

City of Fond du Lac, WI
First on the Lake

Comprehensive Annual Financial Report with Single Audit

Year ended December 31, 2012



Comprehensive Annual Financial Report

**City of Fond du Lac, Wisconsin
Year Ended December 31, 2012**

Prepared by:

City of Fond du Lac Comptroller Division

**Hal M. Wortman, CPA, Director of Administration
Tracy C. Salter, CPA, Deputy Comptroller/Treasurer
Eileen M. Baus, Senior Accountant/Purchasing Manager
Tricia M. Davi, Senior Accountant/Risk Manager**

City of Fond du Lac Printing Division

Arlene A. Mand, Publications Technician

CITY OF FOND DU LAC, WISCONSIN

December 31, 2012

Table of Contents

| | <u>Page No.</u> |
|--|-----------------|
| INTRODUCTORY SECTION | |
| Table of Contents | 1 - 2 |
| Letter of Transmittal | 3 - 7 |
| Certificate of Achievement | 8 |
| Table of Organization | 9 |
| List of Principal Officials | 10 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 11 - 13 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 14 - 25 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Position | 26 |
| Statement of Activities | 27 - 28 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 29 - 30 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 31 - 32 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 33 - 34 |
| Statement of Net Position - Proprietary Funds | 35 - 36 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 37 - 38 |
| Statement of Cash Flows - Proprietary Funds | 39 - 40 |
| Notes to Basic Financial Statements | 41 - 63 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Other Post-Employment Benefit Plan Schedule of Funding Progress | 64 |
| Other Post-Employment Benefit Plan Schedule of Employer Contributions | 65 |
| SUPPLEMENTARY INFORMATION | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 66 |
| Combining Balance Sheet - Nonmajor Special Revenue Funds | 67 - 68 |
| Combining Balance Sheet - Nonmajor Capital Projects Funds | 69 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 70 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds | 71 - 72 |
| Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds | 73 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - Special Revenue Funds | 74 - 76 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund | 77 |
| Schedule of Governmental Capital Assets - By Source | 78 |
| Schedule of Governmental Capital Assets by Function and Activity | 79 |
| Schedule of Changes in Governmental Capital Assets - By Function and Activity | 80 |

CITY OF FOND DU LAC, WISCONSIN

December 31, 2012

Table of Contents

| | <u>Page No.</u> |
|--|-------------------|
| STATISTICAL SECTION | |
| Net Position by Component | 81 |
| Changes in Net Position | 82 - 83 |
| Fund Balances, Governmental Funds | 84 |
| Changes in Fund Balances, Governmental Funds | 85 |
| Assessed and Estimated Actual Value of Taxable Property | 86 |
| Principal Taxpayers | 87 |
| Property Tax Levies and Collections | 88 |
| Property Tax Rates and Tax Levies - Direct and Overlapping Governments | 89 |
| Ratio of Outstanding Debt by Type | 90 |
| Ratio of General Bonded Debt Outstanding | 91 |
| Computation of Legal Debt Margin | 92 |
| Computation of Direct and Overlapping Debt | 93 |
| Water Utility Revenue Bond Coverage | 94 |
| Wastewater Collection & Treatment System Revenue Bond Coverage | 95 |
| Demographic and Economic Statistics | 96 |
| Principal Employers | 97 |
| Full-time Equivalent City Government Employees by Function/Program | 98 |
| Operating Indicators by Function/Program | 99 |
| Capital Asset Statistics by Function/Program | 100 |
| ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards | 101 - 102 |
| SINGLE AUDIT SECTION | |
| FEDERAL AND STATE AWARDS | |
| Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance | 103 - 104 |
| Schedule of Expenditures of Federal and State Awards | 105 - 106 |
| Notes to the Schedule of Expenditures of Federal and State Awards | 107 |
| Schedule of Findings and Questioned Costs | 108 |
| Schedule of Prior Year Audit Findings and Corrective Action Plan | 109 |



City of Fond du Lac First on the Lake

Website: www.fdl.wi.gov

City-County Government Center
160 S. Macy Street~P.O. Box 150~Fond du Lac, WI 54936-0150

August 1, 2013

City Council and Citizens of Fond du Lac
City of Fond du Lac
Fond du Lac, WI

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Fond du Lac for the year ended December 31, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the CAFR is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Wisconsin State Statutes require an annual audit of the financial transactions and accounts of the City by an independent public accountant selected by the City Council. This requirement has been met with the inclusion of the auditor's opinion in this report.

Schenck S.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2012 which means that in the opinion of our independent auditor, the financial statements are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is located at the front of the financial section of this report.

The City is required to undergo an annual single audit to conform with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Wisconsin State Single Audit Guidelines. Information related to this single audit, including the schedule of expenditures of federal and state awards, schedule of findings and questioned costs, and reports of the independent certified public accountants on the internal control structure and compliance with applicable laws and regulations, is included in the Single Audit Section of this report.

This letter of transmittal complements the Management's Discussion and Analysis (MD & A) and should be read in conjunction with it. The City of Fond du Lac's MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements.

Government Profile

The City of Fond du Lac was incorporated in 1852 and is located in Fond du Lac County at the southern shore of Lake Winnebago, the largest inland lake in Wisconsin at 220 square miles. Five major highways lead into the City, which is approximately one hour from each of the largest cities in the State; Milwaukee, Madison and Green Bay. The City encompasses just over 20 square miles and

serves a population of 43,100.

Governance is provided by a Council-Manager form of government with seven council members comprising the governing body. The council members are elected at large on an alternating basis for a term of two years, not to exceed three consecutive terms. The City of Fond du Lac provides a full range of municipal services, including police and fire protection, ambulance, parks, public works operations, parking and transit services, water and sewer utilities, community development, and general administrative services.

Financial Information

Reporting Entity

The City uses the criteria set forth by the Governmental Accounting Standards Board Statement No. 14 to determine the scope of the City's reporting entity. The financial reporting entity includes all the funds of the primary government.

Accounting System and Internal Controls

The accounts of governmental entities such as the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives and are used to aid management in demonstrating compliance with legal and contractual requirements.

Management of the City is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of the financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance requires that judgments of management rely on estimates in the evaluation of such controls as to costs and benefits derived. All internal control evaluations occur within that cost to benefit framework.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Controls

The City charter provides that the City Council shall adopt the annual budget prepared by the City's management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget resolution. The City Manager is authorized to transfer budgeted amounts between budget accounts within a department. The level of control over budget adjustments varies for legally adopted budgets as follows: General Fund at division/department level and Debt Service Fund and Special Revenue Funds at the total fund level. Expenditures may not legally exceed appropriations at the above levels unless authorized by two-thirds vote of the City Council.

