	61,775	225,000	101,200
970,000	256,850	125,000	10,728	345,000	34,850	370,000	79,975	610,000	55,713	270,000	96,250
1,005,000	237,100	125,000	8,478	300,000	28,400	380,000	72,475	645,000	45,450	230,000	91,250
1,290,000	214,150	125,000	5,978	310,000	22,300	385,000	64,825	365,000	35,350	235,000	86,600
1,300,000	187,438	140,000	3,290	315,000	16,050	390,000	57,075	395,000	27,750	240,000	81,850
1,310,000	158,888			320,000	9,700	400,000	49,175	395,000	19,850	240,000	77,050
1,330,000	124,200			325,000	3,250	410,000	41,075	395,000	11,950	245,000	72,200
1,340,000	84,150					420,000	31,725	400,000	4,000	255,000	67,200
1,360,000	43,650					435,000	21,038			255,000	62,100
375,000	17,625					60,000	14,700			265,000	56,900
400,000	6,000					60,000	12,900			270,000	51,550
						60,000	11,100			270,000	46,150
						60,000	9,300			300,000	40,300
						60,000	7,500			300,000	33,850
						70,000	5,550			300,000	27,100
						70,000	3,450			300,000	20,050
						80,000	1,200			320,000	12,450
										325,000	4,225
11,615,000	1,748,575	740,000	55,328	2,590,000	204,700	4,435,000	664,963	4,175,000	329,675	5,135,000	1,134,625

(Continued on next page.)

CITY OF FITCHBURG, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of March 14, 2018)

GO Prom Notes Series 2017A		GO Bonds Series 2017B		GO Prom Notes Series 2018A		GO Bonds Series 2018B		Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year
10/12/2017 \$1,055,000	10/1	10/12/2017 \$7,935,000	10/1	3/14/2018 \$1,770,000*	3/1	3/14/2018 \$7,745,000*	3/1						
145,000	26,902	505,000	230,776	18,365	98,648	400,000	208,795	3,510,000	1,023,630	4,533,630	52,240,000	6.30%	2018
130,000	23,400	460,000	222,900	36,791	208,795	415,000	200,661	5,610,000	1,243,592	6,853,592	46,630,000	16.36%	2019
125,000	19,500	295,000	209,100	30,954	200,661	425,000	191,796	4,905,000	1,120,667	6,025,667	41,725,000	25.16%	2020
130,000	15,750	305,000	200,250	24,675	191,796	440,000	182,190	4,670,000	1,015,266	5,685,266	37,055,000	33.53%	2021
135,000	11,850	315,000	191,100	17,844	182,190	450,000	171,797	4,715,000	915,224	5,630,224	32,340,000	41.99%	2022
75,000	7,800	325,000	181,650	10,429	171,797	470,000	160,544	4,450,000	814,541	5,264,541	27,890,000	49.97%	2023
75,000	6,300	335,000	171,900	5,980	160,544	490,000	148,275	4,095,000	717,549	4,812,549	23,795,000	57.32%	2024
80,000	4,800	345,000	161,850	4,703	148,275	500,000	135,380	4,220,000	617,965	4,837,965	19,575,000	64.89%	2025
80,000	3,200	355,000	151,500	3,400	135,380	515,000	121,928	3,975,000	512,468	4,487,468	15,600,000	72.02%	2026
80,000	1,600	370,000	140,850	2,075	121,928	525,000	107,625	3,640,000	409,628	4,049,628	11,960,000	78.55%	2027
		380,000	129,750	700	107,625	540,000	92,445	1,655,000	327,300	1,982,300	10,305,000	81.52%	2028
		390,000	118,350		92,445	565,000	76,140	1,660,000	281,245	1,941,245	8,645,000	84.49%	2029
		400,000	106,650		76,140	600,000	64,178	1,295,000	240,040	1,535,040	7,350,000	86.82%	2030
		415,000	94,650		64,178	650,000	57,010	1,295,000	208,428	1,503,428	6,350,000	88.61%	2031
		425,000	82,200		57,010	700,000	49,370	1,015,000	180,560	1,195,560	5,335,000	90.43%	2032
		435,000	69,450		49,370	750,000	41,306	1,045,000	151,470	1,196,470	4,290,000	92.30%	2033
		450,000	56,400		41,306	800,000	32,868	1,065,000	121,206	1,186,206	3,225,000	94.22%	2034
		465,000	42,900		32,868	850,000	23,961	1,120,000	89,418	1,209,418	2,105,000	96.22%	2035
		475,000	28,950		23,961	900,000	14,665	1,065,000	57,136	1,122,136	1,040,000	98.13%	2036
		490,000	14,700		14,665	950,000	4,970	760,000	29,365	789,365	280,000	99.50%	2037
					4,970	1,000,000		280,000	4,970	284,970	0	100.00%	2038
1,055,000	121,102	7,935,000	2,605,876	155,914	2,184,550	7,745,000	2,184,550	55,750,000	10,076,694	65,826,694			

* Preliminary, subject to change.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 2,954,018,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 147,700,905
Less: General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	<u>(55,750,000)</u>
Unused Debt Limit*	<u><u>\$ 91,950,905</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value	% In City	Total G.O. Debt ²	City's Proportionate Share
Dane County	\$ 60,784,157,550	4.8598%	\$354,740,000	\$ 17,239,655
Madison Metropolitan Sewer District	45,284,126,553	6.2466%	135,877,692	8,487,736
Verona Area School District	4,405,934,231	26.0248%	109,485,808	28,493,463
School District of Oregon	2,312,003,744	14.5671%	52,020,000	7,577,805
Madison Metropolitan School District	27,055,629,344	5.4354%	76,189,571	4,141,208
Madison Area Technical College	83,702,047,239	3.5292%	187,865,000	<u>6,630,132</u>
City's Share of Total Overlapping Debt				<u><u>\$72,569,998</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$2,954,018,100	Debt/ Per Capita 27,936¹
Total General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	\$ 55,750,000	1.89%	\$ 1,995.63
City's Share of Total Overlapping Debt	<u>72,569,998</u>	<u>2.46%</u>	<u>2,597.72</u>
Total*	\$128,319,998	4.34%	\$ 4,593.36

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City expects to issue its \$1,770,000* General Obligation Promissory Notes, Series 2018A (the “Concurrent Obligations”) concurrently with the Bonds. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

* Preliminary, subject to change.

¹ Estimated 2017 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2013/14	\$18,273,845	100%	\$7.87
2014/15	19,377,344	100%	7.85
2015/16	19,769,243	100%	8.13
2016/17	21,501,214	100%	8.35
2017/18 ¹	22,634,178	In Process	8.50

Property tax statements are distributed to taxpayers by the town, village, and city clerks in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

¹ Per adopted 2018 City Budget

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools ¹	County	Local	Other ²	Total
2013/14	\$13.92	\$3.12	\$7.87	\$0.18	\$25.09
2014/15	12.92	3.12	7.85	0.18	24.07
2015/16	12.97	3.15	8.13	0.19	24.44
2016/17	12.88	3.13	8.35	0.19	24.55
2017/18	13.00	3.15	8.50	0.00	24.65

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017-2019 budget act.

favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

THE ISSUER

CITY GOVERNMENT

The City was incorporated as a city in April 1983 and is governed by a Mayor and an eight-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. For 2019, the Mayor will be elected to a one-year term, and half of the Council members will serve one-year terms to create staggered terms. The appointed City Administrator, City Clerk and City Finance Director/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 152 full-time, 53 part-time, and 27 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$862,383.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position of the WRS was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2016, the City reported a liability of \$1,406,827 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2015 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.08657502% of the aggregate WRS net pension liability as of December 31, 2015.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Police Professional Association	December 31, 2018
Firefighters Local 311	December 31, 2018

OTHER POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees and has undertaken an internal review of its liabilities. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 45. The review concluded the amount of the liabilities is immaterial to its financial statements. The City has been funding these obligations on a pay-as-you-go basis. See Appendix A for details.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Obligations are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Obligations.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Obligations would not occur.

FUNDS ON HAND (as of November 30, 2017)

Fund	Total Cash and Investments
General	\$ 8,223,321
Park Dedication	2,171,558
Cable	471,050
Police Training*	(10,353)
Police Drug Enforcement	0
Community & Economic Development	798,725
Debt Service Funds	626,278
TID Funds	14,241,400
Storm Water Utility District	1,805,956
Library	576,982
Capital Projects	14,361,459
Refuse & Recycling	567,841
Technology	11,762
Donation	82,972
Cemetery	24,218
Affordable Housing	115,315
Water Utility	2,527,616
Sewer Utility	1,340,733
Risk Management/Insurance	105,752
TOTAL	\$ 48,042,585

* Transfer done at year end.

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2014	2015	2016
Utility District No. 1			
Total Operating Revenues	\$ 4,480,096	\$ 4,511,738	\$ 4,913,576
Less: Operating Expenses	<u>(3,811,612)</u>	<u>(3,901,935)</u>	<u>(4,310,942)</u>
Operating Income	\$ 668,484	\$ 609,803	\$ 602,634
Plus: Depreciation	844,696	848,941	862,387
Interest Income	<u>16,013</u>	<u>16,317</u>	<u>40,144</u>
Revenues Available for Debt Service	<u><u>\$ 1,529,193</u></u>	<u><u>\$ 1,475,061</u></u>	<u><u>\$ 1,505,165</u></u>
Stormwater Utility			
Total Operating Revenues	\$ 1,083,515	\$ 1,102,836	\$ 1,126,026
Less: Operating Expenses	<u>(844,326)</u>	<u>(891,518)</u>	<u>(940,577)</u>
Operating Income	\$ 239,189	\$ 211,318	\$ 185,449
Plus: Depreciation	475,483	505,870	530,103
Interest Income	<u>1,580</u>	<u>1,603</u>	<u>4,598</u>
Revenues Available for Debt Service	<u><u>\$ 716,252</u></u>	<u><u>\$ 718,791</u></u>	<u><u>\$ 720,150</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Projected ¹	2018 Adopted Budget ²
Revenues					
Taxes	\$ 12,847,853	\$ 13,049,029	\$ 13,823,536	\$ 14,531,004	\$ 15,008,700
Intergovernmental	2,019,737	2,146,148	2,344,733	2,601,580	2,713,150
Licenses and permits	616,200	891,603	821,762	668,130	442,695
Penalties and forfeitures	271,366	314,518	222,958	308,655	296,000
Public charges for services	268,525	268,058	313,141	335,170	323,700
Special assessments	926	1,518	724	738	500
Interest	284,424	124,398	105,801	380,498	100,000
Intergovernmental charges for services	91,579	84,790	1,992	15,240	16,140
Miscellaneous general revenues	531,739	507,738	468,326	404,121	414,520
Total Revenues	<u>\$ 16,932,349</u>	<u>\$ 17,387,800</u>	<u>\$ 18,102,973</u>	<u>\$ 19,245,136</u>	<u>\$ 19,315,405</u>
Expenditures					
Current:					
General government	\$ 3,281,529	\$ 3,288,940	\$ 3,076,264	\$ 3,127,618	\$ 3,186,380
Public safety	9,322,247	9,641,685	10,326,298	10,777,936	11,594,407
Public works	2,038,324	2,046,957	2,096,647	1,803,945	2,444,935
Health and social services	403,668	467,098	507,750	547,046	608,138
Culture and recreation	1,120,683	1,144,162	1,236,814	1,349,529	1,489,612
Conservation and development	497,879	551,758	571,480	584,173	646,933
Total Expenditures	<u>\$ 16,664,330</u>	<u>\$ 17,140,600</u>	<u>\$ 17,815,253</u>	<u>\$ 18,190,247</u>	<u>\$ 19,970,405</u>
Excess of revenues over (under) expenditures	\$ 268,019	\$ 247,200	\$ 287,720	\$ 1,054,889	\$ (655,000)
Other Financing Sources (Uses)					
Proceeds from property sales	7,613	6,417	8,318	10,014	0
Operating transfers in	589,951	617,201	637,823	637,823	655,000
Operating transfers out	0	0	(1,067,195)	(1,611,280)	(276,712)
Total Other Financing Sources (Uses)	<u>\$ 597,564</u>	<u>\$ 623,618</u>	<u>\$ (421,054)</u>	<u>\$ (963,443)</u>	<u>\$ 378,288</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 865,583	\$ 870,818	\$ (133,334)	\$ 91,446	\$ (276,712)
General Fund Balance January 1	<u>5,904,496</u>	<u>6,770,079</u>	<u>7,640,897</u>	<u>7,507,563</u>	<u>7,599,009</u>
General Fund Balance December 31	\$ 6,770,079	\$ 7,640,897	\$ 7,507,563	\$ 7,599,009	\$ 7,322,297
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	311,438	405,800	385,407		
Restricted	53,255	53,539	56,484		
Committed	0	0	0		
Assigned	1,867,236	1,974,201	1,087,438		
Unassigned	4,538,150	5,207,357	5,978,234		
Total	<u>\$ 6,770,079</u>	<u>\$ 7,640,897</u>	<u>\$ 7,507,563</u>		

¹ Preliminary, unaudited data is as of December 31, 2017.

² The 2018 budget was adopted on November 14, 2017.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 25,260 and a current estimated population of 27,936, comprises an area of 35.16 square miles of land and is located adjacent to the City of Madison in south central Wisconsin, and is within the Madison Standard Metropolitan Statistical Area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Sub-Zero Group Inc.	Appliance manufacturer	1,021
Promega Corp.	Pharmaceutical research laboratories	880
Agrace HospiceCare Inc.	Hospice care	497
Super Target	Retail	450
Thermo Fisher Scientific	Analytical instruments, lab equipment and software	425
Hy-Vee	Grocers - retail	406
Placon Corporation	Consumer, food, stock and medical packaging	410
CDW	Technology products and services	261
The City	Municipal government and services	280
Certco	Wholesale grocery distributor	280
Tri-North Builders	Construction management firm	250

Source: *ReferenceUSA, The City, written and telephone survey (January 2018), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

BUILDING PERMITS

	2014	2015	2016	2017	2018 ¹
<u>New Single Family Homes</u>					
No. of building permits	21	32	35	57	0
Valuation	\$6,405,000	\$8,221,000	\$10,544,173	\$13,967,207	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	255	421	5	2	0
Valuation	\$16,575,000	\$41,069,000	\$26,138,000	\$23,000,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	5	3	7	1	0
Valuation	\$31,145,000	\$16,637,600	\$26,442,797	\$955,973	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	644	682	868	952	17
Valuation	\$69,159,076	\$87,049,190	\$78,385,512	\$62,591,015	\$84,722

Source: The City.

¹ As of January 8, 2018.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	20,501
2010 U.S. Census	25,260
2017 Estimated Population	27,936
Percent of Change 2000 - 2010	23.21%

Income and Age Statistics

	The City	Dane County	State of Wisconsin	United States
2016 per capita income	\$35,664	\$65,687	\$29,253	\$29,829
2016 median household income	\$65,735	\$64,773	\$54,610	\$55,322
2016 median family income	\$75,917	\$87,373	\$69,925	\$67,871
2016 median gross rent	\$875	\$942	\$789	\$928
2016 median value owner occupied units	\$272,000	\$236,000	\$167,000	\$184,700
2016 median age	34.2	34.7	39.1 yrs.	37.7 yrs.

	State of Wisconsin	United States
City % of 2016 per capita income	121.92%	119.56%
City % of 2016 median family income	108.57%	111.85%

Housing Statistics

	<u>The City</u>		
	2000	2016	Percent of Change
All Housing Units	8,604	11,469	33.30%

Source: 2000 and 2010 Census of Population and Housing, and 2015 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	The City		The City	State of Wisconsin
2013	14,177		5.2%	6.7%
2014	14,781		3.6%	5.4%
2015	15,350		3.2%	4.6%
2016	15,666		2.8%	4.1%
2017, November	16,372		1.9%	2.7%

Source: Wisconsin Department of Workforce Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF FITCHBURG, WISCONSIN
Fitchburg, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the Year Ended

December 31, 2016

Prepared By:

FINANCE DEPARTMENT
Misty Dodge, Finance Director



May 19, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Fitchburg:

The comprehensive annual financial report for the City of Fitchburg for the year ended December 31, 2016, is hereby submitted. This report consists of management's representations concerning the finances of the City of Fitchburg. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City Council retained the accounting firm of Baker Tilly to perform an audit of the City's financial statements. Baker Tilly has issued an unmodified ("clean") opinion on the City of Fitchburg's financial statements for the year ended December 31, 2016. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City first incorporated as a town in 1847 and then as a city in 1983. It is located in the northwestern corner of Dane County, in the south-central part of Wisconsin, 10 miles south of the state capitol in Madison. The City currently has a land area of approximately 35 square miles and an estimated population for 2016 of 27,635. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council. The City is also preparing for the dissolution of the Town of Madison, of which some of the parcels will become part of the City of Fitchburg and the remainder will go to the City of Madison.

The City has operated under a mayor-council form of government since its incorporation. Policymaking and legislative authority is vested in the City Council, which consists of a mayor and an eight-member council. This governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City's administrator. The city administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operations of the City government. The mayor is responsible for appointing committees, boards, and commissions, subject to the approval of the City Council. The mayor and the council are elected on a non-partisan basis. Council members are elected from within their respective districts to two-year terms. The mayor is elected at large to two-year terms.

Early in its history, Fitchburg attracted European immigrants, with the largest being Irish settlers looking for farmland. By the 1860's, the Irish constituted a third of Fitchburg's population. As the years passed, the City grew in population and business prospered. Today, Fitchburg is ideally nestled between urban Madison and the scenic farmlands that Wisconsin is famous for. With its close proximity to Madison, Fitchburg continues to attract visitors, new businesses, and new residents with its natural beauty, favorable location, diverse and thriving businesses and industries, fine services, and year-round recreational activities.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of streets, highways, and other infrastructure; and recreational activities and cultural events. In addition to the general activities, the City Council exercises control over the Wastewater, Water, and Stormwater Utilities and therefore they have been included as an integral part of the City's financial statements.

The annual budget serves as the foundation for the City of Fitchburg's financial planning and controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, most special revenue funds (exceptions include the cemetery and grants/donations funds), debt service fund, and internal service fund are included in the annual appropriated budget. Project-length budgets are prepared for capital project funds (exception is TID No 10, which is new). The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level.

Local Economy

The City has been affected locally by the national economy. Over the long-term, the City will continue to experience significant residential and commercial growth in the years ahead as development continues to grow. Fitchburg has easy access to the State Capitol, University of Wisconsin Madison Campus, east or west side of Madison or the Interstates 39/90/94. In 2015 the City had net new construction growth of 2.988% or \$81 million.

The Fitchburg economy is made up of targeted industry clusters which include: agriculture, advanced manufacturing, life sciences, information technology, and headquarter, regional, and back-office operations

The Fitchburg Technology Neighborhood, dedicates more than 2,000 acres for high quality technology businesses in mixed-use commercial and residential settings connected by parks, open space and multi-modal transportation, creating the ideal place for technology companies to call home. The neighborhood consists of three developments: Fitchburg Center, Fitchburg Technology Campus/RDC Fitchburg Technology Campus Phase II, and Uptown Fitchburg.

The City is also expecting continued industrial and commercial development with the Sub-Zero/Wolf expansion and new product line creating over 300 new jobs.

The City consist of three school districts. The City's 2016 overall net property tax rate per \$1,000 in assessed value is \$23.23 for properties within the Madison School District, \$23.04 for the Oregon School District, and \$23.29 for the Verona School District.

Long-term Financial Planning

The City continues to focus on how to improve Fitchburg's services and vitality. The City has committed to improving Fitchburg through various actions and continues to improve their long-term financial planning efforts.

Fitchburg is a growing community and recognizes that balancing urban and rural interests requires planning for managed and orderly growth while looking for infill and redevelopment opportunities. Fitchburg's Comprehensive Plan, adopted in 2009 with annual minor amendments, is used to manage and direct growth in areas identified in the plan as desirable for future urban development. Prior to any urban service adjustment being considered or undertaken, a plan shall be accomplished for the neighborhood area in which the urban service adjustment may be taken. Neighborhood Plans, which analyze and plan for all elements of the built environment are adopted into the Comprehensive Plan.

To date the City has six neighborhood plans or area plans adopted into the City's long-range Comprehensive Plan. These plans contain detailed recommendations for land use, transportation, recreation, utilities, and environmental considerations. The Comprehensive Plan, and the detailed neighborhood plans, direct community development decisions by the city officials.

The City's Zoning Ordinance is one regulatory tool to implement the Comprehensive Land Use Plan. In 2010 Fitchburg became the first municipality in the state of Wisconsin to adopt SmartCode zoning, a form-based zoning district used to create Traditional Neighborhood Development (TND). The code works to maximize efficiency in land use by allowing for increased density as well as a diverse types of building forms and uses within a walkable area, and also works to create an environment that is pedestrian and bike friendly.