Cash Management

Cash balances of the various funds are combined and invested to the extent possible in daily repurchase agreements, U.S. Treasury and U.S. Government Agency Securities, and the State of Wisconsin Local Government Investment Pool. The City's policy is to allocate interest income earned to funds in accordance with their respective contributions to the City's investment portfolio.

Risk Management

The City is exposed to various risks of loss related to its employee health insurance medical claims. A risk management internal service fund provides health care coverage for up to a maximum of \$175,000 for each individual's total claims with aggregate group claims limited to an internal maximum aggregate of \$1 million. The City purchases third party specific and aggregate stop loss insurance for claims in excess of coverage provided by the fund.

Commercial insurance policies are purchased for risk financing in the areas of liability, property, automobile and workers compensation. Deductibles on these policies vary. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City. Additional information on the City of Fond du Lac's risk management activity can be found in Note E (2).

Local Economy

The City of Fond du Lac unemployment rate dropped 0.9% from the previous year. The average 2012 unemployment rate was 7.7% for the City of Fond du Lac, 6.6% for Fond du Lac County and 6.9% for the State of Wisconsin.

In 2012, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 75 new housing units constructed, of which 29 units were one- and two-family and 46 were multi-family. Commercial and industrial growth continued in 2012 with \$26 million in construction of fourteen new buildings and 185 additions.

Total equalized value (estimated fair market value) of real estate and personal property fell 3% to \$2,563,349,900 in 2012 from 2011 due to economic conditions affecting housing values at the state and national level. This is the third straight year that property values decreased.

The City's equalized property tax valuation has increased 27% over the past 10 years.

Mercury Marine, the City's second-largest employer, continues to expand its facilities within Fond du Lac as they have experienced an increase in market share and expanded product offering as the recreational boating market slowly rebounds. There are two projects underway that involve an additional 38,000 combined square feet with a value of \$20 million, including equipment, to an existing 1.5 million square feet facility. The construction is expected to be complete with installation of the new equipment at the end of 2013.

McNeilus Steel began operations in Fond du Lac three years ago and they broke ground for a 96,000 square foot, \$15 million coil processing facility expansion in late 2012 that is expected to add fifty jobs over the next three to five years.

Long-term financial planning

Unassigned fund balance in the general fund (19% of the subsequent year's budgeted general fund expenditures) falls within the policy guidelines (i.e. a minimum of 15% of subsequent year's total General Fund expenditures for working capital purposes) set by the Council for budgetary and planning purposes.

The management of the City's capital improvements program is controlled using a long-range plan

adopted by the City Council. The Capital Improvements Program projects the City's capital improvement needs for a five-year period and is reviewed and updated annually. The management and accounting of this plan are controlled using capital project funds. The primary sources of financing these improvements include general obligation debt, utility revenue debt, budgeted funds and revenue from Federal and State grants.

Major Initiatives

Two new tax incremental financing districts were created in 2012. TIF #16 was created for blight removal at Macy and Merrill Streets and will result in construction of 46 senior apartments named Riverside Apartments. TIF #17 is an industrial expansion project involving a development agreement with Wells Manufacturing.

New City buses are welcomed improvements to the transit system. One new bus was put into service in 2012 while the final two buses to be replaced went into production in 2012 and will be delivered in 2013. Transit fare increases were implemented in 2012 due to declining revenues from state and federal sources.

An on-going program of reconstructing the City's sanitary sewer system in an effort to eliminate the entrance of clear water into the sanitary sewer system continues. The wastewater treatment plant continued construction of a biogas utilization project that will become operational in 2013 to utilize gases that are by-products of the wastewater treatment operations for energy consumption at the plant. It is expected that savings of electricity costs will start to be realized in the third quarter of 2013.

A major upgrade of water meter reading system from a "drive-by" radio read system to a fixed network technology system was completed and operational in 2012. This system permits meters to be read remotely which allows additional staff time to be utilized maintaining the meter exchanges and repairs. The water treatment plant project to convert to an H.M.O. process (Hydrous Manganese Oxide) to remove radium from the water is anticipated to be complete in September, 2013.

The City successfully completed the first year with a contracted property assessment service after switching from an in-house assessment staff in early 2012. Budgetary savings and maintenance of customer service were realized.

The budget for 2013 included a modest 1.5% increase in the property tax levy and no rate increases for water and sewer utilities. The most significant issue facing the City for 2013 and 2014 relates to the continuing effects of a very restrictive state-mandated property tax levy limit.

2011 Wisconsin Act 10 eliminates most collective bargaining rights for City employees, excluding public safety and Transit employees. Non-represented employees, including decertified union employees paid 50% of general Wisconsin State Retirement System (WRS) pension costs (the employee share) contributions in 2012. Public safety and Transit employees retain bargaining rights under state law and each group negotiated contracts for 2012-2013. The Transit union negotiated a phase-in for employees to pay the employee share. As of 2013 all Transit union employees pay the employee share of their WRS costs. As required by Act 10, newly hired public safety employees are required to pay a share of their WRS costs, which is the same rate as paid by general employees.

Awards and Acknowledgement

Awards

The City of Fond du Lac will submit this Comprehensive Annual Financial Report to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting.

To be awarded this honor, the financial reporting entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report satisfies both generally accepted accounting principles and applicable legal requirements.

This is the fourteenth consecutive year the City of Fond du Lac has prepared a Comprehensive Annual Financial Report. The City received the Certificate of Achievement from the GFOA for the 1995 through 2011 Comprehensive Annual Financial Reports.

Acknowledgment

The preparation of the CAFR could not have been accomplished without the professional, efficient and dedicated staff of the City of Fond du Lac Comptroller's Division. We would like to express our thanks to them and to the members of the City Council for their continued interest and support in the financial operations of the City.