The City has six active Tax Increment Districts to assist with redevelopment and community development projects. In 2016 the City amended TID 9, an Industrial TID, to assist with additional improvements related to the expansion of Sub-Zero Wolf, a large manufacturer in the City. Overall the revised costs within the district are estimated to be \$15,549,748 (including \$2,247,000 in costs within a ½ mile radius of the district) with the district funding approximately \$3,250,000 and the remaining funds coming from various other sources. When the district is terminated it is expected to bring approximately \$17,300,000 of value onto the tax rolls.

In addition to the efforts detailed above, the City annually updates and adopts a five-year capital improvement plan. This plan focuses on the strategic initiatives of the City and addresses the City's capital needs over five years. A Financial Management Plan is also presented by our financial advisors and includes estimated impacts of both capital and operating needs over five years and the impact on the City's tax rate. These documents assist the Council in setting the priorities of the City as well as determining how we will finance the needs of the City in the future.

Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the first year a comprehensive annual report was prepared by the city and thus the first year for the city to be eligible to receive this prestigious award. In order to be awarded a Certificate of Achievement, the city must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible through the dedicated services of the Finance Department staff, other City departments, and our independent auditors. We express our appreciation to all those that assisted and contributed to the preparation of this report. We also thank the Mayor, the City Council, and the City Administrator – without their leadership and continuing support, preparation of this report would not have been possible.

Sincerely,

Misty Dodge, CPA, CPFO
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Fitchburg
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

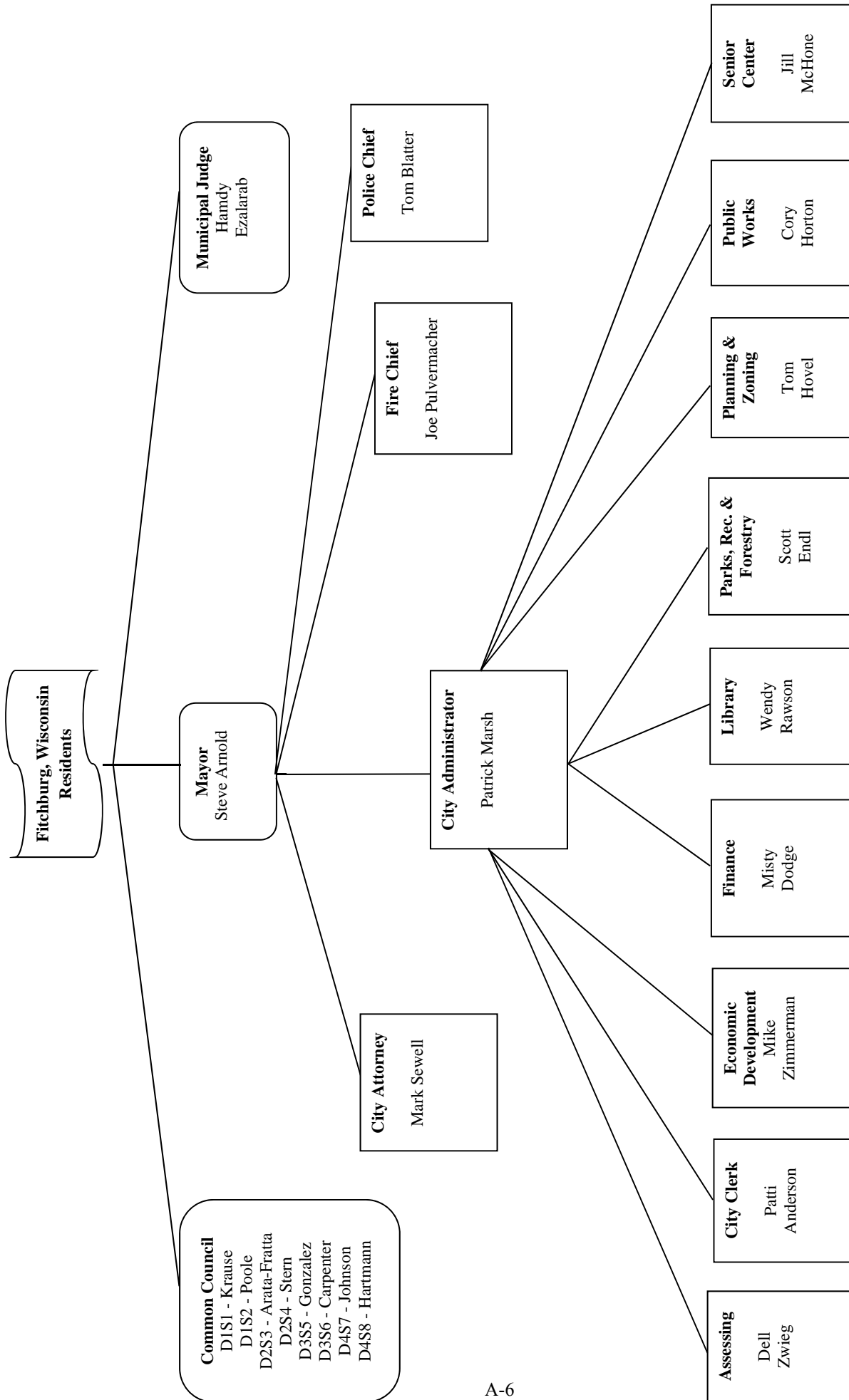
**City of Fitchburg, Wisconsin
List of Elected and Appointed Officials
December 31, 2016**

ELECTED OFFICIALS

Mayor	Steve Arnold
Council Member	Dorothy Krause Carol Poole Julia Arata-Fratia Patrick Stern Jason Gonzalez Dan Carpenter Jake Johnson Tony Hartmann
Municipal Court Judge	Hamdy Ezalarab

APPOINTED OFFICIALS

Administrator	Patrick Marsh
Attorney	Mark Sewell
Finance Director	Misty Dodge
Clerk	Patti Anderson
Police Chief	Thomas Blatter
Fire Chief	Joseph Pulvermacher
Public Works Director/City Engineer	Cory Horton
Library Director	Wendy Rawson
Senior Center Director	Jill McHone
Parks and Recreation Director	Scott Endl
City Assessor	Dell Zwiwig
Economic Development Director	Michael Zimmerman
City Planner	Thomas Hovel



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, 2016, 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, 2016 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the City Council
City of Fitchburg

Other 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 introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 19, 2017

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, 2016. We encourage the reader to consider the information presented here in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net 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 and deferred outflows of resources of the City of Fitchburg exceeded its liabilities and deferred inflows of resources as of December 31, 2016 by \$146,831,635 (net position). Of this amount, \$17,149,415 (unrestricted net position) may be used to meet the city's ongoing obligations to citizens and creditors, \$13,993,500 is restricted for specific purposes (restricted net position) and \$115,688,720 is the net investment in capital assets, including all infrastructure.
- > The City of Fitchburg's total net position increased by \$9,675,887 over the previous year's net position. Net position relating to Governmental Activities increased by \$7,851,294 while net position relating to Business-type Activities increased by \$1,824,593.
- > As of December 31, 2016, the city's governmental funds reported combined fund balances of \$29,971,777, an increase of \$7,652,922 from 2015.
- > Unassigned fund balance for the general fund was \$5,978,234 or 33.6 percent of 2016 general fund expenditures.
- > The 3 percent debt limit set by local ordinance as of December 31, 2016 was \$84,919,365. Total general obligation debt outstanding at the end of the year was \$47,395,000 (55.8 percent of the allowable limit).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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 sections of required and not required supplementary information that further explain and support the information in the financial statements. The final section is a statistical section that provides up to ten years of historical data to provide context to 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

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

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, assets exceeded liabilities by \$146,831,635 at the close of 2016.

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 \$ 62,363,768 or 72.7 percent of governmental net position. Including governmental and business-type activities, 78.8 percent of total net position is 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 (\$13,983,500 or 9.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$17,149,415 or 11.7 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 governmental and business-type activities individually.

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	2016 Totals	Governmental Activities	Business-type Activities	2015 Totals
Current and other assets	\$ 65,341,853	\$ 7,417,617	\$ 72,759,470	\$ 55,086,218	\$ 6,430,264	\$ 62,516,482
Capital assets	99,052,782	55,891,112	154,943,894	94,120,860	53,822,126	147,942,986
Total Assets	165,234,642	63,308,729	228,543,371	150,207,078	60,252,390	210,459,468
Total Deferred Outflows of Resources	7,522,840	362,193	7,885,033	2,093,932	103,871	2,197,803
Long-term liabilities outstanding	45,626,443	198,765	45,825,198	44,044,404	459,114	44,503,518
Other liabilities	9,870,346	2,233,170	12,103,516	2,844,380	621,763	3,466,143
Total Liabilities	55,496,789	2,431,935	57,928,724	46,888,784	1,080,877	47,969,661
Total Deferred Inflows of Resources	31,589,038	139,020	31,728,058	27,551,962		27,551,962
Net Position	62,363,768	55,741,112	118,104,880	60,226,176	53,547,126	113,773,302
Net investment in capital assets	13,480,270	513,230	13,993,500	12,928,873	284,056	13,212,929
Restricted	9,887,620	4,845,635	14,733,255	4,325,315	5,444,202	9,769,517
Unrestricted						
Total Net Position	\$ 65,731,658	\$ 61,099,977	\$ 126,831,635	\$ 77,880,364	\$ 59,275,384	\$ 137,155,748

The total column reflects a capital debt adjustment. See Note I.D.9. for further information.

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, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The city maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the 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 schedule has been provided for the general fund to demonstrate compliance with this budget. Budgetary comparison schedules have also been provided for all special revenue funds that have an annual adopted budget.

Proprietary Funds – The city maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer and Stormwater utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The city uses internal service funds to account for the management of its technology. Because this service is predominantly to benefit governmental rather than business-type functions, it has been included within the governmental 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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the city's financial position begins with a review of the Statement of Net 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.

CITY OF FITCHBURG, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

The focus of the City of Fitchburg's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, 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, 2016, the city's governmental funds reported combined fund balances of \$29,971,777. Approximately 16.5 percent of this amount, \$4,944,734 constitutes unassigned fund balance, which is available to meet the city's current and future needs. The remaining \$25,027,043 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 \$7,507,563, a decrease of \$133,334 or 1.7%. This decrease in fund balance is due to a transfer of fund balance from the general fund to the general capital projects fund for land purchase for the two new fire stations. This spend-down of fund balance has been planned by the city for several years.

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 2016, unassigned fund balance is \$5,978,234 and the 2016 general fund revenues were \$18,102,973, resulting in an unassigned fund balance of 33 percent of revenues. This is an increase from 2015 and is primarily the result of a positive net change in fund balance in 2016 after adjustment for the intentional spend-down of fund balance. The fund balance applied for this purpose has been a component of assigned fund balance in prior years.

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 \$224,393 is assigned for future debt service. As of the end of 2016, \$60,674 of the fund balance is premium on debt issued in 2016 that will be used to make interest payments in 2017.

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 \$10,114,783 is an increase of \$6,318,727 or 166.5 percent over the previous year. The increase is due primarily to unspent bond proceeds and fire impact fees received in 2016 that will be spent in 2017.

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. An additional amount was borrowed in 2015 for railroad crossings. The entire fund balance of \$6,063,010 is restricted for TID activities.

CITY OF FITCHBURG, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

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

GOVERNMENTAL ACTIVITIES

Governmental activities increased the city's net position by \$7,851,294. This increase is primarily a result of property taxes levied to re-pay the principal portion of long-term debt and to finance capital projects that are capitalized within the statements.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position by \$1,824,593. This increase is primarily a result of \$1,075,507 in capital grants and contributions the Water and Sewer functions received for large projects completed in 2016.

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.

**Table 2
Condensed Statement of Activities**

	2016		2015	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues:				
Program Revenues	\$ 2,553,868	\$ 6,039,602	\$ 2,538,311	\$ 5,614,574
Charges for services	2,254,765	-	2,115,694	-
Operating grants and contributions	2,687,644	1,674,275	3,599,522	3,044,423
Capital grants and contributions	-	-	-	-
General Revenues	26,428,100	-	23,096,534	-
Property taxes	55,919	-	57,929	-
Other taxes	2,065,216	-	1,816,369	-
Intergovernmental	1,565,703	52,888	1,580,370	65,968
Other	37,636,136	7,766,765	34,807,077	8,724,965
Total Revenues	42,222,667	13,865,453	42,032,903	14,409,468
Expenses:				
General government	4,214,796	-	3,871,581	-
Public safety	11,611,091	-	10,335,633	-
Public works	5,943,845	-	6,847,114	-
Health and human services	452,309	-	473,545	-
Culture, education, and recreation	3,876,686	-	4,020,494	-
Conservation and development	3,263,485	-	1,014,751	-
Interest and fiscal charges	1,060,455	-	989,630	-
Water and sewer utilities	4,310,942	-	4,324,588	-
Stormwater utility	983,407	993,407	956,835	956,835
Total Expenses	30,422,667	5,304,349	27,552,748	5,281,423
Increase in Net Position Before Transfers	7,213,471	2,462,416	9,675,887	3,443,542
Transfers	637,823	(637,823)	617,201	(617,201)
Change in Net Position	7,851,294	1,824,593	9,675,887	2,826,341
Net Position – Beginning of Year	77,880,364	59,275,384	137,155,748	70,008,834
Net Position – End of Year	\$ 85,731,658	\$ 61,099,977	\$ 146,831,635	\$ 77,880,364
			\$ 59,275,384	\$ 137,155,748

CITY OF FITCHBURG, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

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

GOVERNMENTAL FUNDS (cont.)

Nonmajor Governmental Funds

Fund balance of nonmajor governmental funds is \$6,062,028, which is nonspendable, restricted, or committed for future projects and expenditures. This balance includes negative fund balances of \$25,469 for TID No. 8 and \$21,956 for TID No. 10 due to the districts being new and having a small amount of implementation/administration costs that have not been recovered. TID No. 9, also has a negative fund balance of \$973,613 due to a large project incurred during 2016 that is offset by an unavailable grant revenue as of the end of the year. Also the municipal building fund 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2016 adopted General Fund budget was amended during the year. The total original appropriations, including transfers out, were \$19,684,246 and final appropriations were \$19,702,441. The \$18,195 increase was the result of unexpected and originally unbudgeted revenues that were authorized to be used on one-time projects. There were other budget amendments approved that did not affect total expenditures.

Actual expenditures and other financing uses were \$18,892,448 resulting in a favorable variance of \$819,993. Total revenues and other funding sources were \$18,749,114, which is \$313,673 more than budget. The overall operating result of the general fund was a loss of \$133,334 and was primarily due to:

- Budgeted fund balance applied of \$1,267,000 for transfers from the general fund to the general capital projects fund to utilize fund balance for the new fire stations and golf course shelter.
- Vacancies in the legal, municipal court, police, and building inspection departments.
- Several unexpected retirements that resulted in payouts.
- Delay in the DaneCom project resulting in delayed annual maintenance costs. The system was fully operational in November 2016.
- Waived disability premium costs.
- Building and related permit revenues in excess of budget, primarily due to the favorable economic climate and several large projects that were constructed in 2016.
- Non-cash adjustment of the bad debt allowance for the municipal court collections.

CITY OF FITCHBURG, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

CAPITAL ASSETS

At the end of 2016, the city had invested a total of \$155,843,894 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	2016		2015	
	Governmental Activities	Business-type Activities	Totals	Totals
Land and other assets not being depreciated	\$ 29,002,442	\$ 7,779,012	\$36,781,454	\$ 32,301,643
Land improvements	412,878	-	412,878	412,878
Building and improvements	30,865,621	3,144,424	34,010,045	31,723,878
Machinery and equipment	12,887,679	3,172,484	16,060,163	14,578,477
Roads, paths, and sidewalks	56,797,669	-	56,797,669	55,428,027
Utility plant	-	62,071,131	62,071,131	60,745,360
Intangible	-	197,057	197,057	197,057
Total Capital Assets	129,966,289	76,364,108	206,330,397	195,387,120
Less: Accumulated Depreciation	(30,013,507)	(20,472,996)	(50,486,503)	(47,444,034)
Net Capital Assets	\$ 99,952,782	\$ 55,891,112	\$155,843,894	\$ 147,943,086

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

GOVERNMENTAL ACTIVITIES

Total capital assets from governmental activities increased \$5,831,822. Major capital asset events during the current fiscal year included the following:

- > Land contributions to the city by developers for parkland.
- > One new park shelter installed and significant improvements/renovations completed on two additional park shelters.
- > Continued engineering and construction costs accumulated in construction in progress for two new fire stations, the reconstruction of Lacy Road and Verona Road, and two new park shelters.
- > There were several road and path projects completed in 2016 including Sub-Zero Parkway, Commerce Park Drive, and various developer contributed infrastructure items.

BUSINESS-TYPE ACTIVITIES

Total utility capital assets increased \$1,130,313 for water; \$639,672 for sewer; and \$299,001 for storm water. Major capital asset events during the current fiscal year included the following:

- > Water and sewer work in process at year-end includes Rolfmeyer Road Sanitary, Glacier Valley (future improvements), King James Booster Station, AMI, and Syene Water Connection, Verona Rd Relocates, SCADA Radio Upgrade, Well Improvements, and Fitchrona Road Water Main.
- > The storm water utility work in process includes Area H, Schuman Drive.
- > There were 4 water services added and 16 sanitary sewer services added during 2016.
- > There were 4,278 feet of water main added in 2016, so total footage is increased to 521,771 feet, which equates to just over 98.8 miles of water main.

CITY OF FITCHBURG, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

LONG-TERM DEBT

As of December 31, 2016, the city had \$47,395,000 of long-term bonds and notes outstanding, including utilities. All of the city's external debt is for general obligation issues. This is an increase of \$5,165,000 from 2015 due to the scheduled payments on the existing debt of \$4,535,000 and the issuance of \$9,700,000 in new debt during 2016.

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, 2016 was \$141,532,275. The city was at 33.5 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. The city's internal debt limit as of December 31, 2016 was \$84,919,365 and the city had used 55.8 percent.

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2017 city budget.

During 2007, the city issued two municipal revenue obligations as a part of development agreements related to specific portions of the development in TID No. 4. During 2014, an additional municipal revenue obligation was issued as a part of another development agreement within the same TID. These 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 2016 scheduled payments were able to be made on the development agreements in addition to an early pay off of two of the three obligations in April 2016.

A similar development agreement related to TID No. 6 was approved during 2009, with payments made each year as scheduled. In April 2016, this obligation was also paid off one year early.

During 2009, TID No. 8 had a base value certified; however, no projects have begun and the TID has a deficit balance. As disclosed in Note IV E, TID No. 8 was dissolved in April 2017 to avoid future administrative costs. The city's distribution from the successful early closure of TID 7 (completed in February 2017) will be utilized to offset the deficit in TID 8.

During 2011, the city received 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.

During 2013, the city received approval for an amendment to TID No. 6. This amendment involves the construction of Spoke and Sprocket Drives with the intention to spur development in the Arrowhead area. The construction of those two roads was substantially completed in 2014.

CITY OF FITCHBURG, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
For the Year Ended December 31, 2016

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

During 2015, the city created two additional tax incremental districts. TID No. 9 was approved to assist in the expansion of an existing major employer through a future municipal revenue obligation. TID No. 10 was approved to help stimulate redevelopment of a major business corridor with a planned hotel/conference center/restaurant project that is also expected to be supported through a future municipal revenue obligation. As of the date of the financial statements, one large project was completed within TID No. 9 that was supported by a grant awarded by the State of Wisconsin. The majority of the project costs were incurred in 2016 but the related grant revenue was unavailable as of the date of the financial statements. Only minimal administrative and implementation costs have been incurred by TID No. 10.

During 2016 the city amended TID No. 9 because the expansion project was increased in size and scope. This expansion required additional infrastructure costs, including costs within a ½ mile of the TID boundaries. Increment from the expanded project is expected to fund the additional costs.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, contact the city Finance Director at (608) 270-4252, Monday through Friday, 8:00 a.m. – 4:30 p.m.