Respectfully submitted,



Joseph P. Moore
City Manager



Hal M. Wortman
Director of Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fond du Lac
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moirrell

President

Jeffrey R. Emer

Executive Director

Table of Organization



City Council

**Boards, Commissions &
Committees**

City Manager

**Community
Development
Director**

Community
Development
Inspections
Senior Center
Parking

**Police
Chief**

Police

**Human Resources
Director/
City Attorney**

Human Resources
City Attorney

**Public Works
Director**

Engineering
Fleet Operations
Construction &
Maintenance
Municipal Service
Center
Street Maintenance
Snow/Ice Removal
Stormwater
Solid Waste
Recycling
Electrical
Street Lighting
Parks
Tree Care
Pools
Harbor Fund
Transit
Water Utility
Wastewater Utility

**Manager of
Information
Technology
Services**

Information
Technology

**Fire
Chief**

Fire
Ambulance

**Director of
Administration**

Comptroller
Clerk
Elections
Central Collection
Central Services
Assessor

CITY OF FOND DU LAC, WISCONSIN

List of Principal Officials
December 31, 2012

Elected Officials

| | | <u>Term Expires</u> |
|------------------------|-----------------------------|---------------------|
| Richard D. Gudex | City Council President | April, 2013 |
| James Sabel | City Council Vice-President | April, 2014 |
| Mick Burroughs | City Council Member | April, 2013 |
| Rebecca Lunde-Ross | City Council Member | April, 2013 |
| Lee Ann Lorrigan | City Council Member | April, 2014 |
| Gary L. Miller | City Council Member | April, 2014 |
| Rob A. Vande Zande Sr. | City Council Member | April, 2014 |

Non-Elected Officials

| | |
|-----------------------|---|
| Joseph P. Moore | City Manager |
| Hal M. Wortman | Director of Administration |
| Deborah S.R. Hoffmann | City Attorney/Director of Human Resources |
| Jordan J. Skiff | Director of Public Works |
| Wayne F. Rollin | Director of Community Development |
| David M. Zittlow | IT Services Manager |
| William B. Lamb | Chief of Police |
| Peter O'Leary | Fire Chief |
| Jon Mark Bolthouse | Public Library Director |
| Paul C. DeVries | City Engineer |
| Sue L. Strands | City Clerk |

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Fond du Lac, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin ("the City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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'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'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.

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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A.5.h., the City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 14 through 25 and 64 through 65 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information and the schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Schuck SC

Certified Public Accountants
Green Bay, Wisconsin
July 25, 2013

Management's Discussion and Analysis

This section of the City of Fond du Lac's annual financial report presents our narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report and the City's financial statements which follow this section.

Financial Highlights

- The City has strong general fund reserves and a moderate overall debt burden.
- A net positive budget variance for 2012 operations was experienced through both revenues and expenses.
- The assets of the City exceeded the liabilities and deferred inflows of resources at December 31, 2012 by \$216 million.
- The City's total net position decreased \$700,000 (0.3 percent) over the course of this year's operations. The business-type activities had a \$5.4 million increase while the governmental activities had a \$6.1 million decrease.
- The unrestricted net position of the governmental activities was \$14.6 million.
- The unrestricted net position of the business-type activities was \$29.8 million.
- The City's general fund balance increased by \$88,000. The fund balance was budgeted to decrease by \$1,066,000, resulting in a positive variance of \$1,154,000 due primarily to lower than budgeted spending in many divisions. This positive budget variance will be helpful as the 2013 adopted budget anticipates using \$916,000 in general fund balance.
- The debt service fund balance was \$375,000, a decrease of \$818,000. The debt service fund was budgeted to have a decrease in fund balance of \$1 million. The largest portion of this positive budget variance is due to higher collection of special assessments than budgeted.
- The City advance refunded 2007 general obligation promissory notes and issued refunding bonds to repay the cost of refunding the 2009 note anticipation notes to the early redemption date during 2012. The primary purpose of both debt refundings was to reduce future annual debt payment amounts and property tax levies required for debt service by extending the debt repayment terms to 20 years as well as to take advantage of the lower current interest rates.
- The internal service fund for the self-funded City group health insurance benefits started 2012 with a net position of \$611,000 and finished with a net position of \$1.4 million. The increase was due to 8% premium increases in 2012 and a combination of changes in coverages offered to public safety sworn personnel and general employees. The changes in health plan design for the public safety sworn personnel lowered the premiums due to a larger increase in deductibles and maximum out of pocket reimbursements. These changes caused both premium revenue and claims expense to be lower than budgeted. The plan design changes for employees on the general health plan provided for higher deductibles and higher maximum out of pocket costs to be paid by the employee while increasing the premiums.
- Other governmental funds had decreases in fund balances of \$326,000. During 2012, nonmajor capital projects including clearwater-related utility street reconstruction and public works equipment replacement used just over \$900,000 in funds that were borrowed or available prior to 2012. Nonmajor special revenue funds had an overall increase in fund balance of \$602,000. Most of the increases were to funds overcoming fund deficits in the prior year through cutting expenditures and transfers from the general fund. All nonmajor governmental funds had positive fund balances at December 31, 2012.

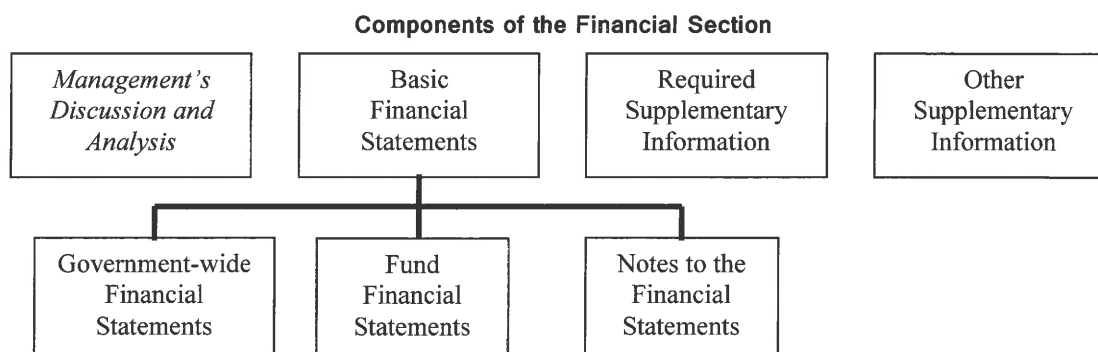
Overview of the Financial Statement

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds. 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 the City government and report the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements provide short and long-term financial information about the activities the government operates similar to businesses, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic financial statements.



Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Fond du Lac's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Fond du Lac's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Fond du Lac is improving or deteriorating.

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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fond du Lac that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fond du Lac include general government, public safety, public works, culture and recreation, community development, other and interest on long-term debt. The business-type activities of the City of Fond du Lac include the Water Utility and Wastewater Collection and Treatment System.

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 of Fond du Lac, 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 of Fond du Lac can be divided into two categories: governmental funds and proprietary 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 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. Data from the other fifteen governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Fond du Lac adopts an annual appropriated budget for its general fund, debt service fund and certain special revenue funds. Budgetary comparison statements have been provided for these budgeted funds to demonstrate compliance with this budget.