CITY OF FITCHBURG, WISCONSIN

STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	\$ 29,540,757	\$ 6,359,394	\$ 35,900,151	\$ 719,777
Receivables (net)				
Taxes receivable	28,826,614	-	28,826,614	-
Delinquent personal property taxes	8,499	-	8,499	-
Accounts	595,031	1,825,161	2,420,192	77,102
Loans	-	-	-	47,809
Special assessments	437,041	126,800	563,841	-
Delinquent special assessments	30,633	-	30,633	-
Accrued interest	9,436	-	9,436	-
Land contract	18,277	-	18,277	-
Internal balances	1,588,798	(1,588,798)	-	-
Due from other governmental units	1,001,806	134,145	1,135,951	-
Inventories	-	38,150	38,150	-
Prepaid items	1,388,153	9,535	1,397,688	-
Investment in joint venture	686,257	-	686,257	-
Restricted cash and investments	1,210,561	513,230	1,723,791	-
Capital Assets				
Land	23,893,093	5,608,842	29,501,935	-
Intangible plant - land	-	701,556	701,556	-
Construction in progress	5,109,349	1,665,671	6,775,020	-
Other capital assets, net of depreciation	70,950,340	47,915,043	118,865,383	-
Total Assets	<u>165,294,645</u>	<u>63,308,729</u>	<u>228,603,374</u>	<u>844,688</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	7,522,840	362,193	7,885,033	-
Total Deferred Outflows of Resources	<u>7,522,840</u>	<u>362,193</u>	<u>7,885,033</u>	<u>-</u>
LIABILITIES				
Accounts payable	3,451,578	1,906,485	5,358,063	38,943
Accrued and other liabilities	867,842	112,665	980,507	-
Due to other governmental units	11,718	-	11,718	-
Deposits	372,314	-	372,314	-
Noncurrent Liabilities				
Due within one year	5,166,894	214,020	5,380,914	-
Due in more than one year	45,626,443	198,755	45,825,198	-
Total Liabilities	<u>55,496,789</u>	<u>2,431,925</u>	<u>57,928,714</u>	<u>38,943</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future period	28,767,414	-	28,767,414	-
Deferred inflows - pension	2,821,624	139,020	2,960,644	-
Total Deferred Inflows of Resources	<u>31,589,038</u>	<u>139,020</u>	<u>31,728,058</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	62,363,768	55,741,112	115,688,720	-
Restricted for				
Room tax	-	-	-	150,666
Park and recreational fees	1,423,930	-	1,423,930	-
Impact fees	979,428	513,230	1,492,658	-
Library	607,927	-	607,927	-
Senior and other projects	43,134	-	43,134	-
Park projects	56,484	-	56,484	-
TID activities	10,350,454	-	10,350,454	-
Future capital projects funded by donations	18,913	-	18,913	-
Unrestricted	<u>9,887,620</u>	<u>4,845,635</u>	<u>17,149,415</u>	<u>655,079</u>
TOTAL NET POSITION	<u>\$ 85,731,658</u>	<u>\$ 61,099,977</u>	<u>\$ 146,831,635</u>	<u>\$ 805,745</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,214,796	\$ 739,032	\$ 54,180	\$ -
Public safety	11,611,091	446,128	130,155	-
Public works	5,943,845	840,560	1,520,972	2,687,644
Health and human services	452,309	-	-	-
Culture, education and recreation	3,876,686	484,546	481,219	-
Conservation and development	3,263,485	43,602	-	-
Interest and fiscal charges	<u>1,060,455</u>	<u>-</u>	<u>68,239</u>	<u>-</u>
Total Governmental Activities	<u>30,422,667</u>	<u>2,553,868</u>	<u>2,254,765</u>	<u>2,687,644</u>
Business-type Activities				
Water	1,732,204	2,539,352	-	781,869
Sewer	2,578,738	2,374,224	-	293,638
Stormwater	<u>993,407</u>	<u>1,126,026</u>	<u>-</u>	<u>598,768</u>
Total Business-type Activities	<u>5,304,349</u>	<u>6,039,602</u>	<u>-</u>	<u>1,674,275</u>
Total Primary Government	<u>\$ 35,727,016</u>	<u>\$ 8,593,470</u>	<u>\$ 2,254,765</u>	<u>\$ 4,361,919</u>
Component Unit				
Community development authority	<u>\$ 267,383</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 library purposes

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Gain on disposal of assets

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
\$ (3,421,584)	\$ -	\$ (3,421,584)	\$ -
(11,034,808)	-	(11,034,808)	-
(894,669)	-	(894,669)	-
(452,309)	-	(452,309)	-
(2,910,921)	-	(2,910,921)	-
(3,219,883)	-	(3,219,883)	-
(992,216)	-	(992,216)	-
<u>(22,926,390)</u>	<u>-</u>	<u>(22,926,390)</u>	<u>-</u>
-	1,589,017	1,589,017	-
-	89,124	89,124	-
-	731,387	731,387	-
<u>-</u>	<u>2,409,528</u>	<u>2,409,528</u>	<u>-</u>
<u>(22,926,390)</u>	<u>2,409,528</u>	<u>(20,516,862)</u>	<u>-</u>
-	-	-	(267,383)
13,767,717	-	13,767,717	-
3,607,587	-	3,607,587	-
992,533	-	992,533	-
1,663,679	-	1,663,679	-
6,396,584	-	6,396,584	-
55,819	-	55,819	312,933
2,090,239	-	2,090,239	-
235,136	-	235,136	-
258,144	44,742	302,886	6,750
-	1,243	1,243	-
1,072,423	6,903	1,079,326	6,793
<u>637,823</u>	<u>(637,823)</u>	<u>-</u>	<u>-</u>
<u>30,777,684</u>	<u>(584,935)</u>	<u>30,192,749</u>	<u>326,476</u>
7,851,294	1,824,593	9,675,887	59,093
<u>77,880,364</u>	<u>59,275,384</u>	<u>137,155,748</u>	<u>746,652</u>
<u>\$ 85,731,658</u>	<u>\$ 61,099,977</u>	<u>\$ 146,831,635</u>	<u>\$ 805,745</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	<u>General</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>
ASSETS			
Cash and investments	\$ 7,245,574	\$ 224,393	\$ 8,673,507
Receivables (net)			
Taxes	14,344,772	4,233,594	1,431,215
Delinquent personal property taxes	8,499	-	-
Accounts	389,386	-	79,337
Interest	4,442	-	4,994
Special assessments	-	437,041	-
Delinquent special assessments	30,633	-	-
Land contract	18,277	-	-
Due from other governments	84,890	-	-
Due from other funds	637,823	-	-
Advances to other funds	143,162	-	950,975
Prepaid items	283,113	-	1,099,946
Restricted cash and investments	<u>56,484</u>	<u>-</u>	<u>1,154,077</u>
TOTAL ASSETS	<u>\$ 23,247,055</u>	<u>\$ 4,895,028</u>	<u>\$ 13,394,051</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 618,914	\$ -	\$ 1,767,680
Accrued liabilities	552,491	-	-
Due to other governments	11,718	-	-
Deposits	252,520	-	12,450
Advances from other funds	-	-	-
Total Liabilities	<u>1,435,643</u>	<u>-</u>	<u>1,780,130</u>
Deferred Inflows of Resources			
Property taxes levied for future period	14,285,572	4,233,594	1,431,215
Unavailable revenues	<u>18,277</u>	<u>437,041</u>	<u>67,923</u>
Total Deferred Inflows of Resources	<u>14,303,849</u>	<u>4,670,635</u>	<u>1,499,138</u>
Fund Balances			
Nonspendable	385,407	-	2,050,921
Restricted	56,484	-	3,364,950
Committed	-	-	-
Assigned	1,087,438	224,393	4,698,912
Unassigned (deficit)	<u>5,978,234</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>7,507,563</u>	<u>224,393</u>	<u>10,114,783</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 23,247,055</u>	<u>\$ 4,895,028</u>	<u>\$ 13,394,051</u>

See accompanying notes to financial statements.

TID No. 4	Nonmajor Governmental Funds	Totals
\$ 6,116,589	\$ 7,273,746	\$ 29,533,809
4,049,077	4,767,956	28,826,614
-	-	8,499
-	87,770	556,493
-	-	9,436
-	-	437,041
-	-	30,633
-	-	18,277
-	916,916	1,001,806
-	-	637,823
-	-	1,094,137
-	4,736	1,387,795
-	-	1,210,561
<u>\$ 10,165,666</u>	<u>\$ 13,051,124</u>	<u>\$ 64,752,924</u>
\$ 53,579	\$ 1,011,366	\$ 3,451,539
-	41,352	593,843
-	-	11,718
-	107,344	372,314
-	143,162	143,162
<u>53,579</u>	<u>1,303,224</u>	<u>4,572,576</u>
4,049,077	4,767,956	28,767,414
-	917,916	1,441,157
<u>4,049,077</u>	<u>5,685,872</u>	<u>30,208,571</u>
-	4,736	2,441,064
6,063,010	6,203,866	15,688,310
-	886,926	886,926
-	-	6,010,743
-	(1,033,500)	4,944,734
<u>6,063,010</u>	<u>6,062,028</u>	<u>29,971,777</u>
<u>\$ 10,165,666</u>	<u>\$ 13,051,124</u>	<u>\$ 64,752,924</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

Total Fund Balances - Governmental Funds	\$ 29,971,777
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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.

Land	23,893,093
Land improvements	412,878
Construction in progress	5,109,349
Buildings and improvements	30,865,621
Machinery and equipment	12,887,679
Infrastructure	56,797,669
Less: Accumulated depreciation	(30,013,507)

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.

1,441,157

The net pension liability does not relate to current financial resources and is not reported in the governmental funds.

(1,340,768)

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

7,522,840

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

(2,821,624)

Internal service funds are reported in the statement of net position as governmental activities.

30,656

The city's equity interest in joint ventures is reported on the statement of net position.

686,257

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(47,245,000)
Vested compensated absences	(2,207,569)
Accrued interest	(258,850)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 85,731,658

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

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

For the Year Ended December 31, 2016

	General	General Debt Service	General Capital Projects	TID No. 4
REVENUES				
Taxes	\$ 13,823,536	\$ 3,607,587	\$ 723,888	\$ 4,012,098
Intergovernmental	2,344,733	68,239	585,000	626,877
Licenses and permits	821,762	-	-	-
Fines, forfeitures and penalties	222,958	-	-	-
Public charges for services	313,141	-	-	-
Special assessments	724	194,108	-	-
Investment income	105,801	27,110	57,732	27,667
Intergovernmental charges for services	1,992	-	-	-
Miscellaneous	468,326	62,352	392,601	-
Total Revenues	18,102,973	3,959,396	1,759,221	4,666,642
EXPENDITURES				
Current				
General government	3,076,264	-	-	-
Public safety	10,326,298	-	-	-
Public works	2,096,647	-	-	-
Health and human services	507,750	-	-	-
Culture, recreation and education	1,236,814	-	-	-
Conservation and development	571,480	-	-	-
Capital Outlay	-	-	6,781,155	2,453,987
Debt Service				
Principal	-	4,410,000	-	-
Interest and fiscal charges	-	1,194,982	80,784	-
Total Expenditures	17,815,253	5,604,982	6,861,939	2,453,987
Excess (deficiency) of revenues over expenditures	287,720	(1,645,586)	(5,102,718)	2,212,655
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	9,700,000	-
Premium on debt issued	-	201,679	-	-
Property sales	8,318	-	104,676	-
Transfers in	637,823	1,629,810	1,658,829	-
Transfers out	(1,067,195)	(165,000)	(42,060)	(1,284,727)
Total Other Financing Sources (Uses)	(421,054)	1,666,489	11,421,445	(1,284,727)
Net Change in Fund Balances	(133,334)	20,903	6,318,727	927,928
FUND BALANCES - Beginning of Year	7,640,897	203,490	3,796,056	5,135,082
FUND BALANCES - END OF YEAR	\$ 7,507,563	\$ 224,393	\$ 10,114,783	\$ 6,063,010

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 4,316,810	\$ 26,483,919
665,975	4,290,824
332,775	1,154,537
9,340	232,298
1,050,005	1,363,146
-	194,832
39,451	257,761
-	1,992
<u>92,429</u>	<u>1,015,708</u>
<u>6,506,785</u>	<u>34,995,017</u>
-	3,076,264
26,263	10,352,561
894,955	2,991,602
8,607	516,357
2,463,822	3,700,636
-	571,480
1,863,957	11,099,099
-	4,410,000
<u>984</u>	<u>1,276,750</u>
<u>5,258,588</u>	<u>37,994,749</u>
<u>1,248,197</u>	<u>(2,999,732)</u>
-	9,700,000
-	201,679
158	113,152
36,753	3,963,215
<u>(766,410)</u>	<u>(3,325,392)</u>
<u>(729,499)</u>	<u>10,652,654</u>
518,698	7,652,922
<u>5,543,330</u>	<u>22,318,855</u>
<u>\$ 6,062,028</u>	<u>\$ 29,971,777</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

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, 2016

Net change in fund balances - total governmental funds	\$	7,652,922
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Amounts reported for governmental activities in the statement of activities 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		11,099,099
Some items reported as capital outlay were not capitalized		(4,747,430)
Depreciation is reported in the government-wide financial statements		(2,264,349)
Net book value of assets retired		(99,896)

Contributed capital assets are reported as revenues in the government-wide financial statements.		1,844,398
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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.		649,138
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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		(9,700,000)
Principal repaid		4,410,000

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.		
Vested compensated absences		(118,165)
Accrued interest on debt		14,616
Net pension liability		(3,396,660)
Deferred outflows of resources related to pensions		5,428,908
Deferred inflows of resources related to pensions		(2,821,624)

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.		(130,319)
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Internal service funds are used by management to charge technology costs to individual funds. The change in net position of the internal service fund reported with governmental activities.		30,656
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>7,851,294</u>
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See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>			Technology Internal Service Fund
	<u>Utility District No. 1</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
ASSETS				
Current Assets				
Cash and investments	\$ 5,425,726	\$ 933,668	\$ 6,359,394	\$ 6,948
Receivables				
Accounts	1,469,851	289,439	1,759,290	38,538
Other	-	65,871	65,871	-
Grants receivable	-	134,145	134,145	-
Inventories	38,150	-	38,150	-
Prepaid items	<u>6,901</u>	<u>2,634</u>	<u>9,535</u>	<u>358</u>
Total Current Assets	<u>6,940,628</u>	<u>1,425,757</u>	<u>8,366,385</u>	<u>45,844</u>
Noncurrent Assets				
Restricted Cash and Investments				
Impact fees	513,230	-	513,230	-
Capital Assets				
Land and land rights	470,003	5,138,839	5,608,842	-
Construction in progress	1,643,334	22,337	1,665,671	-
Intangible plant	268,499	433,057	701,556	-
Capital assets being depreciated	49,266,401	19,121,638	68,388,039	-
Less: Accumulated depreciation	(13,261,299)	(7,211,697)	(20,472,996)	-
Other Assets				
Special assessments receivable	<u>126,800</u>	<u>-</u>	<u>126,800</u>	<u>-</u>
Total Noncurrent Assets	<u>39,026,968</u>	<u>17,504,174</u>	<u>56,531,142</u>	<u>-</u>
Total Assets	<u>45,967,596</u>	<u>18,929,931</u>	<u>64,897,527</u>	<u>45,844</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	<u>283,625</u>	<u>78,568</u>	<u>362,193</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>283,625</u>	<u>78,568</u>	<u>362,193</u>	<u>-</u>

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			Technology Internal Service Fund
	<u>Utility District No. 1</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 1,884,776	\$ 21,709	\$ 1,906,485	\$ 39
Accrued wages	21,625	5,372	26,997	15,149
Accrued interest	-	19,797	19,797	-
Due to other funds	637,823	-	637,823	-
Compensated absences	57,646	6,374	64,020	-
Current portion of advances	-	55,940	55,940	-
General obligation bonds payable	-	150,000	150,000	-
Total Current Liabilities	<u>2,601,870</u>	<u>259,192</u>	<u>2,861,062</u>	<u>15,188</u>
Noncurrent Liabilities				
Long-Term Debt				
Advances from other funds	-	895,035	895,035	-
Compensated absences	103,212	29,484	132,696	-
Net pension liability	51,807	14,252	66,059	-
Other Liabilities				
Customer advances for construction	-	65,871	65,871	-
Total Noncurrent Liabilities	<u>155,019</u>	<u>1,004,642</u>	<u>1,159,661</u>	<u>-</u>
Total Liabilities	<u>2,756,889</u>	<u>1,263,834</u>	<u>4,020,723</u>	<u>15,188</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	<u>109,028</u>	<u>29,992</u>	<u>139,020</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>109,028</u>	<u>29,992</u>	<u>139,020</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	38,386,938	17,354,174	55,741,112	-
Restricted for				
Impact fees	513,230	-	513,230	-
Unrestricted	<u>4,485,136</u>	<u>360,499</u>	<u>4,845,635</u>	<u>30,656</u>
TOTAL NET POSITION	<u>\$ 43,385,304</u>	<u>\$ 17,714,673</u>	<u>\$ 61,099,977</u>	<u>\$ 30,656</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

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

For the Year Ended December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>			Technology Internal Service Fund
	<u>Utility District No. 1</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
OPERATING REVENUES				
Public charges for services	\$ 4,913,576	\$ 1,126,026	\$ 6,039,602	\$ -
Intergovernmental charges for services	<u>-</u>	<u>-</u>	<u>-</u>	795,149
Total Operating Revenues	<u>4,913,576</u>	<u>1,126,026</u>	<u>6,039,602</u>	<u>795,149</u>
OPERATING EXPENSES				
Operation and maintenance	3,448,555	410,474	3,859,029	-
Depreciation	862,387	530,103	1,392,490	-
Information technology	<u>-</u>	<u>-</u>	<u>-</u>	764,876
Total Operating Expenses	<u>4,310,942</u>	<u>940,577</u>	<u>5,251,519</u>	<u>764,876</u>
Operating Income	<u>602,634</u>	<u>185,449</u>	<u>788,083</u>	<u>30,273</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	40,144	4,598	44,742	-
Interest expense	-	(52,830)	(52,830)	-
Miscellaneous	5,635	1,268	6,903	383
Gain on disposal of assets	<u>1,243</u>	<u>-</u>	<u>1,243</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>47,022</u>	<u>(46,964)</u>	<u>58</u>	<u>383</u>
Income Before Contributions and Transfers	<u>649,656</u>	<u>138,485</u>	<u>788,141</u>	<u>30,656</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	1,075,507	598,768	1,674,275	-
Transfers out	<u>(637,823)</u>	<u>-</u>	<u>(637,823)</u>	<u>-</u>
Total Contributions and Transfers	<u>437,684</u>	<u>598,768</u>	<u>1,036,452</u>	<u>-</u>
Change in Net Position	1,087,340	737,253	1,824,593	30,656
NET POSITION - Beginning of Year	<u>42,297,964</u>	<u>16,977,420</u>	<u>59,275,384</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 43,385,304</u>	<u>\$ 17,714,673</u>	<u>\$ 61,099,977</u>	<u>\$ 30,656</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			Technology Internal Service Fund
	Utility District No. 1	Stormwater Utility	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 4,706,807	\$ 1,114,655	\$ 5,821,462	\$ 756,994
Paid to suppliers for goods and services	(2,977,174)	(263,403)	(3,240,577)	(314,720)
Paid to employees for services	(147,079)	(154,157)	(301,236)	(435,326)
Net Cash Flows From Operating Activities	<u>1,582,554</u>	<u>697,095</u>	<u>2,279,649</u>	<u>6,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>40,144</u>	<u>4,598</u>	<u>44,742</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>40,144</u>	<u>4,598</u>	<u>44,742</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	<u>(617,201)</u>	<u>-</u>	<u>(617,201)</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(617,201)</u>	<u>-</u>	<u>(617,201)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(125,000)	(125,000)	-
Interest paid	-	(46,659)	(46,659)	-
Payments on advance	-	(61,792)	(61,792)	-
Special assessments received	26,066	-	26,066	-
Acquisition and construction of capital assets	(915,580)	(400,501)	(1,316,081)	-
Capital contributions received	<u>416,500</u>	<u>36,020</u>	<u>452,520</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(473,014)</u>	<u>(597,932)</u>	<u>(1,070,946)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	532,483	103,761	636,244	6,948
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,406,473</u>	<u>829,907</u>	<u>6,236,380</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,938,956</u>	<u>\$ 933,668</u>	<u>\$ 6,872,624</u>	<u>\$ 6,948</u>

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			Technology Internal Service Fund
	<u>Utility District No. 1</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 602,634	\$ 185,449	\$ 788,083	\$ 30,273
Nonoperating revenue	5,635	1,268	6,903	383
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	862,387	530,103	1,392,490	-
Depreciation charged to sewer	39,568	-	39,568	-
Changes in assets and liabilities				
Accounts receivable	(251,972)	(12,639)	(264,611)	(38,538)
Prepays	(31)	(588)	(619)	(358)
Inventories	7,753	-	7,753	-
Accounts payable	266,516	(22,778)	243,738	39
Compensated absences	4,268	8,334	12,602	-
Accrued wages	3,712	-	3,712	15,149
Other current liabilities	-	863	863	-
Pension related deferrals and assets	42,084	7,083	49,167	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,582,554</u>	<u>\$ 697,095</u>	<u>\$ 2,279,649</u>	<u>\$ 6,948</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 5,425,726	\$ 933,668	\$ 6,359,394	\$ 6,948
Restricted cash and investments	513,230	-	513,230	-
CASH AND CASH EQUIVALENTS	<u>\$ 5,938,956</u>	<u>\$ 933,668</u>	<u>\$ 6,872,624</u>	<u>\$ 6,948</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
City and developer financed additions to plant	<u>\$ 659,007</u>	<u>\$ 428,603</u>		<u>\$ -</u>
Capital costs assessed to customers	<u>\$ 23,370</u>	<u>\$ -</u>		<u>\$ -</u>
Capital related payables	<u>\$ 1,176,512</u>	<u>\$ 200,016</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND**

As of December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 27,032,983
Tax roll receivable	<u>14,721,073</u>
TOTAL ASSETS	<u>\$ 41,754,056</u>
LIABILITIES	
Due to other taxing units	<u>\$ 41,754,056</u>
TOTAL LIABILITIES	<u>\$ 41,754,056</u>

See accompanying notes to financial statements.

CITY OF FITCHBURG, WISCONSIN

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the city. 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, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 III.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

In August 2015, the GASB issued statement No. 77 - *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This standard was implemented January 1, 2016.

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, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements

Financial statements of the city 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 balance, 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 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 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 - accounts for operations of the water and wastewater system.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - 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
Grants and Donations	

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. 8
Tax Incremental District (TID) No. 6	Tax Incremental District (TID) No. 9
Tax Incremental District (TID) No. 7	Tax Incremental District (TID) No. 10

In addition, the city reports the following fund type:

Internal Service Fund - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Technology

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

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 deferred inflows. 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.

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 amounts are due and payable.

Property taxes are recorded in the year levied as receivables and deferred inflows. 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 to 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 requirements) 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, 2016, there were \$4,312,041 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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- 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.
- 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, 2016, the city has deposits which do not meet the custodial credit risk investment policy guidelines and are uninsured and uncollateralized. See Note III.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 methods and inputs as outlined in Note III, A. 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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The 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, 2016, the fair value of the Foundation's assets was substantially equal to the city's share as reported in these statements.

See Note III. 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 - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Real property taxes payment in full, or	January 31, 2017
Real property taxes first installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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.

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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net 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. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. Compensated Absences

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

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences (cont.)

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

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retirement from the city. 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 \$95,048. The number of participants currently eligible to receive benefits is nine. The total amount outstanding at year end to be paid in the future is \$206,924 and is included in the government-wide statement of net position.

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, 2016, are determined on the basis of current salary rates and include salary related payments.

8. 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. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

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 \$53,012,799, made up of two issues.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Deferred Inflows of Resources

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

10. 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	\$ 62,363,768	\$ 55,741,112	\$ (2,416,160)	\$ 115,688,720
Unrestricted	9,887,620	4,845,635	2,416,160	17,149,415

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

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are 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.
- 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 do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. 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 to maintain its general fund assigned fund balance 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 \$5,978,234, or 33%.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

See Note III. G. for further information.

11. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on May 26, 2016. Effective on June 8, 2016.

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 1 of each year.

Stormwater Utility

Current stormwater rates were approved by the City Council effective January 1, 2014.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, certain special revenue, the debt service and certain capital projects funds. A budget has not been formally adopted for the cemetery fund, grants and donations fund and TID No. 10. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted		Actual		Excess Expenditures and Other Financing Uses Over Budget
	Expenditures and Other Financing Uses	Amount	Expenditures and Other Financing Uses	Amount	
Drug Enforcement and Training	\$	20,000	\$	26,263	\$ 6,263
Park Dedication		143,905		308,123	164,218
Library Services		2,159,028		2,164,971	5,943
TID No. 8		400		965	565

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

C. DEFICIT BALANCES

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

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
Municipal building	\$	Expenditures in excess of revenues
TID No. 8	12,462	Expenditures in excess of revenues
TID No. 9	25,469	Expenditures in excess of revenues
TID No. 10	973,613	Expenditures in excess of revenues
	21,956	Expenditures in excess of revenues

TID 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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - 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			
Certificates of deposit (negotiable)	\$ 33,519,461	\$ 33,565,690	Custodial credit
	3,407,223	3,407,223	Credit, custodial credit, concentration of credit, and interest rate
U.S. agencies-implicitly guaranteed	264,835	264,835	Credit, custodial credit, concentration of credit, and interest rate
U.S. agencies-explicitly guaranteed	2,551,941	2,551,941	Custodial, interest rate
LGIP	25,516,512	25,516,512	Credit
Madison Community Foundation	116,058	116,058	Interest rate and credit
Petty cash	672	-	N/A
Total Deposits and Investments	\$ 65,376,702	\$ 65,422,259	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 35,900,151		
Restricted cash and investments	1,723,791		
Cash and investments - component unit	719,777		
Per statement of assets and liabilities - agency fund			
Agency Fund	27,032,983		
Total Deposits and Investments	\$ 65,376,702		

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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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. \$500,000 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. \$5,739,282 of the city's investments are covered by Lloyds of London. The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- ! Quoted market prices

	December 31, 2016		
Investment Type	Level 1	Level 2	Level 3
U.S. agencies	\$ -	\$ 2,816,776	\$ -
Certificates of deposit (negotiable)	-	3,406,223	-
Total	\$ -	\$ 6,222,999	\$ -

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, 2016, \$7,413,892 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,413,892
Total	\$ 7,413,892

Credit Risk

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

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2016, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
FHLB	AA+	Aaa
FNMA	AA+	Aaa
FHLMC	AA+	Aaa
Certificates of deposit (negotiable)	not rated	not rated

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, 2016, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLM	U.S. agency-explicitly guaranteed	6.00%

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - 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, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	2-5	6-10
Certificates of deposit (negotiable)	\$ 3,407,223	\$ 1,237,425	\$ 2,169,798	\$ -
US agencies	2,816,776	-	-	2,816,776
Totals	\$ 6,223,999	\$ 1,237,425	\$ 2,169,798	\$ 2,816,776

The average maturity for the \$116,058 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:

	General Fund
Receivables	
Taxes	\$ 14,344,772
Delinquent personal property taxes	172,817
Accounts	2,901,919
Delinquent special assessments	30,633
Land contract	18,277
Interest	4,442
Gross receivables	17,472,860
Less: Allowance for uncollectibles	(2,676,851)
Net Total Receivables	\$ 14,796,009

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

All of the receivables on the balance sheet are expected to be collected within one year, except for \$8,499 of delinquent personal property taxes, \$30,633 of delinquent special assessments, and the land contract of \$18,277.

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 28,766,054	\$ -
Special assessments not yet due	437,041	-
Land contract	-	18,277
Grant receivable	-	932,916
Other unearned revenues	1,360	-
Other unavailable revenues	-	52,923
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 28,767,414</u>	<u>\$ 1,441,157</u>

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, 2016:

	Restricted Assets
Impact fee account	\$ 1,492,658
Donor-restricted for library	155,736
Donor-restricted for park projects	56,484
Donor-restricted for other	18,913
Total	<u>\$ 1,723,791</u>

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 22,885,556	\$ 1,007,537	\$ -	\$ 23,893,093
Construction in progress	3,450,031	4,558,418	2,899,100	5,109,349
Total Capital Assets Not Being Depreciated	<u>26,335,587</u>	<u>5,565,955</u>	<u>2,899,100</u>	<u>29,002,442</u>
Capital assets being depreciated				
Land improvements	412,878	-	-	412,878
Buildings and improvements	28,667,850	2,197,771	-	30,865,621
Machinery and equipment	11,590,699	1,961,799	664,819	12,887,679
Infrastructure	55,428,027	1,369,642	-	56,797,669
Total Capital Assets Being Depreciated	<u>96,099,454</u>	<u>5,529,212</u>	<u>664,819</u>	<u>100,963,847</u>
Total Capital Assets	<u>122,435,041</u>	<u>11,095,167</u>	<u>3,563,919</u>	<u>129,966,289</u>
Less: Accumulated depreciation for				
Land improvements	(360,783)	(3,118)	-	(363,901)
Buildings and improvements	(9,458,348)	(579,788)	-	(10,038,136)
Machinery and equipment	(6,979,969)	(747,398)	564,923	(7,162,444)
Infrastructure	(11,514,981)	(934,045)	-	(12,449,026)
Total Accumulated Depreciation	<u>(28,314,081)</u>	<u>(2,264,349)</u>	<u>564,923</u>	<u>(30,013,507)</u>
Net Capital Assets Being Depreciated	<u>67,785,373</u>	<u>3,264,863</u>	<u>99,896</u>	<u>70,950,340</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 94,120,960</u>	<u>\$ 8,830,818</u>	<u>\$ 2,998,996</u>	<u>\$ 99,959,782</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities		
General government		\$ 570,383
Public safety		341,211
Public works, which includes the depreciation of infrastructure		981,861
Culture, education and recreation		370,894
Total Governmental Activities Depreciation Expense		<u>\$ 2,264,349</u>

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated/amortized	\$ 359,093	\$ -	\$ -	\$ 359,093
Land and land rights	32,884	6,791	-	39,675
Intangible plant	165,040	1,301,069	346,022	1,120,087
Construction in progress	557,017	1,307,860	346,022	1,518,855
Total Capital Assets Not Being Depreciated/Amortized	1,114,034	2,915,720	692,044	3,337,710
Capital assets being depreciated				
Buildings and improvements	1,177,022	22,723	3,577	1,196,168
Machinery and equipment	2,161,109	117,319	72,036	2,206,392
Infrastructure	28,582,985	710,230	87	29,293,128
Total Capital Assets Being Depreciated	31,921,116	850,272	75,700	32,695,688
Total Capital Assets	<u>32,478,133</u>	<u>2,158,132</u>	<u>421,722</u>	<u>34,214,543</u>
Less: Accumulated depreciation for				
Buildings and improvements	(510,946)	(37,971)	3,577	(545,340)
Machinery and equipment	(1,743,033)	(92,969)	72,036	(1,763,966)
Infrastructure	(6,414,978)	(550,857)	87	(6,965,748)
Total Accumulated Depreciation	<u>(8,668,957)</u>	<u>(681,797)</u>	<u>75,700</u>	<u>(9,275,054)</u>
Net Capital Assets Being Depreciated	23,252,159	168,475	-	23,420,634
Net Water Capital Assets	<u>\$ 23,809,176</u>	<u>\$ 1,476,335</u>	<u>\$ 346,022</u>	<u>\$ 24,939,489</u>

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - 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	\$ 110,910	\$ -	\$ -	\$ 110,910
Land and land rights	31,767	-	-	31,767
Intangible plant	14,067	509,180	-	523,247
Construction in progress	156,744	509,180	-	665,924
Total Capital Assets Not Being Depreciated/Amortized	312,488	1,018,360	-	1,330,848
Capital assets being depreciated/amortized				
Machinery and equipment	537,111	119,785	7,460	649,436
Infrastructure	15,690,412	230,865	-	15,921,277
Intangible	197,057	-	-	197,057
Total Capital Assets Being Depreciated/Amortized	16,424,580	350,650	7,460	16,767,770
Total Capital Assets	<u>16,581,324</u>	<u>859,830</u>	<u>7,460</u>	<u>17,433,694</u>
Less: Accumulated depreciation/amortization for				
Machinery and equipment	(487,464)	(15,352)	7,460	(495,356)
Infrastructure	(3,153,383)	(201,850)	-	(3,355,233)
Intangible	(132,700)	(2,956)	-	(135,656)
Total Accumulated Depreciation/Amortization	<u>(3,773,547)</u>	<u>(220,158)</u>	<u>7,460</u>	<u>(3,986,245)</u>
Net Capital Assets Being Depreciated/Amortized	12,651,033	130,492	-	12,781,525
Net Sewer Capital Assets	<u>\$ 12,807,777</u>	<u>\$ 639,672</u>	<u>\$ -</u>	<u>\$ 13,447,449</u>

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets not being depreciated/amortized	\$ 4,795,207	\$ 343,632	\$ -	\$ 5,138,839
Land and land rights	433,057	-	-	433,057
Intangible plant	24,031	581,875	583,569	22,337
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated/Amortized	<u>5,252,295</u>	<u>925,507</u>	<u>583,569</u>	<u>5,594,233</u>
Capital assets being depreciated	1,878,806	69,450	-	1,948,256
Buildings and improvements	289,558	27,098	-	316,656
Machinery and equipment	16,471,963	390,618	5,855	16,856,726
Infrastructure	-	-	-	-
Total Capital Assets Being Depreciated	<u>18,640,327</u>	<u>487,166</u>	<u>5,855</u>	<u>19,121,638</u>
Total Capital Assets	<u>23,892,622</u>	<u>1,412,673</u>	<u>589,424</u>	<u>24,715,871</u>
Less: Accumulated depreciation for				
Buildings and improvements	(417,405)	(38,271)	-	(455,676)
Machinery and equipment	(78,314)	(33,371)	-	(111,685)
Infrastructure	(6,191,730)	(458,461)	5,855	(6,644,336)
Total Accumulated Depreciation	<u>(6,687,449)</u>	<u>(530,103)</u>	<u>5,855</u>	<u>(7,211,697)</u>
Net Capital Assets Being Depreciated	<u>11,952,878</u>	<u>(42,937)</u>	<u>-</u>	<u>11,909,941</u>
Net Stormwater Capital Assets	<u>\$ 17,205,173</u>	<u>\$ 882,570</u>	<u>\$ 583,569</u>	<u>\$ 17,504,174</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,822,126</u>	<u>\$ 2,998,577</u>	<u>\$ 929,591</u>	<u>\$ 55,891,112</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	Expense
Water	\$ 642,229
Sewer	220,158
Storm	<u>530,103</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 1,392,490</u>

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense may be different from business-type activity accumulated depreciation 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	\$ 637,823	\$ -
Total - Fund Financial Statements			<u>637,823</u>	
Add: Interfund advances			<u>950,975</u>	
Total Internal Balances - Government-Wide Statement of Net Position			<u>\$ 1,588,798</u>	

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

Advances

The general fund is advancing funds to TID No. 8, TID No. 9, TID No. 10, 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, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - 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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable	\$ 41,955,000	\$ 9,700,000	\$ 4,410,000	\$ 47,245,000	\$ 4,810,000
General obligation debt					
Other Liabilities	2,089,404	429,925	311,760	2,207,569	356,894
Vested compensated absences		1,340,766		1,340,768	
Net pension liability					
Total Governmental Activities Long-Term Liabilities	\$ 44,044,404	\$ 11,470,693	\$ 4,721,760	\$ 50,793,337	\$ 5,166,894
Business-type Activities					
Bonds and Notes Payable	\$ 275,000	\$ -	\$ 125,000	\$ 150,000	\$ 150,000
General obligation debt					
Other Liabilities	184,114	26,454	13,852	196,716	64,020
Vested compensated absences		66,059		66,059	
Net pension liability					
Total Business-type Activities Long-Term Liabilities	\$ 459,114	\$ 92,513	\$ 138,852	\$ 412,775	\$ 214,020

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, 2016, was \$141,532,275. Total general obligation debt outstanding at year end was \$47,395,000.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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

Advances (cont.)

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Municipal Building	\$ 12,462	\$ 12,462
General fund	TID No. 8	25,700	25,700
General fund	TID No. 9	80,000	-
General fund	TID No. 10	25,000	25,000
General Capital Projects	Stormwater Utility	950,975	895,035
Total - Fund Financial Statements		1,094,137	
Less: Fund eliminations		(143,162)	
Total - Interfund Advances		\$ 950,975	

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Utility District No. 1	\$ 637,823	Tax-equivalent
General Debt Service	TID, No. 4	1,284,727	Debt repayment
General Debt Service	TID, No. 6	337,263	Debt repayment
General Debt Service	Recycling and Refuse	2,513	Rent
General Capital Projects	General Capital Projects	5,307	Unspent proceeds
General Capital Projects	General Fund	1,067,195	Capital projects
General Capital Projects	Park Dedication	299,994	Capital projects
General Capital Projects	Cable TV	126,640	Capital projects
General Capital Projects	General Debt Service	165,000	Capital projects
Park Dedication	General Capital Projects	25,172	Capital projects
Grants and Donations	General Capital Projects	11,581	Transfer revenues
Total - Fund Financial Statements		3,963,215	
Less: Fund eliminations		(3,325,392)	
Total Transfers - Government-Wide Statement of Activities		\$ 637,823	

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - 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. Debt issued in the form of tax-exempt bonds is subject to federal arbitrage regulations.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2005 general obligation refunding bonds	8/1/05	8/1/17	3.00-3.75%	\$ 5,888,920	\$ 795,000
2007 general obligation promissory note	9/13/07	8/1/17	3.70-4.00%	860,000	75,000
2009 general obligation promissory note	9/16/09	9/1/19	2.00-3.125%	5,295,000	1,600,000
2010 taxable library general obligation bond	11/18/10	11/1/30	0.70-5.25%	4,995,000	3,835,000
2010 taxable general obligation promissory notes	11/18/10	11/1/20	0.65-3.60%	2,550,000	1,100,000
2011 general obligation promissory notes	12/13/11	12/1/21	2.00-2.10%	1,190,000	270,000
2011 general obligation bonds	12/13/11	12/1/27	2.00-2.850%	5,395,000	4,875,000
2012 general obligation promissory note	3/21/12	3/1/22	1.00-2.00%	6,195,000	3,275,000
2012 general obligation corporate purpose bonds	3/21/12	3/1/29	2.00-3.00%	15,350,000	13,150,000
2012 taxable general obligation refunding bonds	3/21/12	3/1/17	0.40-1.30%	500,000	65,000
2013 general obligation promissory notes	11/14/13	11/1/23	0.40-2.35%	1,040,000	840,000
2015 general obligation promissory notes	4/14/15	4/1/25	1.00-2.00%	3,240,000	2,920,000

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

General Obligation Debt (cont.)	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2015 general obligation corporate purpose bonds	4/14/15	4/1/35	2.00-3.00%	\$ 5,085,000	\$ 4,745,000
2016 general obligation promissory notes	6/15/16	6/1/26	1.25-2.00%	4,465,000	4,465,000
2016 general obligation fire station bonds	6/15/16	6/1/36	2.00-2.60%	5,235,000	5,235,000
Total Governmental Activities - General Obligation Debt					\$ 47,245,000

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2007 general obligation promissory note	9/13/07	8/1/17	3.70-4.00%	\$ 625,000	\$ 150,000
Total Business-type Activities - General Obligation Debt					\$ 150,000

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 4,810,000	\$ 1,121,604	\$ 150,000	\$ 6,000
2018	4,640,000	1,001,891	-	-
2019	4,555,000	905,793	-	-
2020	4,010,000	807,113	-	-
2021	3,755,000	721,231	-	-
2022-2026	17,595,000	2,378,479	-	-
2027-2031	6,055,000	582,820	-	-
2032-2036	1,825,000	115,373	-	-
Totals	\$ 47,245,000	\$ 7,634,304	\$ 150,000	\$ 6,000

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

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.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities	
Net Investment in Capital Assets	
Land	\$ 23,893,093
Construction in progress	5,109,349
Other capital assets, net of accumulated depreciation	70,950,340
Less: Long-term debt outstanding	(47,245,000)
Plus: Unspent capital related debt proceeds	2,229,786
Plus: Noncapital debt proceeds	7,426,200
	<u>\$ 62,363,768</u>
Total Net Investment in Capital Assets	

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	General Debt Service	General Capital Projects	TID No. 4	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Delinquent personal property taxes	\$ 8,499	\$ -	\$ -	\$ -	\$ -	\$ 8,499
Delinquent special assessments	30,633	-	-	-	4,736	30,633
Advances to other funds	63,162	-	950,975	-	-	1,018,873
Prepaid items	283,113	-	1,099,946	-	-	1,383,059
Restricted for:						
Capital projects	-	-	2,229,786	-	-	2,229,786
Park and recreational improvement fees	-	-	979,428	-	1,423,930	1,423,930
Fire impact fees	-	-	155,736	-	449,358	605,094
Library	-	-	-	6,063,010	-	10,350,454
TID activities	56,484	-	-	-	-	56,484
Park projects	-	-	-	-	38,694	38,694
Senior programs	-	-	-	-	4,440	4,440
Other projects	-	-	-	-	-	-
Committed to:						
Drug enforcement and training	-	-	-	-	8,484	8,484
Recycling and refuse	-	-	-	-	342,065	342,065
Cable TV	-	-	-	-	521,929	521,929
Cemetery	-	-	-	-	14,448	14,448
Assigned to:						
Debt service	-	224,393	-	-	-	224,393
Capital projects	-	-	4,696,912	-	-	4,696,912
Payment in lieu of taxes	637,823	-	-	-	-	637,823
Employee retirement	90,000	-	-	-	-	90,000
Next year's budget	359,615	-	-	-	-	359,615
Unassigned (deficit):	<u>5,978,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,033,500)</u>	<u>4,944,734</u>
Total Fund Balances	<u>\$ 7,507,563</u>	<u>\$ 224,393</u>	<u>\$ 10,114,783</u>	<u>\$ 6,063,010</u>	<u>\$ 6,062,028</u>	<u>\$ 29,971,777</u>

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

CITY OF FITCHBURG, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	\$ 5,608,842
Land	1,665,671
Construction in progress	701,556
Intangible plant - land	47,915,043
Other capital assets, net of accumulated depreciation	(150,000)
Less: Long-term debt outstanding	<u>55,741,112</u>
Total Net Investment in Capital Assets	<u>\$ 55,741,112</u>

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 \$719,777 and is part of the city's commingled cash. See Note III. 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, 2016, the CDA's loans receivable balance was \$171,128 and its allowance for doubtful accounts was \$123,319, leaving a net receivable balance of \$47,809.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (60 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is 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 rate 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.