Proprietary funds. The City of Fond du Lac maintains two 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 of Fond du Lac uses enterprise funds to account for its Water Utility and Wastewater Collection and Treatment System. The City of Fond du Lac uses an internal service fund to account for the transactions of the City's self-funded employee health insurance program. Because the health insurance program predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility and Wastewater Collection and Treatment System, both of which are considered to be major funds of the City of Fond du Lac.

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fond du Lac, assets exceeded liabilities by \$216,065,624 at the close of 2012.

By far, the largest portion of the City of Fond du Lac's net position, 75 percent, reflects its investment in capital assets, net of depreciation, less the outstanding debt that was used to acquire those assets. The following table presents a summary of the Statements of Net position.

City of Fond du Lac - Net Position (in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------|--------------------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and other assets | \$ 98,939 | \$ 95,776 | \$ 43,153 | \$ 50,481 | \$ 142,092 | \$ 146,257 |
| Capital assets | 153,145 | 157,386 | 188,024 | 182,200 | 341,169 | 339,586 |
| Total assets | 252,084 | 253,162 | 231,177 | 232,681 | 483,261 | 485,843 |
| Non-current liabilities | 80,206 | 78,490 | 108,124 | 115,583 | 188,330 | 194,073 |
| Current and other liabilities | 52,755 | 49,679 | 4,631 | 4,119 | 57,386 | 53,798 |
| Total liabilities | 132,961 | 128,169 | 112,755 | 119,702 | 245,716 | 247,871 |
| Deferred inflows of resources | | | | | | |
| Property taxes | 21,479 | 21,197 | - | - | 21,479 | 21,197 |
| Net position: | | | | | | |
| Invested in capital assets, net of related debt | 81,618 | 95,930 | 80,276 | 67,300 | 161,894 | 163,230 |
| Restricted | 1,444 | 2,218 | 8,393 | 10,377 | 9,837 | 12,595 |
| Unrestricted | 14,582 | 5,648 | 29,753 | 35,302 | 44,335 | 40,950 |
| Total net position | \$ 97,644 | \$ 103,796 | \$ 118,422 | \$ 112,979 | \$ 216,066 | \$ 216,775 |

Statement of Activities

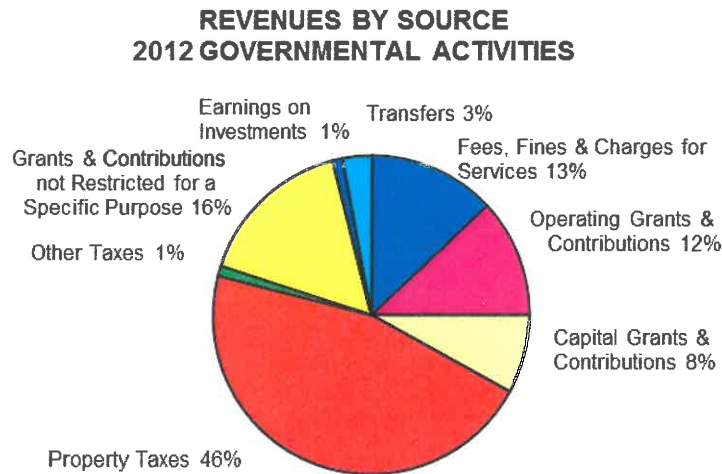
The following table summarizes the changes in net position for the City of Fond du lac for the fiscal year ended December, 31 2012.

Changes in Net Position (in thousands)

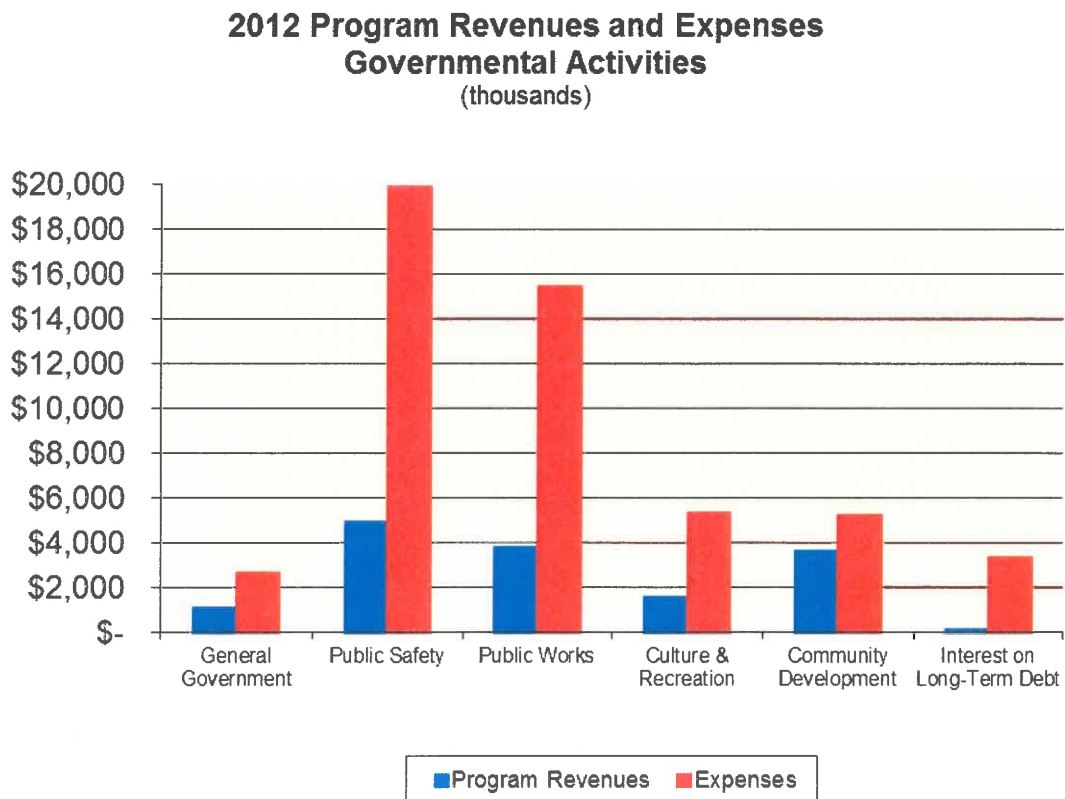
| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|------------|-----------------------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Fees, fines and charges | | | | | | |
| for services | \$ 6,112 | \$ 5,855 | \$ 24,433 | \$ 23,749 | \$ 30,545 | \$ 29,604 |
| Operating grants and | | | | | | |
| contributions | 5,567 | 6,172 | - | - | 5,567 | 6,172 |
| Capital grants and | | | | | | |
| contributions | 3,506 | 4,794 | 8 | 20 | 3,514 | 4,814 |
| General revenues: | | | | | | |
| Property taxes | 21,140 | 20,859 | - | - | 21,140 | 20,859 |
| Other taxes | 355 | 247 | - | - | 355 | 247 |
| Grants and contributions not restricted | | | | | | |
| to specific programs | 7,433 | 7,229 | - | - | 7,433 | 7,229 |
| Gain on disposal of | | | | | | |
| capital assets | - | - | 18 | 23 | 18 | 23 |
| Earnings on investments | 230 | 538 | 561 | 709 | 791 | 1,247 |
| Total revenues | 44,343 | 45,694 | 25,020 | 24,501 | 69,363 | 70,195 |
| Expenses: | | | | | | |
| General government | 2,661 | 3,017 | - | - | 2,661 | 3,017 |
| Public safety | 19,912 | 19,878 | - | - | 19,912 | 19,878 |
| Public works | 15,442 | 14,790 | - | - | 15,442 | 14,790 |
| Culture and recreation | 5,377 | 5,640 | - | - | 5,377 | 5,640 |
| Community development | 5,242 | 8,831 | - | - | 5,242 | 8,831 |
| Interest on long-term debt | 3,358 | 3,730 | - | - | 3,358 | 3,730 |
| Water | - | - | 8,977 | 8,585 | 8,977 | 8,585 |
| Wastewater | - | - | 9,103 | 9,177 | 9,103 | 9,177 |
| Total expenses | 51,992 | 55,886 | 18,080 | 17,762 | 70,072 | 73,648 |
| Increase (decrease) in net | | | | | | |
| position before transfers | (7,649) | (10,192) | 6,940 | 6,739 | (709) | (3,453) |
| Transfers | 1,497 | 1,422 | (1,497) | (1,422) | - | - |
| Increase (decrease) in net | | | | | | |
| position | (6,152) | (8,770) | 5,443 | 5,317 | (709) | (3,453) |
| Net position - 1/1 | 103,796 | 112,566 | 112,979 | 107,662 | 216,775 | 220,228 |
| Net position - 12/31 | \$ 97,644 | \$ 103,796 | \$ 118,422 | \$ 112,979 | \$ 216,066 | \$ 216,775 |