During the reporting period, the WRS recognized \$834,922 in contributions from the city.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the city reported a liability of \$1,406,827 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.08657502%, which was a decrease of 0.00129392% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$1,680,800.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 237,995	\$ 2,960,644
Changes in assumptions	984,278	-
Net differences between projected and actual earnings on pension plan investments	5,759,952	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,425	-
Employer contributions subsequent to the measurement date	862,383	-
Totals	\$ 7,885,033	\$ 2,960,644

\$862,383 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,822,699	\$ 716,481
2018	1,822,699	716,481
2019	1,822,699	716,481
2020	1,521,806	716,481
2021	32,747	94,720

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	3.2%
Inflation	0.2% - 5.6%
Seniority/Merit	Wisconsin 2012 Mortality Table
Mortality:	2.1%
Post-retirement Adjustments*:	

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$9,867,513	\$1,406,827	\$(5,201,119)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://ef.wi.gov/publications/cafr.htm>.

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected		Long-Term Expected Real Rate of Return %
			Nominal Rate of Return %	Rate of Return %	
U.S. Equities	27%	23%	7.6%	4.7%	4.7%
International Equities	24.5	22	8.5	5.6	5.6
Fixed Income	27.5	37	4.4	1.6	1.6
Inflation Sensitive Assets	10	20	4.2	1.4	1.4
Real Estate	7	7	6.5	3.6	3.6
Private Equity/Debt	7	7	9.4	6.5	6.5
Multi-Asset	4	4	6.7	3.8	3.8
Total Core Fund	107	120	7.4	4.5	4.5
Variable Fund Asset Class					
U.S. Equities	70	70	7.6	4.7	4.7
International Equities	30	30	8.5	5.6	5.6
Total Variable Fund	100	100	7.9	5.0	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%. Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

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

The city has active construction projects as of December 31, 2016. 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	\$ 4,105,091
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D. JOINT VENTURES

FitchRona EMS District

The City of Fitchburg, City of Verona, and Town of Verona jointly operate the local EMS District (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 2016 of \$495,794.

Financial information of the district is available directly from the district's office.

The city's equity interest in the 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, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Multijurisdictional Public Safety Information System Commission (MPSISC)

The City of Fitchburg, City of Sun Prairie, City of Middleton, City of Verona, and City of Monona 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 and the City of Monona joined the commission in 2009. The commission adopts its own budget. Net operating costs including debt service are shared by the five communities based on the agreed upon formula. 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 \$156,928 in 2016. 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.

E. SUBSEQUENT EVENTS

On February 14, 2017, the City Council terminated Tax Incremental District No. 7.

On April 25, 2017, the City Council terminated Tax Incremental District No. 8.

F. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

CITY OF FITCHBURG, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

F. TAX ABATEMENT (cont.)

The city is disclosing all abatement agreements individually.

The city, through its Tax Incremental Financing Districts, (TID) has entered into tax abatement agreements with developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

Agreement Description	Calculation Method	Developer Commitment	2016 Payments
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 were scheduled through the year 2017 and carried an interest rate of 6%. The city paid the remaining balance in full during 2016.	2/3 increment on specific property	Construction of headquarters and underground parking and conversion of two locations to alternate uses	\$ 949,110
In 2014, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$4,000,000, and is payable solely from tax increments collected from a specific portion of the development in TIF No. 4. Payments are scheduled through the year 2025 and carry an interest rate of 6%. The balance of the commitment outstanding at year end was \$3,450,000.	2/3 increment on specific property	Construction of facility	416,000

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved Statement No. 73 through Statement No. 75 and Statement No.80 through Statement No. 85 that are not yet effective. When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 13,774,089	\$ 13,774,089	\$ 13,767,717	\$ (6,372)
Mobile home lottery credit and parking fees	4,200	4,200	4,287	87
Public accommodation (room) taxes	26,154	26,154	28,444	2,290
Other taxes	-	14,495	16,857	2,362
Interest and penalties on taxes	4,000	4,000	6,231	2,231
Total Taxes	<u>13,808,443</u>	<u>13,822,938</u>	<u>13,823,536</u>	<u>598</u>
INTERGOVERNMENTAL REVENUES				
Slate shared revenues	483,000	483,000	493,716	10,716
Payments for municipal services	46,165	46,165	39,911	(6,254)
Slate aid - general transportation aids	1,417,297	1,417,297	1,417,298	1
Slate aid - DNR lands	24,700	24,700	25,856	1,156
Fire insurance tax (2% fire dues)	96,000	96,000	106,652	10,652
Slate aid - exempt computer aid	165,000	165,000	167,337	2,337
Federal aid - land	1,600	1,600	1,874	274
Other police grants	-	-	21,835	21,835
Federal aid - parks/urban forestry	10,750	10,750	8,638	(2,112)
County aid - senior	54,700	54,700	56,404	1,704
Other federal payments	-	-	5,212	5,212
Total Intergovernmental Revenues	<u>2,299,212</u>	<u>2,299,212</u>	<u>2,344,733</u>	<u>45,521</u>
LICENSES AND PERMITS				
Business and occupational licenses	30,050	30,050	43,348	13,298
Other nonbusiness licenses	9,390	9,390	10,371	981
Building permits	300,000	300,000	410,882	110,882
Zoning permits and fees	128,000	128,000	326,162	198,162
Other regulatory permits and fees	13,500	13,500	30,999	17,499
Total Licenses and Permits	<u>480,940</u>	<u>480,940</u>	<u>821,762</u>	<u>340,822</u>
FINES AND FORFEITURES				
Law and ordinance violations	365,000	365,000	222,958	(142,042)

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

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
General government	\$ 15,000	\$ 15,000	\$ 14,596	\$ (404)
Public safety	24,000	24,000	23,914	(86)
Engineering	15,000	15,000	15,816	816
Senior program fees	23,250	24,450	49,794	25,344
Recreation programs	151,750	151,750	173,106	21,356
Shelter and rental fees	37,500	37,500	35,661	(1,839)
Other public charges for services	-	-	254	254
Total Public Charges for Services	<u>266,500</u>	<u>267,700</u>	<u>313,141</u>	<u>45,441</u>
SPECIAL ASSESSMENTS				
Interest on delinquent special assessments	1,000	1,000	724	(276)
INVESTMENT INCOME				
Investment income	125,000	125,000	105,801	(19,199)
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - emergency services	5,424	5,424	1,992	(3,432)

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

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
MISCELLANEOUS				
Rental of city buildings	\$ 13,000	\$ 13,000	\$ 19,785	\$ 6,785
Cemetery	30	30	-	(30)
WPRA ticket commission	150	150	110	(40)
Insurance rebate	53,800	53,800	49,607	(4,193)
Reimbursement from stormwater	45,000	45,000	61,098	16,098
Maintenance facility reimbursement				
from utility	1,000	1,000	1,309	309
Tower lease	18,240	18,240	-	(18,240)
Transfer from CDA	54,867	54,867	54,867	-
Administrative charges to utilities	61,580	61,580	61,580	-
Administrative charges to library	95,420	95,420	95,420	-
Administrative charges to cable	16,640	16,640	16,640	-
Brush collection reimbursement	20,000	20,000	20,000	-
Senior advertising sales	2,500	2,500	952	(1,548)
Reimbursement from TIFs	60,000	60,000	33,059	(26,941)
Donations	2,000	4,500	7,597	3,097
Other miscellaneous	1,500	1,500	11,972	10,472
Insurance recoveries	20,000	20,000	21,444	1,444
P-Card rebate	10,000	10,000	12,023	2,023
Worker's compensation reimbursement			863	863
Total Miscellaneous	<u>475,727</u>	<u>478,227</u>	<u>468,326</u>	<u>(9,901)</u>
Total Revenues	<u>17,827,246</u>	<u>17,845,441</u>	<u>18,102,973</u>	<u>257,532</u>

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

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
Mayor and city council	\$ 88,828	\$ 88,828	\$ 84,824	\$ 4,004
Administrator	230,028	229,028	234,326	(5,298)
Municipal court	175,388	175,388	151,456	23,932
Clerk's office	431,301	435,801	418,313	17,488
Legal counsel	230,981	223,216	193,775	29,441
Finance and treasury	337,442	337,442	332,452	4,990
Assessment of property	429,544	444,039	424,665	19,374
Other buildings - safety	43,800	43,800	34,120	9,680
Other buildings - fire	44,450	44,450	34,233	10,217
Other buildings - maintenance	51,660	51,660	36,052	15,608
Police evidence processing facility	8,000	8,000	10,344	(2,344)
Property and liability insurance	416,481	416,481	376,626	39,855
Employee bonds	1,000	1,000	-	1,000
Office supplies	16,000	16,000	11,400	4,600
Miscellaneous	13,131	13,131	11,780	1,351
Illegal taxes	-	12,000	19,899	(7,899)
Employee retirement reserve	28,500	28,500	79,049	(50,549)
Professional services	60,000	60,000	60,000	-
Contingency	12,500	500	-	500
New city hall	365,682	365,682	349,650	16,032
Merit pay	89,778	89,778	-	89,778
Bad debt expense	3,000	3,000	18,088	(15,088)
Human resources	216,099	206,599	190,682	15,917
Sustainability	1,444	4,944	4,530	414
Total General Government	<u>3,295,037</u>	<u>3,299,267</u>	<u>3,076,264</u>	<u>223,003</u>
PUBLIC SAFETY				
Law enforcement	6,983,457	6,983,457	6,924,170	59,287
Fire suppression and prevention	2,629,737	2,629,737	2,544,440	85,297
Building inspection	362,429	362,429	310,182	52,247
EMS district	496,394	495,844	495,794	50
Weights and measures	3,600	3,600	3,600	-
Dane Com	82,467	82,467	46,829	35,638
Other public safety	1,000	1,550	1,283	267
Total Public Safety	<u>10,559,084</u>	<u>10,559,084</u>	<u>10,326,298</u>	<u>232,786</u>
PUBLIC WORKS				
Mass transit - bus subsidy	475,000	475,000	459,379	15,621
Highway department	1,776,703	1,758,121	1,637,268	120,853
Total Public Works	<u>2,251,703</u>	<u>2,233,121</u>	<u>2,096,647</u>	<u>136,474</u>

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

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Variance with
	Original	Final	Final Budget
HEALTH AND HUMAN SERVICES	\$ 491,602	\$ 492,802	\$ 507,750
Senior citizens program			(14,948)
CULTURE, EDUCATION AND RECREATION			
Parks	855,408	863,760	21,411
Community center	75,175	75,175	21,763
Recreation programs and events	311,056	311,056	(29,997)
Total Culture, Education and Recreation	1,241,639	1,249,991	13,177
CONSERVATION AND DEVELOPMENT			
Zoning	351,658	351,658	8,975
Economic and community development	226,523	226,523	(2,274)
Total Conservation and Development	578,181	578,181	6,701
Total Expenditures	18,417,246	18,412,446	587,193
Excess (deficiency) of revenues over (under) expenditures	(590,000)	(567,005)	854,725
OTHER FINANCING SOURCES (USES)			
Property sales	-	-	8,318
Transfers in	590,000	590,000	47,823
Transfers out	(1,267,000)	(1,289,995)	222,800
Total Other Financing Sources (Uses)	(677,000)	(699,995)	278,941
Net Change in Fund Balance	(1,267,000)	(1,267,000)	1,133,666
FUND BALANCE - Beginning of Year	7,640,897	7,640,897	7,640,897
FUND BALANCE - END OF YEAR	\$ 6,373,897	\$ 6,373,897	\$ 7,507,563

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

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Proportion	Proportionate	Proportionate	Plan Fiduciary
	of the Net Pension Liability (Asset)	Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability (Asset)	Net Position as a Percentage of the Total Pension Liability
12/31/16	0.08657502%	\$ 1,406,827	\$ 10,331,881	98.20%
12/31/15	0.08786894%	(2,158,302)	10,010,948	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	12/31/16	\$ 862,383	\$ 862,383	-	10,840,607
12/31/15	838,381	838,381	-	10,331,881	8.11%

CITY OF FITCHBURG, WISCONSIN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2016

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 \$5,000 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.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The city is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

S U P P L E M E N T A R Y I N F O R M A T I O N

See independent auditors' report.

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL DEBT SERVICE FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,607,587	\$ 3,607,587	\$ 3,607,587	\$ -
Intergovernmental	67,909	67,909	68,239	330
Special assessments	171,700	171,700	194,108	22,408
Investment income	22,300	22,300	27,110	4,810
Miscellaneous	350,290	350,290	62,352	(287,938)
Total Revenues	4,219,786	4,219,786	3,959,396	(260,390)
EXPENDITURES				
Debt Service				
Principal	4,535,000	4,535,000	4,410,000	125,000
Interest and fiscal charges	1,235,668	1,235,668	1,194,982	40,686
Total Expenditures	5,770,668	5,770,668	5,604,982	165,686
Deficiency of revenues over expenditures	(1,550,882)	(1,550,882)	(1,645,586)	(94,704)
OTHER FINANCING SOURCES (USES)				
Premium on debt issued	-	165,000	201,679	36,679
Transfers in	1,550,882	1,556,190	1,629,810	73,620
Transfers out	-	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	1,550,882	1,556,190	1,666,489	110,299
Net Change in Fund Balance	-	5,308	20,903	15,595
FUND BALANCE - Beginning	203,490	203,490	203,490	-
FUND BALANCE - ENDING	\$ 203,490	\$ 208,798	\$ 224,393	\$ 15,595

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 723,888	\$ 723,888	\$ 723,888	\$ -
Intergovernmental	547,892	547,892	585,000	37,108
Special assessments	31,000	31,000	-	(31,000)
Investment income	-	-	57,732	57,732
Miscellaneous	35,000	35,000	392,601	357,601
Total Revenues	1,337,780	1,337,780	1,759,221	421,441
EXPENDITURES				
Capital Outlay	7,297,960	7,782,864	6,781,155	1,001,709
Debt Service	-	-	80,784	(80,784)
Interest and fiscal charges	-	-	6,861,939	6,861,939
Total Expenditures	7,297,960	7,782,864	6,861,939	920,925
Excess (deficiency) of revenues over expenditures	(5,960,180)	(6,445,084)	(5,102,718)	1,342,366
OTHER FINANCING SOURCES (USES)				
Debt issued	3,105,180	3,166,544	9,700,000	6,533,456
Property sales	1,157,000	1,157,000	104,676	(1,052,324)
Transfers in	1,267,000	1,690,540	1,658,829	(31,171)
Transfers out	-	(5,308)	(42,060)	(36,752)
Total Other Financing Sources (Uses)	5,529,180	6,008,776	11,421,445	5,412,669
Net Change in Fund Balance	(431,000)	(436,308)	6,318,727	6,755,035
FUND BALANCE - Beginning	3,796,056	3,796,056	3,796,056	-
FUND BALANCE - ENDING	\$ 3,365,056	\$ 3,359,748	\$ 10,114,783	\$ 6,755,035

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TID NO. 4 FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,658,399	\$ 3,658,399	\$ 4,012,098	\$ 353,699
Intergovernmental	542,500	542,500	626,877	84,377
Investment income	8,000	8,000	27,667	19,667
Total Revenues	<u>4,208,899</u>	<u>4,208,899</u>	<u>4,666,642</u>	<u>457,743</u>
EXPENDITURES				
Capital outlay	2,780,787	2,780,787	2,453,987	326,800
Total Expenditures	<u>2,780,787</u>	<u>2,780,787</u>	<u>2,453,987</u>	<u>326,800</u>
Excess of revenues over expenditures	1,428,112	1,428,112	2,212,655	784,543
OTHER FINANCING USES				
Transfers out	(1,284,727)	(1,284,727)	(1,284,727)	-
Total Other Financing Uses	<u>(1,284,727)</u>	<u>(1,284,727)</u>	<u>(1,284,727)</u>	<u>-</u>
Net Change in Fund Balance	143,385	143,385	927,928	784,543
FUND BALANCE - Beginning	5,135,082	5,135,082	5,135,082	-
FUND BALANCE - ENDING	<u>\$ 5,278,467</u>	<u>\$ 5,278,467</u>	<u>\$ 6,063,010</u>	<u>\$ 784,543</u>

CITY OF FITCHBURG, WISCONSIN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds			
	Drug Enforcement and Training	Recycling and Refuse Collection	Park Dedication	
ASSETS				
Cash and investments	\$ 8,484	\$ 363,722	\$ 1,512,473	
Taxes receivable	-	872,224	-	
Accounts receivable	-	2,633	-	
Due from other governments	-	-	-	
Prepaid items	1,808	-	-	
TOTAL ASSETS	<u>\$ 10,292</u>	<u>\$ 1,238,579</u>	<u>\$ 1,512,473</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 1,544	\$ -	
Accrued liabilities	-	2,945	-	
Deposits	-	18,801	88,543	
Advances from other funds	-	-	-	
Total Liabilities	-	<u>23,290</u>	<u>88,543</u>	
Deferred Inflows of Resources				
Property taxes levied for future period	-	872,224	-	
Unavailable revenues	-	1,000	-	
Total Deferred Inflows of Resources	-	<u>873,224</u>	-	
Fund Balances (Deficit)				
Nonspendable	1,808	-	-	
Restricted	-	-	1,423,930	
Committed	8,484	342,065	-	
Unassigned (deficit)	-	-	-	
Total Fund Balances (deficit)	<u>10,292</u>	<u>342,065</u>	<u>1,423,930</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,292</u>	<u>\$ 1,238,579</u>	<u>\$ 1,512,473</u>	

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CITY OF FITCHBURG, WISCONSIN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

Special Revenue Funds				Capital Projects Funds			
Cable TV	Cemetery	Library Services	Grants and Donations	Municipal Building	TID No. 6	TID No. 7	
\$ 444,299	\$ 14,448	\$ 490,866	\$ 44,155	\$ -	\$ 3,871,370	\$ 509,351	
-	-	1,731,219	-	-	1,934,253	127,008	
83,520	-	1,617	-	-	-	-	
-	-	-	-	-	-	-	
95	-	2,833	-	-	-	-	
<u>\$ 527,914</u>	<u>\$ 14,448</u>	<u>\$ 2,226,535</u>	<u>\$ 44,155</u>	<u>\$ -</u>	<u>\$ 5,805,623</u>	<u>\$ 636,359</u>	
\$ 19	\$ -	\$ 10,589	\$ 1,021	\$ -	\$ 93,277	\$ -	
5,871	-	32,536	-	-	-	-	
-	-	-	-	-	-	-	
5,890	-	43,125	1,021	12,462	93,277	-	
-	-	-	-	(12,462)	-	-	
-	-	1,731,219	-	-	1,934,253	127,008	
-	-	1,731,219	-	-	1,934,253	127,008	
95	-	2,833	-	-	-	-	
-	14,448	449,358	43,134	-	3,778,093	509,351	
521,929	-	-	-	(12,462)	-	-	
<u>522,024</u>	<u>14,448</u>	<u>452,191</u>	<u>43,134</u>	<u>(12,462)</u>	<u>3,778,093</u>	<u>509,351</u>	
\$ 527,914	\$ 14,448	\$ 2,226,535	\$ 44,155	\$ -	\$ 5,805,623	\$ 636,359	

Capital Project Funds			
TID No. 8	TID No. 9	TID No. 10	
\$ 231	\$ 11,303	\$ 3,044	
-	103,252	-	
-	916,916	-	
-	-	-	
<u>\$ 231</u>	<u>\$ 1,031,471</u>	<u>\$ 3,044</u>	

ASSETS		
Cash and investments	\$	-
Taxes receivable	-	904,916
Accounts receivable	-	-
Due from other governments	-	-
Prepaid items	-	-
TOTAL ASSETS	\$	904,916

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities	\$	-
Accounts payable	-	-
Accrued liabilities	-	-
Deposits	-	-
Advances from other funds	25,700	80,000
Total Liabilities	25,700	984,916
Deferred Inflows of Resources	-	103,252
Property taxes levied for future period	-	916,916
Unavailable revenues	-	-
Total Deferred Inflows of Resources	-	1,020,168
Fund Balances (Deficit)	-	-
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Unassigned (deficit)	(25,469)	(973,613)
Total Fund Balances (deficit)	(25,469)	(973,613)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$	1,031,471

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CITY OF FITCHBURG, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

		Special Revenue Funds		
		Drug Enforcement and Training	Recycling and Refuse Collection	Park Dedication
REVENUES				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	-	6,880	100,095	-
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	9,340	-	-	-
Public charges for services	-	-	824,020	188,429
Investment income	47	-	3,100	7,263
Miscellaneous	72	-	12,714	-
Total Revenues	<u>16,339</u>	<u>16,339</u>	<u>939,929</u>	<u>195,692</u>
EXPENDITURES				
Current				
Public safety	26,263	-	-	-
Public works	-	-	894,955	-
Health and human services	-	-	-	-
Culture, recreation and education	-	-	-	8,129
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>26,263</u>	<u>26,263</u>	<u>894,955</u>	<u>8,129</u>
Excess (deficiency) of revenues over expenditures	<u>(9,924)</u>	<u>(9,924)</u>	<u>44,974</u>	<u>187,563</u>
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	-
Transfers in	-	-	-	25,172
Transfers out	-	-	(2,513)	(299,994)
Total Other Financing Sources (Uses)	<u>(2,513)</u>	<u>(2,513)</u>	<u>(2,513)</u>	<u>(274,822)</u>
Net Change in Fund Balances	<u>(9,924)</u>	<u>(9,924)</u>	<u>42,461</u>	<u>(87,259)</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>20,216</u>	<u>20,216</u>	<u>299,604</u>	<u>1,511,189</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 10,292</u>	<u>\$ 10,292</u>	<u>\$ 342,065</u>	<u>\$ 1,423,930</u>