Governmental activities.

Revenues for the City's governmental activities were \$46 million. Property taxes are the largest source of governmental activity revenues at \$21 million, or 46 percent. The sources of revenues are shown in the pie graph below.



The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at almost \$19.9 million or 38 percent. Public works is the next largest area of expense at \$15.4 million or 30 percent. The blue bars indicate the program revenues by function. Program revenues have increased as user fees have expanded, but the graph reflects that most of the expenses are not financed by program revenues, but rather by general property tax revenues. Community Development includes the Inspections Division which collects significant revenues in the form of building permits. Public Safety includes the Ambulance Fund with patient fees billed for ambulance service.



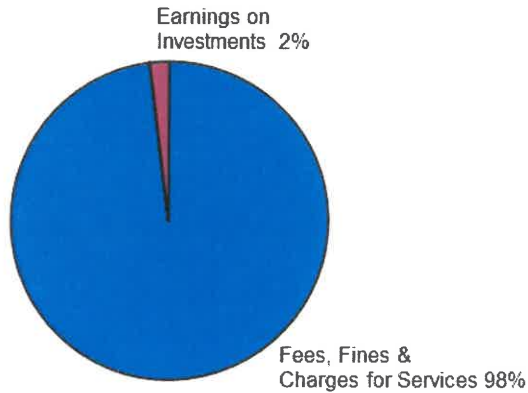
Business-type activities.

The business-type activities of the Water and Wastewater utilities increased the City's net position by \$5.4 million.

Water rate increases must be submitted to the Wisconsin Public Service Commission (PSCW) for approval. The last water rate increase was granted by the PSCW in 2009 and became effective January 1, 2010.

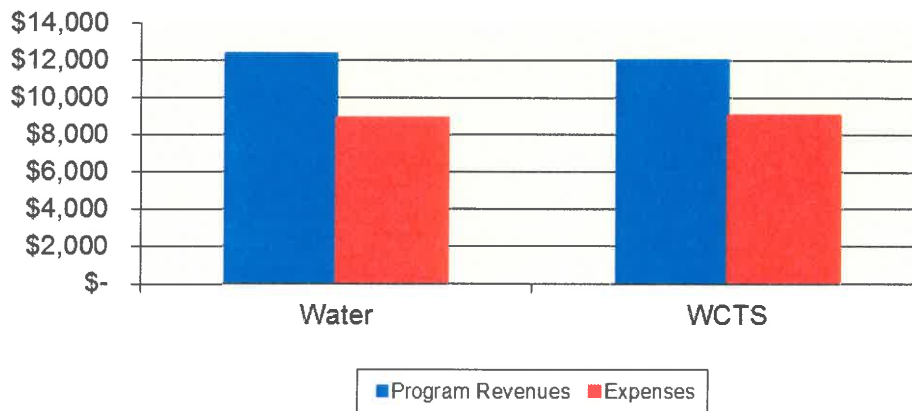
The last Wastewater Utility- rate increase was implemented in 2009.

**REVENUES BY SOURCE
2012 BUSINESS-TYPE ACTIVITIES**



The bar graph below is typical of the activities of enterprise funds. The expenses are more than recovered by the program revenues.

2012 Revenues & Expenses for Enterprise Funds
(thousands)



Financial Analysis of the Government's Funds

As noted earlier, the City of Fond du Lac uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Fond du Lac'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 of Fond du Lac's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Fond du Lac. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The City Council has adopted a general fund working capital designation of 15 percent of the annual budgeted general fund appropriations. Unassigned general fund balance as of December 31, 2012 represents 19.4 percent of total actual 2012 general fund expenditures, while total fund balance represents 25.5 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2013 budgeted expenditures. Total general fund balance increased by \$88,000 in 2012, significantly better than the budgeted decrease of \$1,066,000 due to favorable budget variances for both revenues and expenditures.

The debt service fund balance is \$375,000, a decrease of \$818,000. This decrease was less than the \$1 million budgeted use of fund balance due to a favorable budget variance for collection of special assessments.