Total
Nonmajor
Governmental
Funds

\$ 7,273,746
4,767,956
87,770
916,916
4,736
\$ 13,051,124

\$ 1,011,366
41,352
107,344
143,162
1,303,224

4,767,956
917,916
5,685,872

4,736
6,203,866
886,926
(1,033,500)
6,062,028

\$ 13,051,124

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CITY OF FITCHBURG, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

Special Revenue Funds					Capital Project Funds		
	Cable TV	Cemetery	Library Services	Grants and Donations	Municipal Building	TID No. 6	TID No. 7
\$	-	-	\$ 1,663,679	\$ -	\$ -	\$ 2,501,967	\$ 151,164
	-	-	472,681	-	-	79,006	7,408
	332,775	-	-	-	-	-	-
	1,110	3,925	32,621	-	-	-	-
	2,404	58	8,045	-	-	-	-
	159	-	32,424	47,060	-	16,338	2,143
	<u>336,448</u>	<u>3,983</u>	<u>2,209,250</u>	<u>47,060</u>	<u>-</u>	<u>2,597,311</u>	<u>160,715</u>
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	283,822	-	2,164,971	8,607	-	-	-
	-	-	-	6,900	-	-	828
	<u>283,822</u>	<u>-</u>	<u>2,164,971</u>	<u>15,507</u>	<u>-</u>	<u>899,086</u>	<u>828</u>
	52,626	3,983	44,279	31,553	-	1,698,225	159,887
	158	-	-	-	-	-	-
	(126,640)	-	-	11,581	-	(337,263)	-
	<u>(126,482)</u>	<u>-</u>	<u>-</u>	<u>11,581</u>	<u>-</u>	<u>(337,263)</u>	<u>-</u>
	(73,856)	3,983	44,279	43,134	-	1,360,962	159,887
	595,880	10,465	407,912	-	(12,462)	2,417,131	349,464
	<u>\$ 522,024</u>	<u>\$ 14,448</u>	<u>\$ 452,191</u>	<u>\$ 43,134</u>	<u>\$ (12,462)</u>	<u>\$ 3,778,093</u>	<u>\$ 509,351</u>

Capital Project Funds				
	TID No. 8	TID No. 9	TID No. 10	
REVENUES				
Taxes	\$ -	\$ -	\$ -	
Intergovernmental	-	5	-	
Licenses and permits	-	-	-	
Fines, forfeitures and penalties	-	-	-	
Public charges for services	-	-	-	
Investment income	1	33	19	
Miscellaneous	-	-	-	
Total Revenues	<u>6</u>	<u>33</u>	<u>19</u>	
EXPENDITURES				
Current				
Public safety	-	-	-	
Public works	-	-	-	
Health and human services	-	-	-	
Culture, recreation and education	-	-	-	
Capital Outlay	965	945,275	17,803	
Debt Service	-	-	-	
Interest and fiscal charges	-	708	276	
Total Expenditures	<u>965</u>	<u>945,983</u>	<u>18,079</u>	
Excess (deficiency) of revenues over expenditures	<u>(959)</u>	<u>(945,950)</u>	<u>(18,060)</u>	
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	
Transfers in	-	-	-	
Transfers out	-	-	-	
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>(959)</u>	<u>(945,950)</u>	<u>(18,060)</u>	
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(24,510)</u>	<u>(27,663)</u>	<u>(3,896)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (25,469)</u>	<u>\$ (973,613)</u>	<u>\$ (21,956)</u>	

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DRUG ENFORCEMENT AND TRAINING FUND
For the Year Ended December 31, 2016

Continued From
Previous Page

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,360	\$ 7,360	\$ 6,880	\$ (480)
Fines, forfeitures and penalties	13,000	13,000	9,340	(3,660)
Investment income	20	20	47	27
Miscellaneous	-	-	72	72
Total Revenues	<u>20,380</u>	<u>20,380</u>	<u>16,339</u>	<u>(4,041)</u>
EXPENDITURES				
Current				
Public safety	20,000	20,000	26,263	(6,263)
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>26,263</u>	<u>(6,263)</u>
Excess (deficiency) of revenues over expenditures	380	380	(9,924)	(10,304)
FUND BALANCE - Beginning	<u>20,216</u>	<u>20,216</u>	<u>20,216</u>	<u>-</u>
FUND BALANCE - ENDING	\$ <u>20,596</u>	\$ <u>20,596</u>	\$ <u>10,292</u>	\$ <u>(10,304)</u>

Total Nonmajor Governmental Funds	
\$ 4,316,810	
665,975	
332,775	
9,340	
1,050,005	
39,451	
92,429	
<u>6,506,785</u>	

26,263	
894,955	
8,607	
2,463,822	
1,863,957	
984	
<u>5,258,588</u>	
1,248,197	

158	
36,753	
(766,410)	
<u>(729,499)</u>	
518,698	
5,543,330	
<u>\$ 6,062,028</u>	

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - RECYCLING & REFUSE COLLECTION FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 81,650	\$ 81,650	\$ 100,095	\$ 18,445
Public charges for services	816,762	816,762	824,020	7,258
Investment income	1,000	1,000	3,100	2,100
Miscellaneous	12,100	12,100	12,714	614
Total Revenues	911,512	911,512	939,929	28,417
EXPENDITURES				
Current				
Public works	906,957	906,957	894,955	12,002
Total Expenditures	906,957	906,957	894,955	12,002
Excess of revenues over expenditures	4,555	4,555	44,974	40,419
OTHER FINANCING USES				
Transfers out	(2,513)	(2,513)	(2,513)	-
Total Other Financing Uses	(2,513)	(2,513)	(2,513)	-
Net Change in Fund Balance	2,042	2,042	42,461	40,419
FUND BALANCE - Beginning	299,604	299,604	299,604	-
FUND BALANCE - ENDING	\$ 301,646	\$ 301,646	\$ 342,065	\$ 40,419

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - PARK DEDICATION FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ -	\$ -	\$ 188,429	\$ 188,429
Investment income	-	-	7,263	7,263
Total Revenues	-	-	195,692	195,692
EXPENDITURES				
Current				
Culture, recreation, and education	35,000	35,000	8,129	26,871
Total Expenditures	35,000	35,000	8,129	26,871
Excess (deficiency) of revenues over expenditures	(35,000)	(35,000)	187,563	222,563
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,172	25,172
Transfers out	-	(108,905)	(299,994)	(191,089)
Total Other Financing Sources (Uses)	-	(108,905)	(274,822)	(165,917)
Net Change in Fund Balance	(35,000)	(143,905)	(87,259)	56,646
FUND BALANCE - Beginning	1,511,189	1,511,189	1,511,189	-
FUND BALANCE - ENDING	\$ 1,476,189	\$ 1,367,284	\$ 1,423,930	\$ 56,646

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CABLE TV FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 317,000	\$ 317,000	\$ 332,775	\$ 15,775
Public charges for services	3,500	3,500	1,110	(2,390)
Investment income	400	400	2,404	2,004
Miscellaneous	75	75	159	84
Total Revenues	<u>320,975</u>	<u>320,975</u>	<u>336,448</u>	<u>15,473</u>
EXPENDITURES				
Current				
Culture, recreation, and education	276,890	299,890	283,822	16,068
Total Expenditures	<u>276,890</u>	<u>299,890</u>	<u>283,822</u>	<u>16,068</u>
Excess of revenues over expenditures	44,085	21,085	52,626	31,541
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	158	158
Transfers out	(105,000)	(126,640)	(126,640)	-
Total Other Financing Sources (Uses)	<u>(105,000)</u>	<u>(126,640)</u>	<u>(126,482)</u>	<u>158</u>
Net Change in Fund Balance	(60,915)	(105,555)	(73,856)	31,699
FUND BALANCE - Beginning	595,880	595,880	595,880	-
FUND BALANCE - ENDING	<u>\$ 534,965</u>	<u>\$ 490,325</u>	<u>\$ 522,024</u>	<u>\$ 31,699</u>

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,663,679	\$ 1,663,679	\$ 1,663,679	\$ -
Intergovernmental	444,449	444,449	472,581	28,132
Public charges for services	26,150	26,150	32,521	6,371
Investment income	3,900	3,900	8,045	4,145
Miscellaneous	20,850	20,850	32,424	11,574
Total Revenues	<u>2,159,028</u>	<u>2,159,028</u>	<u>2,209,250</u>	<u>50,222</u>
EXPENDITURES				
Current				
Culture, recreation, and education	2,159,028	2,159,028	2,164,971	(5,943)
Total Expenditures	<u>2,159,028</u>	<u>2,159,028</u>	<u>2,164,971</u>	<u>(5,943)</u>
Excess of revenues over expenditures	-	-	44,279	44,279
FUND BALANCE - Beginning	407,912	407,912	407,912	-
FUND BALANCE - ENDING	<u>\$ 407,912</u>	<u>\$ 407,912</u>	<u>\$ 452,191</u>	<u>\$ 44,279</u>

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TID NO 6 FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,339,000	\$ 2,339,000	\$ 2,501,967	\$ 162,967
Intergovernmental	14,000	14,000	79,006	65,006
Investment income	2,000	2,000	16,338	14,338
Total Revenues	2,355,000	2,355,000	2,597,311	242,311
EXPENDITURES				
Capital outlay	2,310,858	2,310,858	899,086	1,411,772
Total Expenditures	2,310,858	2,310,858	899,086	1,411,772
Excess (deficiency) of revenues over expenditures	44,142	44,142	1,698,225	1,654,083
OTHER FINANCING USES				
Transfers out	(337,263)	(337,263)	(337,263)	-
Total Other Financing Uses	(337,263)	(337,263)	(337,263)	-
Net Change in Fund Balance	(293,121)	(293,121)	1,360,962	1,654,083
FUND BALANCE - Beginning	2,417,131	2,417,131	2,417,131	-
FUND BALANCE - ENDING	\$ 2,124,010	\$ 2,124,010	\$ 3,778,093	\$ 1,654,083

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TID NO 7 FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 143,196	\$ 143,196	\$ 151,164	\$ 7,968
Intergovernmental	8,000	8,000	7,408	(592)
Investment income	500	500	2,143	1,643
Total Revenues	151,696	151,696	160,715	9,019
EXPENDITURES				
Capital Outlay	1,000	1,000	828	172
Total Expenditures	1,000	1,000	828	172
Excess of revenues over expenditures	150,696	150,696	159,887	9,191
FUND BALANCE - Beginning	349,464	349,464	349,464	-
FUND BALANCE - ENDING	\$ 500,160	\$ 500,160	\$ 509,351	\$ 9,191

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TID NO 8 FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 10	\$ 10	\$ 5	(5)
Investment income	-	-	1	1
Total Revenues	10	10	6	(4)
EXPENDITURES				
Capital Outlay	400	400	965	(565)
Total Expenditures	400	400	965	(565)
Excess (deficiency) of revenues over expenditures	(390)	(390)	(959)	(569)
FUND BALANCE (DEFICIT) - Beginning	(24,510)	(24,510)	(24,510)	-
FUND BALANCE (DEFICIT) - ENDING	\$ (24,900)	\$ (24,900)	\$ (25,469)	\$ (569)

CITY OF FITCHBURG, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TID NO 9 FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 33	33
Total Revenues	-	-	33	33
EXPENDITURES				
Capital Outlay	1,765,000	1,765,000	945,275	819,725
Debt Service	-	-	708	(708)
Interest and fiscal charges	-	-	945,983	819,017
Total Expenditures	1,765,000	1,765,000	945,983	819,017
Excess (deficiency) of revenues over expenditures	(1,765,000)	(1,765,000)	(945,950)	819,050
FUND BALANCE (DEFICIT) - Beginning	(27,663)	(27,663)	(27,663)	-
FUND BALANCE (DEFICIT) - ENDING	\$ (1,792,663)	\$ (1,792,663)	\$ (973,613)	\$ 819,050

City of Fitchburg, Wisconsin
Statistical Section
Table of Contents

This section of the City of Fitchburg's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial condition through multi-year comparative data.

Contents

Financial Trends - Schedules 1 - 4

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity - Schedules 5 - 8

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

Debt Capacity - Schedules 9 - 12

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information - Schedules 13 & 14

These schedules provide demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time with other governments.

Operating Information - Schedules 15 - 17

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

CITY OF FITCHBURG, WISCONSIN, WISCONSIN

STATEMENT OF CASH FLOWS
COMPONENT UNIT

For the Year Ended December 31, 2016

		Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 336,441	
Paid to suppliers for goods and services	(280,667)	
Net Cash Flows From Operating Activities	55,774	
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	6,750	
Net Cash Flows From Investing Activities	6,750	
Net Change in Cash and Cash Equivalents	62,524	
CASH AND CASH EQUIVALENTS - Beginning of Year	657,253	
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 719,777	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 45,550	
Nonoperating revenue	6,793	
Changes in assets and liabilities	16,715	
Accounts receivables	7,995	
Prepays	(21,279)	
Accounts payable	(21,279)	
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 55,774	
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
None		

City of Fitchburg, Wisconsin

Table 1 - Net Position by Category
Last Ten Years
(accrual basis of accounting)

	2016		2015		2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Governmental Activities										
Net Investment in Capital Assets	\$ 62,363,768	72.8%	\$ 60,626,176	77.8%	\$ 63,461,581	96.3%	\$ 51,664,883	92.3%	\$ 45,915,944	90.8%
Restricted	13,480,270	15.7%	12,928,873	16.6%	5,773,293	8.8%	6,227,641	11.1%	5,450,356	10.8%
Unrestricted	9,887,620	11.5%	4,325,315	5.6%	(3,346,395)	-5.1%	(1,886,694)	-3.4%	(809,909)	-1.6%
Total Governmental Activities	85,731,658	100.0%	77,880,364	100.0%	65,888,479	100.0%	56,005,830	100.0%	50,556,391	100.0%
Business-Type Activities										
Net Investment in Capital Assets	55,741,112	91.3%	53,547,126	90.3%	51,117,061	90.8%	48,376,833	92.0%	48,119,904	93.8%
Restricted	513,230	0.8%	284,056	0.5%	260,949	0.5%	103,713	0.2%	-	0.0%
Unrestricted	4,845,635	7.9%	5,444,202	9.2%	4,865,786	8.7%	4,081,923	7.8%	3,158,459	6.2%
Total Business-Type Activities	61,099,977	100.0%	59,275,384	100.0%	56,243,796	100.0%	52,562,469	100.0%	51,278,363	100.0%
Primary Government										
Net Investment in Capital Assets	115,688,720 (1)	78.6%	111,443,166 (1)	81.3%	111,599,665 (1)	91.4%	96,855,440 (1)	89.2%	90,332,252 (1)	88.7%
Restricted	13,993,500	9.5%	13,212,929	9.6%	6,034,242	4.9%	6,331,354	5.8%	5,450,356	5.4%
Unrestricted	17,149,415 (1)	11.7%	12,499,653 (1)	9.1%	4,498,368 (1)	3.7%	5,381,505 (1)	5.0%	6,023,146 (1)	5.9%
Total Primary Government	146,831,635	100.0%	137,155,748	100.0%	122,132,275	100.0%	108,568,299	100.0%	101,805,754	100.0%
Governmental Activities										
Net Investment in Capital Assets	\$ 43,510,847	84.1%	\$ 41,471,524	79.6%	\$ 42,067,744	83.4%	\$ 41,693,164	81.9%	\$ 37,072,032	78.2%
Restricted	5,160,984	10.0%	2,354,964	4.5%	1,803,033	3.6%	3,099,860	6.1%	2,969,138	6.3%
Unrestricted	3,031,475	5.9%	8,266,312	15.9%	6,531,256	13.0%	6,106,173	12.0%	7,327,128	15.5%
Total Governmental Activities	51,703,306	100.0%	52,092,800	100.0%	50,402,033	100.0%	50,899,197	100.0%	47,368,298	100.0%
Business-Type Activities										
Net Investment in Capital Assets	44,517,323	94.9%	45,169,405	97.3%	45,496,277	98.1%	45,772,755	99.6%	43,841,424	97.0%
Restricted	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Unrestricted	2,403,020	5.1%	1,235,186	2.7%	872,240	1.9%	205,910	0.4%	1,375,164	3.0%
Total Business-Type Activities	46,920,343	100.0%	46,404,591	100.0%	46,368,517	100.0%	45,978,665	100.0%	45,216,588	100.0%
Primary Government										
Net Investment in Capital Assets	86,878,170 (1)	88.1%	85,490,929 (1)	86.8%	86,414,021 (1)	89.3%	87,465,919	90.3%	80,913,456	87.4%
Restricted	5,160,984	5.2%	2,354,964	2.4%	1,803,033	1.9%	3,099,860	3.2%	2,969,138	3.2%
Unrestricted	6,584,495 (1)	6.7%	10,651,498 (1)	10.8%	8,553,496 (1)	8.8%	6,312,083	6.5%	8,702,292	9.4%
Total Primary Government	98,623,649	100.0%	98,497,391	100.0%	96,770,550	100.0%	96,877,862	100.0%	92,584,886	100.0%

Notes:

(1) Adjustment made to primary government net position totals for capital assets owned by the business-type activities but financed by the governmental activities. See Note I.D.

City of Fitchburg, Wisconsin
Table 2 - Changes in Net Position
Last Ten Years
 (accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
General Government	\$ 4,214,796	\$ 3,871,581	\$ 3,219,898	\$ 4,194,646	\$ 3,712,572	\$ 4,171,270	\$ 3,873,747	\$ 4,034,316	\$ 2,861,851	\$ 2,883,921
Public Safety	11,611,091	10,335,633	10,957,835	9,707,764	9,934,613	9,848,882	9,592,990	8,980,115	8,047,421	8,108,309
Public Works	5,943,845	6,847,114	11,334,075	6,143,365	6,696,726	4,123,594	5,284,437	6,600,907	6,362,380	4,002,772
Health and Human Services	452,309	473,545	419,820	400,169	405,611	392,272	372,777	360,097	355,895	340,423
Culture, Education, and Recreation	3,876,686	4,020,494	3,524,529	3,919,726	3,766,584	5,034,454	1,610,606	1,362,914	1,384,345	1,291,522
Conservation and Development	3,283,485	1,014,751	1,311,610	55,856	5,091,478	3,786,905	1,579,305	1,412,117	881,546	413,627
Interest and Fiscal Charges	1,060,455	989,630	1,011,119	1,085,047	1,024,447	882,357	862,136	548,404	436,703	593,764
Total Governmental Activities	30,422,667	27,552,748	31,778,886	25,506,573	30,632,031	28,239,734	23,115,998	23,298,970	20,330,141	17,634,338
Business-Type Activities										
Water Utility	1,732,204	2,067,801	1,576,951	1,593,790	-	-	-	-	-	1,445,621
Sewer Utility	2,578,738	2,256,787	2,234,661	2,172,957	-	-	-	-	-	1,486,346
Utility District No. 1					3,538,650	3,342,005	3,421,216	3,207,776	3,080,656	-
Stormwater Utility	993,407	958,835	902,526	1,032,225	818,578	843,985	812,722	823,359	799,762	784,684
Total Business-Type Activities	5,304,349	5,281,423	4,714,138	4,798,972	4,357,228	4,185,990	4,233,938	4,031,135	3,880,418	3,716,651
Total Primary Government	\$ 35,727,016	\$ 32,834,171	\$ 36,493,024	\$ 30,305,545	\$ 34,989,259	\$ 32,425,724	\$ 27,349,936	\$ 27,330,005	\$ 24,210,559	\$ 21,350,989
Program Revenues										
Governmental Activities										
Charges for Services	\$ 739,032	\$ 551,308	\$ 505,508	\$ 479,105	\$ 546,264	\$ 91,000	\$ 78,971	\$ 85,786	\$ 98,751	\$ 130,201
General Government	446,128	679,530	488,171	480,779	428,565	889,267	815,662	902,940	951,405	924,624
Public Safety	840,560	804,677	833,943	779,170	771,541	715,641	733,364	692,037	754,936	748,483
Culture, Education, and Recreation	484,546	442,313	1,003,541	331,859	248,933	160,004	157,660	160,359	147,413	161,718
Other Activities	43,602	60,483	46,401	40,389	39,920	44,542	65,442	25,785	37,963	46,849
Operating Grants and Contributions	2,254,765	2,115,694	1,937,917	1,709,573	1,776,574	1,150,289	1,150,289	1,184,796	1,234,786	1,074,515
Capital Grants and Contributions	2,687,644	3,599,522	10,998,263	2,711,549	4,261,364	1,530,803	1,107,091	955,059	2,830,504	2,769,985
Total Governmental Activities	7,496,277	8,553,527	15,813,744	6,532,434	8,073,161	5,125,441	4,108,479	4,006,762	6,055,758	5,856,375
Business-Type Activities										
Charges for Services	2,539,352	2,229,284	2,229,520	2,215,653	-	-	-	-	-	1,851,866
Water Utility	2,374,224	2,282,454	2,250,576	2,148,958	-	-	-	-	-	1,565,857
Sewer Utility					4,436,598	4,001,334	3,737,204	3,534,962	3,411,001	-
Utility District No. 1					980,580	903,795	839,242	751,964	756,557	684,605
Stormwater Utility	1,126,026	1,102,836	1,083,515	1,041,100	1,229,477	279,833	193,740	548,500	1,212,246	1,754,839
Operating Grants and Contributions	1,674,275	3,044,423	2,018,146	1,102,373	1,229,477	903,795	4,770,186	4,835,426	5,379,804	5,857,167
Capital Grants and Contributions	7,713,877	8,658,397	7,581,757	6,508,084	6,646,655	5,184,962	4,770,186	4,835,426	5,379,804	5,857,167
Total Business-Type Activities	15,210,154	16,912,524	23,395,501	13,040,518	14,719,816	10,310,403	8,878,665	8,842,188	11,435,562	11,713,542
Total Primary Government	\$ 22,926,390	\$ 19,299,221	\$ 15,965,142	\$ 18,974,139	\$ 22,558,870	\$ 23,114,293	\$ 19,007,519	\$ 19,292,108	\$ 14,274,383	\$ 11,777,963
Net (Expense) Revenue	2,409,528	3,377,574	2,867,619	1,709,112	2,289,427	998,972	536,248	804,291	1,499,386	2,140,516
Governmental Activities	(20,516,862)	(15,921,647)	(13,097,523)	(17,265,027)	(20,269,443)	(22,115,321)	(18,471,271)	(18,487,817)	(12,774,997)	(9,637,447)
Business-Type Activities	26,483,919	23,154,063	22,794,685	20,833,535	20,455,378	19,688,989	16,874,220	16,020,566	14,794,784	13,022,455
Other	4,293,765	4,016,688	3,053,106	3,619,043	927,577	3,035,810	3,824,066	2,774,378	3,010,498	3,302,992
Total Governmental Activities	30,777,684	27,170,751	25,847,791	24,452,578	21,382,955	22,724,799	20,698,286	18,794,944	17,805,282	16,325,447
Business-Type Activities	(684,935)	(551,233)	813,708	(425,006)	2,068,593	(483,220)	(500,174)	(414,439)	(357,573)	(314,758)
Total Primary Government	\$ 30,192,749	\$ 26,619,518	\$ 26,661,499	\$ 24,027,572	\$ 23,451,548	\$ 22,241,579	\$ 20,198,112	\$ 18,380,505	\$ 17,447,709	\$ 16,010,689
Total Change in Net Position										
Governmental Activities	\$ 7,651,294	\$ 7,871,530	\$ 9,882,649	\$ 5,478,439	\$ (1,175,915)	\$ (389,494)	\$ 1,680,767	\$ (497,164)	\$ 3,530,899	\$ 4,547,484
Business-Type Activities	1,824,593	2,826,341	3,681,327	1,284,106	4,358,020	515,752	36,074	389,852	1,141,813	1,825,758
Total Primary Government	\$ 9,675,887	\$ 10,697,871	\$ 13,563,976	\$ 6,762,545	\$ 3,182,105	\$ 126,258	\$ 1,726,841	\$ (107,312)	\$ 4,672,712	\$ 6,373,242

City of Fitchburg, Wisconsin

Table 3 - Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

General Fund	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Post-GASB 54 Categories										
Nonspendable	\$ 385,407	\$ 405,800	\$ 311,438	\$ 329,353	\$ 305,005	\$ 332,323	\$ -	\$ -	\$ -	\$ -
Restricted	56,484	53,539	53,255	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,087,438	1,974,201	1,867,236	694,840	681,987	633,730	-	-	-	-
Unassigned	5,978,234	5,207,357	4,538,150	4,880,303	4,630,165	4,258,986	-	-	-	-
Pre-GASB 54 Categories										
Reserved	-	-	-	-	-	-	853,840	753,719	2,507,704	2,234,423
Designated	-	-	-	-	-	-	105,000	90,000	90,000	349,285
Undesignated	-	-	-	-	-	-	4,234,005	4,547,014	2,244,616	2,196,320
Total General Fund	7,507,563	7,640,897	6,770,079	5,904,496	5,617,157	5,225,039	5,192,845	5,390,733	4,842,320	4,780,028
All Other Governmental Funds										
Post-GASB 54 Categories										
Nonspendable	2,055,657	1,017,118	1,070,574	1,133,723	3,134	3,217	-	-	-	-
Restricted	15,631,826	10,905,887	6,180,758	7,960,573	8,243,629	8,314,261	-	-	-	-
Committed	886,926	924,662	821,650	757,366	743,069	826,706	-	-	-	-
Assigned	4,923,305	1,898,822	138,815	1,049,006	4,734,644	1,625,192	-	-	-	-
Unassigned/(Deficit)	(1,033,500)	(68,531)	(1,878,297)	(36,452)	(39,270)	(79,102)	-	-	-	-
Pre-GASB 54 Categories										
Reserved	-	-	-	-	-	-	9,242,300	2,643,866	2,177,490	1,148,497
Designated	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	5,723,729	10,479,092	3,194,476	5,860,156
Total Other Governmental Funds	22,464,214	14,677,958	6,333,500	10,864,216	13,685,206	10,690,274	14,966,029	13,122,958	5,371,966	7,008,653
Total Governmental Funds	\$ 29,971,777	\$ 22,318,855	\$ 13,103,579	\$ 16,768,712	\$ 19,302,363	\$ 15,915,313	\$ 20,158,874	\$ 18,513,691	\$ 10,214,286	\$ 11,788,681
Notes:										
(1) The City implement GASB #54 in 2011, which resulted in new fund balance categories. Prior years have not been restated.										

City of Fitchburg, Wisconsin
Table 4 - Changes in Fund Balances of Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 26,483,919	\$ 23,154,063	\$ 22,832,142	\$ 20,872,258	\$ 20,495,750	\$ 19,728,476	\$ 16,952,782	\$ 16,085,762	\$ 14,865,168	\$ 13,060,323
Intergovernmental	4,290,824	4,018,382	5,572,311	3,561,861	4,041,750	3,748,154	2,564,925	2,910,337	1,980,224	2,292,302
Licenses and Permits	1,154,537	1,225,550	960,557	870,164	821,365	552,148	524,650	470,730	584,981	725,149
Fines, Forfeitures, and Penalties	232,298	326,402	284,380	303,297	314,120	288,845	305,846	418,918	283,072	285,394
Public Charges for Services	1,363,146	1,266,516	1,884,479	1,153,002	1,055,426	923,930	943,121	915,068	945,513	941,772
Special Assessments	194,832	223,762	202,637	99,191	42,677	70,230	50,326	68,641	49,545	91,239
Investment Income	257,761	200,208	358,024	(62,888)	277,798	176,789	221,737	346,972	587,203	903,283
Intergovernmental Charges for Service	1,992	84,790	91,579	261,246	280,251	212,156	143,438	146,438	128,675	123,964
Miscellaneous	1,015,708	1,046,697	1,288,564	1,161,651	1,260,171	1,997,391	1,631,252	806,815	889,969	627,622
Total Revenues	<u>34,995,017</u>	<u>31,546,370</u>	<u>33,474,673</u>	<u>28,219,782</u>	<u>28,589,308</u>	<u>27,698,119</u>	<u>23,338,100</u>	<u>22,169,681</u>	<u>20,314,350</u>	<u>19,051,048</u>
Expenditures										
General Government	3,076,264	3,288,940	3,281,529	3,094,802	3,202,117	3,272,931	3,092,896	3,043,454	2,744,613	2,418,100
Public Safety	10,352,561	9,659,217	9,352,979	9,117,655	9,300,777	9,049,363	8,740,223	8,353,891	7,893,095	7,517,120
Public Works	2,991,602	2,890,147	2,974,789	2,895,458	2,666,824	2,594,961	2,553,795	2,410,511	2,875,158	2,282,002
Health and Human Services	516,357	467,098	403,668	383,175	380,598	367,974	367,967	345,578	342,713	328,248
Culture, Education, and Recreation	3,700,636	3,519,171	3,354,690	3,233,577	3,295,936	2,981,085	1,358,447	1,155,323	1,055,140	1,015,408
Conservation and Development	571,480	555,654	497,879	470,767	458,292	484,560	591,727	486,452	419,869	360,369
Capital Outlay	11,099,099	6,252,430	13,272,961	8,692,032	19,650,936	17,100,277	10,613,367	7,036,828	4,804,541	2,258,327
Debt Service										
Principal	4,410,000	3,732,170	3,570,164	3,318,234	7,856,786	2,174,782	1,861,010	1,340,235	1,753,406	2,596,359
Interest and Fiscal Charges	1,276,750	1,170,472	1,028,711	1,276,787	1,416,162	1,133,149	583,254	454,421	433,157	550,243
Total Expenditures	<u>37,994,749</u>	<u>31,535,299</u>	<u>37,737,370</u>	<u>32,482,487</u>	<u>48,226,428</u>	<u>39,170,902</u>	<u>29,762,886</u>	<u>24,626,693</u>	<u>22,321,692</u>	<u>19,326,176</u>
Revenues Over/(Under) Expenditures	<u>(2,999,732)</u>	<u>11,071</u>	<u>(4,262,697)</u>	<u>(4,262,705)</u>	<u>(19,637,120)</u>	<u>(11,472,783)</u>	<u>(6,424,586)</u>	<u>(2,457,012)</u>	<u>(2,007,342)</u>	<u>(275,128)</u>
Other Financing Sources/(Uses)										
Debt Issued	9,700,000	8,325,000	-	1,040,000	22,045,000	6,585,000	7,545,000	10,295,000	-	1,360,000
Premium on Debt Issued	201,679	190,066	-	-	462,526	100,492	-	-	-	-
Property Sales	113,152	71,938	7,613	84,214	-	-	-	-	-	-
Transfers In	3,963,215	2,171,204	1,724,029	2,108,302	1,069,068	1,410,411	1,497,662	1,165,238	767,185	1,114,034
Transfers Out	(3,325,392)	(1,554,003)	(1,134,078)	(1,503,462)	(552,424)	(866,681)	(972,893)	(703,821)	(334,238)	(709,777)
Total Other Financing Sources/(Uses)	<u>10,652,654</u>	<u>9,204,205</u>	<u>597,564</u>	<u>1,729,054</u>	<u>23,024,170</u>	<u>7,229,222</u>	<u>8,069,769</u>	<u>10,756,417</u>	<u>432,947</u>	<u>1,764,257</u>
Net Change in Fund Balances	<u>\$ 7,652,922</u>	<u>\$ 9,215,276</u>	<u>\$ (3,665,133)</u>	<u>\$ (2,533,651)</u>	<u>\$ 3,387,050</u>	<u>\$ (4,243,561)</u>	<u>\$ 1,645,183</u>	<u>\$ 8,299,405</u>	<u>\$ (1,574,395)</u>	<u>\$ 1,489,129</u>
Debt Service as a Percentage of Noncapital Expenditures	18.0%	19.0%	19.0%	17.9%	23.6%	11.9%	10.7%	8.1%	10.9%	17.4%
Capital Expenditures as a Percentage of Total Expenditures	16.7%	18.0%	35.9%	21.2%	18.4%	29.1%	23.4%	10.3%	10.4%	6.7%

City of Fitchburg, Wisconsin

Table 5 - Assessed and Estimated Actual Value of Taxable Property ⁽¹⁾
Last Ten Years

	2016		2015		2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Property Assessed Value ⁽²⁾	\$ 1,655,989,900	62.3%	\$ 1,640,615,000	63.3%	\$ 1,618,483,400	64.4%	\$ 1,626,712,500	66.4%	\$ 1,630,129,500	66.7%
Residential	697,653,200	26.2%	656,597,400	25.3%	626,927,300	24.9%	593,346,400	24.2%	585,628,900	24.0%
Commercial	212,455,400	8.0%	207,412,200	8.0%	181,336,300	7.2%	141,180,500	5.8%	129,489,500	5.3%
Manufacturing	19,837,600	0.7%	18,676,400	0.7%	17,949,500	0.7%	18,245,300	0.7%	18,387,600	0.8%
Other	2,585,936,100	97.3%	2,523,301,000	97.3%	2,444,686,500	97.2%	2,379,484,700	97.1%	2,363,635,500	96.7%
Subtotal Real Property										
Personal Property Assessed Value ⁽²⁾	72,035,430	2.7%	69,497,500	2.7%	69,871,900	2.8%	70,751,000	2.9%	80,510,500	3.3%
Total Taxable Assessed Value	\$ 2,657,971,530	100.0%	\$ 2,592,798,500	100.0%	\$ 2,514,568,400	100.0%	\$ 2,450,235,700	100.0%	\$ 2,444,146,000	100.0%
Total City Direct Tax Rate ⁽³⁾	\$ 8.29		\$ 7.95		\$ 7.84		\$ 7.56		\$ 7.58	
Estimated Actual Taxable Value ⁽⁴⁾	2,711,401,700		2,623,964,200		2,503,773,000		2,447,132,400		2,489,764,900	
Assessed Value as a Percentage of Actual Value ⁽⁵⁾	98.0%		98.8%		100.4%		100.1%		98.2%	

	2011		2010		2009		2008		2007	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Property Assessed Value ⁽²⁾	\$ 1,628,679,100	61.3%	\$ 1,638,425,800	63.2%	\$ 1,622,892,500	64.5%	\$ 1,571,047,900	64.1%	\$ 1,490,681,900	61.0%
Residential	622,700,300	23.4%	647,691,200	25.0%	631,160,800	25.1%	630,188,100	25.7%	568,029,700	23.2%
Commercial	130,182,200	4.9%	134,752,800	5.2%	131,716,000	5.2%	107,442,100	4.4%	94,913,300	3.9%
Manufacturing	19,135,600	0.7%	19,132,300	0.7%	19,038,400	0.8%	18,603,200	0.8%	18,694,000	0.8%
Other	2,400,697,200	90.3%	2,440,002,100	94.1%	2,404,807,700	95.6%	2,327,281,300	95.0%	2,172,318,900	88.9%
Subtotal Real Property										
Personal Property Assessed Value ⁽²⁾	89,329,600	3.4%	99,790,699	3.8%	91,332,490	3.6%	82,910,740	3.4%	86,436,120	3.5%
Total Taxable Assessed Value	\$ 2,490,026,800	93.7%	\$ 2,539,792,799	97.9%	\$ 2,496,140,190	99.2%	\$ 2,410,192,040	98.4%	\$ 2,258,755,020	92.4%
Total City Direct Tax Rate ⁽³⁾	\$ 7.13		\$ 5.95		\$ 5.84		\$ 5.68		\$ 5.61	
Estimated Actual Taxable Value ⁽⁴⁾	2,524,627,800		2,582,226,200		2,582,601,801		2,557,266,700		2,296,882,600	
Assessed Value as a Percentage of Actual Value ⁽⁵⁾	98.6%		98.4%		96.7%		94.2%		98.3%	

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Assessed values are prepared by the City of Fitchburg Assessor.
- (3) Tax rates are expressed in rate per \$1,000 in assessed value.
- (4) Estimated actual values (equalized values) are prepared by the Wisconsin Department of Revenue, Bureau of Property Tax and include TID values.
- (5) The Wisconsin Department of Revenue does not consider any amendments to the Statement of Assessment when calculating the equalized ratio. Therefore, the percentage of actual value calculated above may differ slightly from what was printed on the tax bills.

City of Fitchburg, Wisconsin

Table 6 - Property Tax Rates - Direct and Overlapping Governments ⁽¹⁾
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Direct Rates:										
General Fund	\$ 5.775	\$ 5.337	\$ 5.505	\$ 5.412	\$ 5.321	\$ 5.008	\$ 4.910	\$ 4.765	\$ 4.482	\$ 4.164
Library Fund	0.697	0.658	0.668	0.659	0.648	0.681	0.055	0.025	-	-
Debt Service Fund	1.513	1.484	1.379	1.220	1.188	1.049	0.575	0.612	0.844	1.030
Capital Projects Fund	0.303	0.470	0.287	0.268	0.419	0.389	0.415	0.439	0.354	0.418
Total City Rate ⁽²⁾	8.288	7.949	7.839	7.559	7.576	7.127	5.955	5.841	5.680	5.612
Overlapping Rates ⁽³⁾:										
Dane County	3.209	3.155	3.104	3.001	2.922	2.753	2.907	2.771	2.843	2.783
State of Wisconsin	0.173	0.172	0.169	0.169	0.173	0.172	0.173	0.176	0.180	0.179
Madison College	0.946	0.945	1.833	1.813	1.741	1.495	1.335	1.254	1.272	1.233
School Districts ⁽⁴⁾										
Madison Schools	12.316	12.089	11.717	11.502	11.354	11.218	10.360	10.144	10.420	10.183
Oregon Schools	11.906	12.122	12.319	12.183	12.164	11.894	11.137	10.876	11.662	10.284
Verona Schools	12.364	12.181	12.328	12.762	12.544	12.440	11.898	11.999	11.649	12.075
Less: State School Tax Credit	(1.942)	(1.719)	(1.770)	(1.808)	(1.831)	(1.835)	(1.855)	(1.903)	(1.751)	(1.592)
Totals by School District:										
Madison Schools	22.990	22.591	22.892	22.236	21.935	20.930	18.875	18.283	18.644	18.398
Oregon Schools	22.580	22.624	23.494	22.917	22.745	21.606	19.652	19.015	19.886	18.499
Verona Schools	23.039	22.683	23.503	23.496	23.125	22.152	20.413	20.138	19.873	20.290

Notes:

(1) Information presented in the year for which taxes were levied.

(2) Effective for 2006 and 2007 budgets, each taxing jurisdiction is subject to levy limits of 2% or net new construction, whichever is greater. Effective 2008 and 2009 budget, levy limit was 3.86% or net new construction, whichever is greater. Effective for 2010 and 2011 budgets, the state extended levy limits for an additional two years at 3% or net new construction, whichever is greater, and allowed the carryforward of the previous two years' unused levy limit capacity. Effective for 2012, 2013, 2014, and 2015 budgets, the state extended levy limits for an additional two years at 0% or net new construction, whichever is greater, and allowed the carryforward of the previous two years' unused levy limit capacity.

(3) Overlapping rates are those of local, county, and state governments that apply to property owners within the City.

(4) Not all overlapping rates apply to all City property owners. The rates for school districts apply only to the portion of the City's property owners whose property is located within the geographic boundaries of the school district.

Source: City of Fitchburg's Treasurer's Office

City of Fitchburg, Wisconsin

Table 7 - Principal Taxpayers ⁽¹⁾
Current Year and Nine Years Ago

Taxpayer	Taxes Payable 2016			Taxes Payable 2007		
	Taxable Assessed Value ⁽²⁾	% of Total Taxable Assessed Value	Rank	Taxable Assessed Value ⁽²⁾	Rank	% of Total Taxable Assessed Value
Promega Corp	\$ 137,680,400	5.2%	1	\$ 28,723,400	2	1.3%
Sub Zero/Wolf	48,070,800	1.8%	2	39,927,000	1	1.8%
Target Corp	16,690,600	0.6%	3			
Certco	16,235,100	0.6%	4	19,636,900	5	0.9%
Hlyvee	16,139,300	0.6%	5			
Thermo Electron	15,615,900	0.6%	6			
Placon Corp	12,807,800	0.5%	7	10,669,600	8	0.5%
CDW	11,409,700	0.4%	8			
Tri-North Builders	7,355,400	0.3%	9			
General Beverage	6,808,400	0.3%	10			
New Fountains Partnership				21,189,750	4	0.9%
Realty Income Corp				15,396,930	6	0.7%
Big Ten Partners				22,680,000	3	1.0%
Valley View Apartments				12,679,800	7	0.6%
Hatchery Hill Properties				10,425,000	9	0.5%
Hatchery Hill Partners				10,255,000	10	0.5%
Total Principal Taxpayers	288,813,400	10.9%		191,583,380		8.5%
All Other Taxpayers	2,369,158,130	89.1%		2,067,171,640		91.5%
Total	\$ 2,657,971,530	100.0%		\$ 2,258,755,020		100.0%

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Assessed values include real and personal property.