Proprietary funds. The City of Fond du Lac's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total net position increased \$5.3 million during 2012 while the unrestricted net position decreased \$5.6 million due largely to investment in capital assets from operations. Increases from large capital projects offset by annual depreciation costs has increased the net investment in capital assets \$6.8 million. Favorable experience with operating revenues and the effects of Wisconsin's Act 10 decreasing benefit costs for general employees has also contributed to the positive net position.

General Fund Budgetary Highlights

The total difference between the original budget and the final amended budget was a net decrease in fund balance of \$260,398. The changes between original budget and the final budget were the result of fund balance designations for projects and the roll-over of encumbrances from 2011. Encumbrances made up \$16,600 of the amendment. The more material changes took place with the assignment of \$243,800 of 2011 fund balance by Council action after the start of the new year. The larger items assigned to the 2012 budget included street maintenance and overlay, government center expenses to complete projects outstanding at December 31, 2011, and building demolition funds for code enforcement and public safety issues.

These increases were funded entirely by the use of fund balance either in the form of encumbrances or assignment of the previous year fund balance. Most of these items were budgeted in previous years, but not acquired or completed, so the funds remained in fund balance and were re-appropriated for expenditure in 2012.

General fund revenue and expenditure budget variances-explanation.

During this year, the net increase in fund balance was \$1.2 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$191,000 positive budget variance.
 - Licenses and permits exceeded budget by \$45,400 primarily due to higher than anticipated building, plumbing, electrical and heating permits.
 - Court and parking fines were short \$89,000 due to elimination of a traffic officer position and higher than normal patrol vacancies within the police department which resulted in less traffic and parking citations being issued.
 - Miscellaneous revenue includes \$62,400 more in industrial park land sales than budgeted.
- Total expenditures provided for a net \$1 million favorable budget variance. Although there was a positive variance for all expenditures collectively, the police department was over budget.
 - General government had an overall favorable variance of \$122,900.
 - The city manager budget had net savings related to the retirement and hiring of a new city manager during 2012. The city manager position was vacant for 2.5 months.
 - From the clerk's budget surplus, funds were applied to the 2013 budget to implement an agenda software process.
 - Central services includes the in-house printing and mail services. This division underspent postage and provided more services to other departments resulting in a favorable budget variance of \$13,600.
 - Human resources had a positive budget variance of \$21,800 which was budgeted, but not utilized for union negotiations during the year.
 - Police had a net 2012 budget shortage of \$65,700 caused by overtime due to vacancies and unanticipated retirement costs that exceeded the savings in wages for empty positions.
 - The Fire department experienced a favorable budget variance of \$105,000 due to reductions in overtime and budgeted employee retirement costs not materializing. The cost to replace treadmills was assigned to the 2013 budget from these savings.
 - The department of public works had a net \$737,000 favorable variance of which \$17,500 was assigned to the 2013 budget.
 - Engineering, fleet, construction and maintenance, the municipal service center, solid waste and electrical performed more work and provided more equipment and supplies that were charged to projects than was estimated which had a \$331,000 combined budget impact.
 - Stormwater and street maintenance of \$181,000 was unspent at year end.
 - Electricity used for street lighting was \$31,000 under budget.
 - Culture and recreation had a \$72,000 favorable variance.
 - Parks had savings in wages and benefits of \$11,500 and utility costs of \$10,600.
 - The Fairgrounds pool had \$30,900 savings mainly from utilities.
 - Of the \$17,000 unspent senior center budget, \$6,000 was in utility savings and \$3,100 was applied to the 2013 budget for building maintenance.
 - Community development had a \$55,800 favorable variance.
 - The community development division's budget surplus was applied to the 2013 budget for neighborhood improvement costs related to a fire in the downtown.
 - When the City must step in and raze properties due to code enforcement violations and public safety concerns, the costs are paid for through the inspections budget and billed to the property owner. There were fewer demolitions during 2012 that the inspections division paid for so \$8,000 of the \$37,300 unspent funds were carried over to the 2013 budget for anticipated demolitions.
 - Transfers out were over budget by \$82,000 as a result of unbudgeted transfers made to the Parking Special Revenue Fund of \$47,000 to cover a fund deficit and a transfer to subsidize Tax Increment District No. 13 of \$35,000.

Capital Asset and Debt Administration

Capital assets.

The City of Fond du Lac's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$341,168,973 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, and equipment.

Capital Assets (net of depreciation, in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|------------|--------------------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land and construction in progress | \$ 7,470 | \$ 7,315 | \$ 8,908 | \$ 2,356 | \$ 16,378 | \$ 9,671 |
| Infrastructure | 118,971 | 122,123 | - | - | 118,971 | 122,123 |
| Buildings | 14,122 | 14,858 | 72,124 | 74,429 | 86,246 | 89,287 |
| Improvements other than buildings | 3,868 | 4,034 | 87,188 | 84,671 | 91,056 | 88,705 |
| Equipment | 8,714 | 9,056 | 19,804 | 20,744 | 28,518 | 29,800 |
| Total | \$ 153,145 | \$ 157,386 | \$ 188,024 | \$ 182,200 | \$ 341,169 | \$ 339,586 |

Capital assets net of depreciation increased by \$1.6 million, less than one half percent. The business-type activities had a net increase of \$5.8 million, split almost evenly between water and wastewater. Governmental capital assets, net of depreciation decreased by \$4.2 million due largely to 2012 depreciation expense of \$7.5 million outpacing capital asset additions.

Major governmental capital activity included additional construction in progress work on the Pioneer Road railroad grade separation project of \$1.1 million, stormwater and street infrastructure of \$1.7 million, replacement of a city bus at a cost of \$357,000, garbage truck of \$200,000, police vehicle replacements of \$204,000 and North Main Street replacement of \$377,000. Additions and retirements of large pieces of public works equipment and squad cars are on a normal replacement schedule with no major changes planned.

Major business-type capital asset additions in the Water Utility included \$2.4 million Hydrous Manganese Oxide (HMO) equipment conversion, \$1.6 million Galaxy meter project and \$1.2 million of utility street reconstruction. Significant Wastewater projects included \$3.9 million biogas project, \$1.5 million sewer manhole rehabilitation project and \$300,000 of utility street reconstruction. Depreciation expense for 2012 was \$5.2 million split almost equally between water and wastewater.

Additional information on the City's capital assets can be found in Note C.4 of the Notes to Basic Financial Statements.

Long-term debt.

At the end of the current fiscal year, the City of Fond du Lac had total bonded debt outstanding of \$182,992,843.