City of Fitchburg, Wisconsin

Table 8 - Property Tax Levies and Collections
Last Ten Years ⁽¹⁾

Year	Total Tax Levy ⁽²⁾		Collected Within the Year of the Levy ⁽³⁾		Collections in Subsequent Years ⁽⁴⁾	Total Collections to Date	
	Amount	% of Levy	Amount	% of Levy		Amount	% of Levy
2016	\$ 27,584,921		\$ 27,548,422	99.9%	n/a	\$ 27,548,422	99.9%
2015	24,187,218		24,169,240	99.9%	\$ 14,149	24,173,069	99.9%
2014	23,963,313		23,941,368	99.9%	13,815	23,949,498	99.9%
2013	21,711,680		21,648,014	99.7%	43,249	21,668,431	99.8%
2012	21,460,340		21,395,413	99.7%	17,137	21,443,203	99.9%
2011	20,532,537		20,455,175	99.6%	50,793	20,481,744	99.8%
2010	17,799,728		17,690,573	99.4%	4,350	17,795,378	100.0%
2009	16,830,413		16,763,997	99.6%	3,671	16,826,742	100.0%
2008	16,121,992		16,049,483	99.6%	3,511	16,118,481	100.0%
2007	14,330,451		14,229,396	99.3%	13,770	14,316,681	99.9%

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Total tax levy includes only the City portion of tax levy, TID increment, special assessments and charges, all omitted taxes for prior years, and correction of errors.
- (3) The City collects only the first installment of the real estate taxes through January 31. Real estate taxes are then turned-over to the Dane County Treasurer for collection after January 31 of the fiscal year.
- (4) Responsibility for the collection of delinquent personal property taxes remains with the City. Collection of delinquent special assessments is performed by the County with remittances to the City as they are collected. Collections in subsequent years include payments received by the City for delinquent personal property taxes and delinquent special assessments.
- (5) Amounts corrected and restated from prior year's table.

City of Fitchburg, Wisconsin

Table 9 - Ratios of Outstanding Debt by Type ⁽¹⁾
Last Ten Years

Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Adjusted Gross Income ⁽²⁾		Per Capita ⁽²⁾
	General Obligation Bonds and Notes ⁽⁴⁾	General Obligation Bonds and Notes ⁽⁴⁾	General Obligation Bonds and Notes ⁽⁴⁾	General Obligation Bonds and Notes ⁽⁴⁾		Income ⁽²⁾	Income ⁽²⁾	
2016	\$	47,245,000	\$	150,000	\$	47,395,000	n/a	1,715.04
2015		41,955,000		275,000		42,230,000	5.0%	1,604.42
2014		37,362,170		400,000		37,762,170	4.8%	1,447.38
2013		40,932,334		500,000		41,432,334	5.8%	1,627.03
2012		43,210,568		550,000		43,760,568	6.9%	1,733.37
2011		29,022,355		575,000		29,597,355	4.9%	1,174.87
2010		24,612,137		685,495		25,297,632	4.3%	1,067.86
2009		18,928,147		814,910		19,743,057	3.5%	839.42
2008		9,973,382		943,925		10,917,307	1.9%	466.15
2007		11,726,788		1,061,860		12,788,648	2.1%	550.29

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See the Table 13 - Demographic and Economic Statistics for adjusted gross income and population data.
- (3) n/a - data not available
- (4) Presented net of premiums on long-term debt.

City of Fitchburg, Wisconsin

Table 10 - Ratios of General Bonded Debt Outstanding ⁽¹⁾
Last Ten Years

Year	General Obligation Bonds ⁽²⁾	General Obligation Notes ⁽²⁾	Total General Obligation Debt ⁽²⁾	Percentage of Estimated Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2016	\$ 32,700,000	\$ 14,695,000	\$ 47,395,000	1.78%	1,715.04
2015	27,030,000	15,200,000	42,230,000	1.63%	1,604.42
2014	26,365,000	11,397,170	37,762,170	1.50%	1,447.38
2013	27,915,000	13,517,334	41,432,334	1.69%	1,627.03
2012	29,250,000	14,510,568	43,760,568	1.79%	1,733.37
2011	14,100,000	15,497,355	29,597,355	1.19%	1,174.87
2010	9,360,000	15,937,632	25,297,632	0.98%	1,067.86
2009	4,785,000	14,958,057	19,743,057	0.76%	839.42
2008	5,150,000	5,767,307	10,917,307	0.43%	466.15
2007	5,960,000	6,828,648	12,788,648	0.56%	550.29

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Includes governmental and business-type activities. Presented net of premiums on long-term debt.
- (3) See Table 8 - Assessed and Estimated Actual Value of Taxable Property for property value data.
- (4) See Table 13 - Demographic and Economic Statistics for population.

City of Fitchburg, Wisconsin

Table 11 - Computation of Direct and Overlapping Bonded Debt
December 31, 2016 ⁽¹⁾

Jurisdiction	Total	Net	Estimated	Estimated
	Governmental	Governmental		
	Activities	Activities	Applicable ⁽³⁾	Overlapping
	Debt	Debt		Debt
	Outstanding	Outstanding ⁽²⁾		
Direct:				
City of Fitchburg	\$ 47,245,000	\$ 47,245,000	100.00%	\$ 47,245,000
Overlapping ⁽⁴⁾ :				
Madison School District	92,323,387	82,208,287	5.29%	4,348,818
Oregon School District	58,175,000	58,175,000	14.19%	8,255,033
Verona School District	60,670,000	59,116,588	26.00%	15,370,313
Dane County	321,075,000	319,754,985	5.03%	16,083,676
Madison College	187,063,972	187,063,973	3.42%	6,397,588
Subtotal Overlapping	<u>719,307,359</u>	<u>706,318,833</u>		<u>50,455,427</u>
Total Direct and Overlapping Debt	<u>\$ 766,552,359</u>	<u>\$ 753,563,833</u>		<u>\$ 97,700,427</u>

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Net of sinking funds or assets available in the debt service for payment of principal.
- (3) Applicable percentages were estimated by determining the portion of another government unit's equalized value that is within the City's geographic boundaries and dividing it by each government's total equalized valuation.
- (4) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

City of Fitchburg, Wisconsin

Table 12 - Computation of Legal Debt Margin
Last Ten Years

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2016	\$ 141,532,275	\$ 47,395,000	\$ 94,137,275	33.49%
2015	135,570,085	42,230,000	93,340,085	31.15%
2014	125,188,650	37,762,170	87,426,480	30.16%
2013	122,356,620	41,432,334	80,924,286	33.86%
2012	124,488,245	43,760,568	80,727,677	35.15%
2011	126,231,390	29,597,355	96,634,035	23.45%
2010	129,111,310	25,297,632	103,813,678	19.59%
2009	129,130,090	19,743,057	109,387,033	15.29%
2008	127,863,335	10,917,307	116,946,028	8.54%
2007	114,844,130	12,788,648	102,055,482	11.14%
<u>Legal Debt Margin Calculation for 2016:</u>				
Estimated Actual Value of Real and Personal Property				<u><u>\$ 2,830,645,500</u></u>
Debt Limit - 5% of Estimated Actual Value				\$ 141,532,275 (1)
Total Bonded Debt Applicable to Limitation				<u>47,395,000</u>
Legal Debt Margin				<u><u>\$ 94,137,275</u></u>

Notes:

(1) Wisconsin State Statute 67.03 limits general obligation borrowing for general city purposes to 5% of the estimated actual value of real and personal property.

City of Fitchburg, Wisconsin

Table 13 - Demographic and Economic Statistics
Last Ten Years

Year	Population ⁽¹⁾	Adjusted Gross Income ⁽²⁾		Per Capita Adjusted Gross Income	School Enrollment ⁽³⁾			Dane County Unemployment Rate ⁽⁴⁾
		Gross Income	Gross Income		Madison Schools	Oregon Schools	Verona Schools	
2016	27,635	n/a	n/a	n/a	25,239	3,990	5,474	2.9%
2015	26,321	\$	\$ 841,245,246	\$ 31,961	28,101	3,945	5,472	2.9%
2014	26,090		782,146,700	29,979	27,274	3,828	5,411	2.9%
2013	25,465		711,272,300	27,931	27,181	3,793	5,433	3.8%
2012	25,246		632,471,120	25,052	27,112	3,736	5,316	4.4%
2011	25,192		608,757,870	24,165	26,817	3,718	4,892	4.4%
2010	23,690		586,705,401	24,766	24,806	3,725	4,889	4.6%
2009	23,520		570,950,544	24,275	24,628	3,595	4,675	5.5%
2008	23,420		585,461,311	24,998	24,496	3,623	4,671	3.9%
2007	23,240		607,030,005	26,120	24,670	3,609	4,556	3.1%

Notes:

- (1) The 2000 population is the official U.S. Census. Population estimates for the other years are prepared by the Wisconsin Department of Administration, Demographic Services Center.
 - (2) Source: Wisconsin Department of Revenue, Division of Research and Policy.
 - (3) Fitchburg residents are split amount three different school districts. The amounts shown above are the total enrollments, not just Fitchburg residents. Source: Department of Public Instruction; School District.
 - (4) Source: Wisconsin Department of Workforce Development.
- n/a - data not available

Year	Median Age	Percent High School Graduates	Percent College Graduates
2015	34.4	91.1%	46.0%
2014	34.6	94.9%	47.6%

Source: U.S. Bureau of the Census. Dane County Wisconsin

City of Fitchburg, Wisconsin

Table 14 - Principal Employers
Current Year and Ten Years Ago

Employer	2016			2006 ⁽¹⁾		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
SubZero/Wolf	892	1	3.4%			
Promega	815	2	3.1%	468	1	2.0%
Agrace Hospice Care	468	3	1.8%			
Super Target	450	4	1.7%			
Thermo Fisher	430	5	1.6%	473	2	2.1%
Hy-Vee	406	6	1.5%			
Placon	367	7	1.4%	260	3	1.1%
CDW	261	8	1.0%	162	4	0.7%
City of Fitchburg	260	9	1.0%			
Tri-North Builders	250	10	0.9%			
Oakhill				150	5	0.7%
DNR				140	6	0.6%
Certco				135	7	0.6%
Wingra Stone				125	8	0.5%
General Beverage Sales Co.				110	9	0.5%
All Juice				70	10	0.3%
Total	4,599		17.5%	2,093		9.1%

Notes:

(1) Estimated based on information obtained for 2000 employer counts.

Source: Wisconsin Department of Workforce Development.

City of Fitchburg, Wisconsin
Table 15 - Full-Time Equivalent City Government Employees by Function
 Last Ten Years

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government ⁽¹⁾										
Non-Union	20.60	23.80	20.07	19.67	5.92	5.92	5.92	5.92	4.82	3.62
Union	-	-	-	-	13.75	13.28	14.25	14.75	13.75	13.75
Public Safety										
Police										
Officers - Non-Union	10.00	10.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Officers - Union	39.00	39.00	37.00	37.00	37.00	36.00	36.00	36.00	35.00	34.00
Civilians - Non-Union	12.00	11.50	11.50	11.00	-	-	-	-	-	-
Civilians - Union	-	-	-	-	12.00	12.00	12.00	12.00	12.00	12.00
Fire										
Full-Time Firefighters Non-Union	9.00	9.33	9.33	9.33	9.33	9.33	9.33	7.36	7.38	7.38
Full-Time Firefighters - Union	12.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Health and Human Services										
Non-Union	5.30	5.30	5.30	4.00	2.00	2.00	2.00	2.00	2.00	2.00
Union	-	-	-	-	2.90	2.90	2.90	2.90	2.90	2.90
Public Works										
Non-Union	13.80	13.60	13.80	13.80	13.60	13.60	12.60	12.60	12.60	12.00
Union	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Culture, Recreation, and Education ⁽²⁾										
Non-Union	22.35	21.35	20.55	20.35	19.35	18.85	4.60	3.60	3.60	3.60
Union	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Conservation and Development										
Non-Union	5.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00	2.00
Union	-	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00
Utility District #1										
Non-Union	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Union	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Stormwater Utility										
Non-Union	2.00	2.00	1.75	1.75	1.00	1.00	1.00	1.00	1.00	1.00
Union	-	-	-	-	0.75	0.75	0.75	0.75	0.75	0.75
Technology										
Non-Union	5.00	-	-	-	-	-	-	-	-	-
Total	173.85	168.88	159.90	167.10	166.60	154.80	140.35	137.90	134.60	130.00

Notes:
 (1) The FTE's presented are the approved number of positions and may not agree to the number of positions filled. Schedule does not include seasonal part-time employees, pollworkers, or elected officials.
 (2) Technology employees moved from general government to the internal services fund in 2016.
 (3) Library employees reclassified from general government to culture, recreation, and education in 2016.

Source: Annual adopted budgets

City of Fitchburg, Wisconsin

Table 16 - Operating Indicators by Function
Last Ten Years

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Number of Assessable Parcels	7,939	8,152	8,118	8,099	8,102	8,125	8,244	8,142	8,121	7,980
Equalized Value - TID In	2,830,645,500	2,711,401,700	2,623,964,200	2,503,773,000	2,447,132,400	2,489,764,900	2,524,627,800	2,582,226,200	2,582,601,800	2,557,266,700
Equalized Value - TID	254,856,300	278,301,100	156,685,300	183,053,200	138,892,600	125,083,400	123,314,900	120,248,100	101,690,300	78,481,700
Net New Construction Value	81,012,600	51,214,800	75,728,200	60,774,500	31,754,200	20,992,000	19,294,700	45,499,500	77,583,300	117,523,500
Net New Construction %	2,988%	1,952%	3,025%	2,483%	1,275%	0,831%	0,747%	1,762%	3,034%	5,117%
Pet Licenses Issued	1,595	1,527	1,485	1,448	1,410	1,399	1,454	1,469	1,160	1,239
Operator licenses	215	359	466		473	367	266	262	226	230
Public Safety										
Police Department										
Calls for Police Service	19,194	20,530	19,299	19,695	21,382	21,532	20,327	20,893	21,008	20,211
Total Arrests	708	814	874	1,131	1,207	1,278	1,295	1,358	1,382	1,346
Fire Department										
Fire Responses	2,033	2,010	1,807	1,542	1,575	1,384	1,315	1,184	1,295	1,244
Fire Inspections	2,790	2,521	2,244	2,515	2,798	2,333	2,312	2,176	2,367	2,112
EMS Assists	1,220	1,226	993	739	748	583	574	486	620	444
Building Inspection Department										
Building Permits Issued	870	682	644	653	628	642	634	515	645	905
Property Maintenance Inspection	1,242	1,199	877	1,232	1,205	n/a	n/a	n/a	n/a	n/a
Health and Human Services										
Senior Center Clients Served	769	694	597	664	649	652	615	625	599	606
Nutrition Meals Served	13,506	12,325	11,242	11,112	10,153	8,468	9,737	8,477	11,062	9,435
Public Works										
Residential Rubbish Removals	5,353	5,319	5,239	5,219	5,189	5,180	5,166	5,064	4,625	5,163
Culture, Recreation, and Education										
Library Items Circulated	393,172	389,153	388,074	393,391	375,610	158,411	-	-	-	-
Library Card Holders	16,976	15,290	15,103	14,824	16,681	14,956	-	-	-	-
Summer Reading Program Registrants	954	1,204	890	1,024	1,198	n/a	-	-	-	-
Recreation Program Participants	3,417	3,198	4,279	4,158	3,797	3,865	3,763	3,924	3,162	n/a
Park Land Acreage	610	610	609	606	584	584	584	584	522	522
FACTV										
Productions	204	288	271	286	238	206	185	n/a	n/a	n/a
Meeting covered	269	247	229	231	262	293	47	n/a	n/a	n/a
Conservation and Development										
Planning/Zoning Applications	127	169	143	171	238	143	163	164	207	235
Items Sent to Planning Commission	80	109	104	111	91	69	88	116	111	109
Utility District #1										
Average Number of Customers										
Water	6,060	6,024	5,969	5,742	6,282	6,288	6,186	6,089	6,038	5,928
Sewer	5,810	5,810	5,753	5,723	5,727	5,616	5,571	5,455	5,404	5,370
Water only	466	457	456	683	-	-	-	-	-	-
Sewer only	53	53	53	53	53	51	50	51	51	51
Total Pumped (million gallons)	707,829	699,754	706,019	727,090	780,102	722,234	721,785	753,305	734,634	791,145
Stormwater Utility										
Average Number of Customers	5,964	5,910	5,867	5,833	5,759	5,739	5,710	5,688	5,621	5,567
Technology										
Tickets Addressed	2,257	1,746	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Various City departments.

City of Fitchburg, Wisconsin

Table 17 - Capital Asset Statistics by Function ⁽¹⁾
Last Ten Years

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police Patrol Units										
Owned	11	11	11	13	15	10	10	8	8	8
Leased	9	10	10	10	10	12	11	11	12	12
Police Stations ⁽²⁾	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (center lane miles)	122.89	122.06	120.89	120.62	118.27	118.27	118.07	118.07	117.57	116.55
Culture and Recreation										
Park Acreage	610	610	609	606	584	584	584	584	522	522
Parks	43	42	41	41	37	37	37	37	37	37
Community/Senior Centers	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	-	-	-
Utility District #1										
Sewer Main (feet)	86,548	82,273	77,649	77,453	76,519	68,216	68,164	68,164	65,994	65,994
Pump Stations/Reservoirs	4	4	4	4	4	4	4	4	4	4
Wells	6	6	6	6	6	6	6	6	6	6
Watermain (feet)	521,771	517,493	508,633	507,438	505,531	494,370	494,370	492,635	489,977	490,881
Fire Hydrants	1,120	1,119	1,098	1,097	1,090	1,058	1,058	1,058	1,053	1,046
Services	5,072	5,069	5,017	5,014	4,969	4,955	4,954	4,939	4,943	4,899
Stormwater Utility ⁽³⁾										
City owned wet retention ponds	46	44	42	40	49	44	33	33	32	31
City owned dry retention ponds	10	10	10	10	10	10	10	10	10	10

Notes:

- (1) Indicators are not available for the General Government, Health & Welfare, Conservation and Development, or Technology functions.
- (2) The police station is attached to City Hall.
- (3) Count corrected and restated for all 10 years.

Source: Various City departments.

FORM OF LEGAL OPINION

(See following pages.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

March 14, 2018

Re: City of Fitchburg, Wisconsin ("Issuer")
\$7,745,000 General Obligation Corporate Purpose Bonds, Series 2018B,
dated March 14, 2018 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$400,000	___%
2020	415,000	___
2021	425,000	___
2022	440,000	___
2023	450,000	___
2024	470,000	___
2025	490,000	___
2026	500,000	___
2027	515,000	___
2028	525,000	___
2029	540,000	___
2030	565,000	___
2031	225,000	___
2032	230,000	___
2033	240,000	___
2034	245,000	___
2035	255,000	___
2036	265,000	___
2037	270,000	___
2038	280,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on September 1, 2018.

The Bonds maturing on March 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2026 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the resolution awarding the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Fitchburg, Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$7,745,000 General Obligation Corporate Purpose Bonds, Series 2018B, dated March 14, 2018 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on January 9, 2018 and February 13, 2018 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated February 14, 2018, delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Fitchburg, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 5520 Lacy Road, Fitchburg, Wisconsin 53711, phone (608) 270-4210, fax (608) 270-4212.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2017, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit

3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 14th day of March, 2018.

(SEAL)

Jason C. Gonzalez
Mayor

Patricia A. Anderson
City Clerk

NOTICE OF SALE

**\$7,745,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018B
CITY OF FITCHBURG, WISCONSIN**

Bids for the purchase of \$7,745,000* General Obligation Corporate Purpose Bonds, Series 2018B (the "Bonds") of the City of Fitchburg, Wisconsin (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on February 13, 2018, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 7:30 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of constructing an engine house for the fire department, and refunding certain obligations of the City. The Bonds are valid and binding general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated March 14, 2018, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$400,000	2026	\$500,000	2033	\$240,000
2020	415,000	2027	515,000	2034	245,000
2021	425,000	2028	525,000	2035	255,000
2022	440,000	2029	540,000	2036	265,000
2023	450,000	2030	565,000	2037	270,000
2024	470,000	2031	225,000	2038	280,000
2025	490,000	2032	230,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing September 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2027 shall be subject to optional redemption prior to maturity on March 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about March 14, 2018, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

SUBMISSION OF BIDS

Bids must not be for less than \$7,648,188 nor more than \$8,132,250 plus accrued interest on the principal sum of \$7,745,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 11:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$154,900 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Bonds. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the 10% test, the Underwriter agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Misty Dodge, Finance Director/Treasurer
City of Fitchburg, Wisconsin

BID FORM

The Common Council
City of Fitchburg, Wisconsin

February 13, 2018

RE: \$7,745,000* General Obligation Corporate Purpose Bonds, Series 2018B
DATED: March 14, 2018

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$7,648,188 nor more than \$8,132,250) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2019	_____ % due	2026	_____ % due	2033
_____ % due	2020	_____ % due	2027	_____ % due	2034
_____ % due	2021	_____ % due	2028	_____ % due	2035
_____ % due	2022	_____ % due	2029	_____ % due	2036
_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032		

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$154,900, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about March 14, 2018.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: NO: .

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from March 14, 2018 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Fitchburg, Wisconsin, on February 13, 2018.

By: _____ By: _____
Title: _____ Title: _____