Outstanding Debt - General Obligation and Revenue Bonds

(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|-----------|--------------------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | \$ 61,190 | \$ 49,015 | \$ - | \$ - | \$ 61,190 | \$ 49,015 |
| General obligation notes | 14,055 | 16,583 | - | - | 14,055 | 16,583 |
| Revenue bonds | - | - | 107,748 | 114,900 | 107,748 | 114,900 |
| Total | \$ 75,245 | \$ 65,598 | \$ 107,748 | \$ 114,900 | \$ 182,993 | \$ 180,498 |

The total debt of the City of Fond du Lac decreased \$2.5 million, or 1.4 percent during 2012. The City issued Series 2012A and Series 2012B general obligation refunding bonds dated May 23, 2012. The Series 2012A bonds in the amount of \$5,475,000 were issued to advance refund 2007 notes. The Series 2012B bonds, totaling \$7,650,000, were issued to repay the cost of refunding the 2009 general obligation note anticipation notes to the early redemption date of June 12, 2012. The effect of the refinancings and refundings is to increase the debt repayment schedules from 10 years to 20 years, and to reduce scheduled increasing debt service principal and interest payments and increasing property tax levies for debt service over the next several years. The 2009 note anticipation notes with a balance of \$7.9 million are not included in the 2011 figures above. Taxable general obligation promissory notes of \$1.055 million were issued for the Tax Incremental District No. 17. General obligation promissory notes of \$2.8 million were issued for the City's portion of the Pioneer Road railroad grade separation project costs.

The City of Fond du Lac maintains an "AA-Stable" rating from Standard & Poor's for its general obligation debt. The revenue bonds of the water utility have been rated "A+/Stable" by Standard & Poor's. The revenue bonds of the sanitary sewer utility have been rated A2 by Moody's Investors Service.

State statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City on December 31, 2012 was \$128,167,495, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$74,869,626. The available legal margin for new debt was \$53,297,869.

Additional information on the City's debt may be found in note C.6 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's budgets and Rates

- The 2012 unemployment rate for the City of Fond du Lac was 7.7 percent, which is 0.9 percent lower than a year ago. The May, 2013 unemployment rate is 7.5 percent, unchanged from last May.
- Population in the City of Fond du lac increased slightly from 2011 to 2012.
- The City's total property tax levy to fund the 2013 budget is up 1.5 percent. The equalized tax rate increased 4.7 percent and the assessed tax rate increased 0.6 percent.

Rates for the City's business-type activities remained unchanged for 2011, 2012 and 2013 as follows:

- The water utility had no rate increases for 2011, 2012 or 2013. Substantial water rate increases were spread over the previous two years, with the last being a 23.5% increase effective January 1, 2010. The rate increases were needed to pay for the construction of the \$32.5 million water treatment system improvements including the improvements to remove radium from the City's drinking water as mandated by the Department of Natural Resources (DNR). The increased water rates were also required by the State of Wisconsin as a pre-condition of qualifying for the low-interest State Safe Drinking Water Loan financing for this project.
- The wastewater utility rates remained the same from 2009 to 2013 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2013.

Requests for Information

This financial report is designed to provide a general overview of the City of Fond du Lac's finances and to demonstrate the City's accountability for the money it receives to our citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, City of Fond du Lac, 160 South Macy Street, PO Box 150, Fond du Lac, WI 54936-0150.

BASIC FINANCIAL STATEMENTS

CITY OF FOND DU LAC, WISCONSIN

Statement of Net Position

December 31, 2012

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------|
| ASSETS | | | |
| Cash and investments | \$ 26,697,649 | \$ 16,795,869 | \$ 43,493,518 |
| Receivables | | | |
| Accounts | 363,984 | 6,249,902 | 6,613,886 |
| Ambulance | 452,062 | - | 452,062 |
| Special assessments | 429,206 | 816,876 | 1,246,082 |
| Accrued interest | - | 2,302 | 2,302 |
| Taxes | 48,320,649 | 3,112 | 48,323,761 |
| Community development loans | 6,295,762 | - | 6,295,762 |
| Due from other governments | 15,528,796 | 10,293,643 | 25,822,439 |
| Internal balances | (72,182) | 72,182 | - |
| Inventories | 652,123 | 364,135 | 1,016,258 |
| Prepaid items | 250,625 | - | 250,625 |
| Restricted assets | - | 8,393,145 | 8,393,145 |
| Noncurrent special assessments | - | 85,965 | 85,965 |
| Other - noncurrent | 20,404 | 76,138 | 96,542 |
| Capital assets: | | | |
| Land and construction in progress | 7,469,583 | 8,908,511 | 16,378,094 |
| Infrastructure | 194,457,783 | - | 194,457,783 |
| Buildings | 26,327,736 | 87,157,443 | 113,485,179 |
| Improvements other than buildings | 9,380,760 | 108,152,940 | 117,533,700 |
| Equipment | 21,734,392 | 32,030,221 | 53,764,613 |
| Accumulated depreciation | (106,224,829) | (48,225,567) | (154,450,396) |
| Total Assets | 252,084,503 | 231,176,817 | 483,261,320 |
| LIABILITIES | | | |
| Accounts payable | 1,540,171 | 1,950,038 | 3,490,209 |
| Contracts payable | 185,492 | 199,406 | 384,898 |
| Accrued expenses | 1,366,179 | 131,149 | 1,497,328 |
| Accrued interest | 1,302,059 | 734,675 | 2,036,734 |
| Due to other governments | 46,182,112 | - | 46,182,112 |
| Unearned revenues | 1,405,894 | 89,029 | 1,494,923 |
| Other | 773,489 | 1,527,229 | 2,300,718 |
| Noncurrent liabilities: | | | |
| Due within one year | | | |
| Long-term obligations | 5,476,725 | 6,904,402 | 12,381,127 |
| Due in more than one year | | | |
| Long-term obligations | 74,729,525 | 101,219,369 | 175,948,894 |
| Total liabilities | 132,961,646 | 112,755,297 | 245,716,943 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | 21,478,753 | - | 21,478,753 |
| NET POSITION | | | |
| Net investment in capital assets | 81,618,359 | 80,275,705 | 161,894,064 |
| Restricted for: | | | |
| Equipment replacement | - | 1,496,670 | 1,496,670 |
| Debt service | 375,374 | 4,772,127 | 5,147,501 |
| Water plant decommissioning | - | 2,124,348 | 2,124,348 |
| Community development projects and loans | 1,068,546 | - | 1,068,546 |
| Unrestricted | 14,581,825 | 29,752,670 | 44,334,495 |
| Total Net Position | \$ 97,644,104 | \$ 118,421,520 | \$ 216,065,624 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2012

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|---|--|--|--|-----------------------------|----------------|
| | Expenses | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 2,660,933 | \$ 985,864 | \$ 114,667 | \$ - | \$ (1,560,402) | \$ - | \$ (1,560,402) |
| Public safety | | | | | | | |
| Police | 10,333,412 | 109,655 | 506,470 | 1,039,855 | (8,677,432) | - | (8,677,432) |
| Fire | 4,658,458 | 19,287 | 126,468 | - | (4,512,703) | - | (4,512,703) |
| Ambulance | 4,920,467 | 2,774,201 | 361,837 | - | (1,784,429) | - | (1,784,429) |
| Public works | 15,441,486 | 419,502 | 3,023,823 | 352,627 | (11,645,534) | - | (11,645,534) |
| Culture and recreation | 5,376,808 | 531,292 | 1,039,783 | - | (3,805,733) | - | (3,805,733) |
| Community development | 5,242,287 | 1,272,075 | 244,677 | 2,113,093 | (1,612,442) | - | (1,612,442) |
| Interest on long-term debt | 3,357,936 | - | 149,397 | - | (3,208,539) | - | (3,208,539) |
| Total governmental activities | 51,991,787 | 6,111,876 | 5,567,122 | 3,505,575 | (36,807,214) | - | (36,807,214) |
| Business-type activities: | | | | | | | |
| Water | 8,977,193 | 12,395,916 | - | 8,283 | - | 3,427,006 | 3,427,006 |
| Wastewater | 9,102,462 | 12,036,787 | - | - | - | 2,934,325 | 2,934,325 |
| Total business-type activities | 18,079,655 | 24,432,703 | - | 8,283 | - | 6,361,331 | 6,361,331 |
| Total | \$ 70,071,442 | \$ 30,544,579 | \$ 5,567,122 | \$ 3,513,858 | (36,807,214) | 6,361,331 | (30,445,883) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 21,140,460 | - | 21,140,460 |
| Other taxes | | | | | 354,692 | - | 354,692 |
| Grants and contributions not restricted to specific programs | | | | | 7,432,593 | - | 7,432,593 |
| Gain on disposal of capital assets | | | | | - | 17,862 | 17,862 |
| Earnings on investments | | | | | 229,992 | 561,116 | 791,108 |
| Miscellaneous | | | | | 196 | - | 196 |
| Transfers | | | | | 1,497,592 | (1,497,592) | - |
| Total general revenues and transfers | | | | | 30,655,525 | (918,614) | 29,736,911 |
| Change in net position | | | | | (6,151,689) | 5,442,717 | (708,972) |
| Net position - January 1 | | | | | 103,795,793 | 112,978,803 | 216,774,596 |
| Net position - December 31 | | | | | \$ 97,644,104 | \$ 118,421,520 | \$ 216,065,624 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2012

| | General Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|--------------------------|--------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 14,745,805 | \$ 375,374 | \$ 9,516,101 | \$ 24,637,280 |
| Accounts receivable | 271,289 | - | 47,417 | 318,706 |
| Ambulance receivable | - | - | 452,062 | 452,062 |
| Taxes receivable, net | 40,643,861 | 4,673,574 | 3,003,214 | 48,320,649 |
| Special assessments receivable | 39,049 | 390,157 | - | 429,206 |
| Community development loans receivable | - | - | 6,295,762 | 6,295,762 |
| Due from other governmental funds | 424,401 | - | - | 424,401 |
| Due from other governments | 14,278,244 | - | 1,250,552 | 15,528,796 |
| Inventories | 616,570 | - | 35,553 | 652,123 |
| Prepays | 41,785 | - | - | 41,785 |
| Other | - | - | 20,404 | 20,404 |
| Total assets | <u>\$ 71,061,004</u> | <u>\$ 5,439,105</u> | <u>\$ 20,621,065</u> | <u>\$ 97,121,174</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 443,697 | \$ - | \$ 490,856 | \$ 934,553 |
| Contracts payable | 142,575 | - | 42,917 | 185,492 |
| Accrued compensation | 1,144,982 | - | 221,197 | 1,366,179 |
| Due to other funds | - | - | 424,401 | 424,401 |
| Due to other governmental units | 46,182,112 | - | - | 46,182,112 |
| Unearned revenue | 1,370,222 | 15,604 | - | 1,385,826 |
| Other | 486,735 | - | 42,713 | 529,448 |
| Total liabilities | <u>49,770,323</u> | <u>15,604</u> | <u>1,222,084</u> | <u>51,008,011</u> |
| Deferred inflows of resources: | | | | |
| Property taxes | 13,960,720 | 4,514,819 | 3,003,214 | 21,478,753 |
| Special assessments | - | 533,308 | - | 533,308 |
| Loans receivable | - | - | 6,295,762 | 6,295,762 |
| Total deferred inflows of resources | <u>13,960,720</u> | <u>5,048,127</u> | <u>9,298,976</u> | <u>28,307,823</u> |
| Fund balances: | | | | |
| Nonspendable | | | | |
| Inventories and prepaid items | 658,355 | - | 35,553 | 693,908 |
| Restricted | | | | |
| Debt service | - | 375,374 | - | 375,374 |
| Community development projects and loans | - | - | 1,068,546 | 1,068,546 |
| Committed | | | | |
| Subsequent years' expenditures | 83,300 | - | 8,995,906 | 9,079,206 |
| Assigned | | | | |
| Subsequent years' expenditures | 1,013,681 | - | - | 1,013,681 |
| Unassigned | 5,574,625 | - | - | 5,574,625 |
| Total fund balances | <u>7,329,961</u> | <u>375,374</u> | <u>10,100,005</u> | <u>17,805,340</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 71,061,004</u> | <u>\$ 5,439,105</u> | <u>\$ 20,621,065</u> | <u>\$ 97,121,174</u> |

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2012

Reconciliation of Fund Balances to Net Position

| | |
|--|---------------|
| Total Fund Balance as shown from previous page | \$ 17,805,340 |
|--|---------------|

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

| | |
|---|-------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 153,145,425 |
|---|-------------|

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. The details of this difference are as follows:

| | | |
|---------------------|------------------|-----------|
| Special assessments | \$ 533,308 | |
| Loans receivable | <u>6,295,762</u> | |
| Net adjustment | | 6,829,070 |

| | |
|--|-----------|
| Internal service funds are used by management to charge the cost of insurance programs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. | 1,444,760 |
|--|-----------|

| | |
|---|----------|
| Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net expense of certain activities of internal service funds is reported with proprietary activities. | (72,182) |
|---|----------|

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

The details of this difference are as follows:

| | | |
|---|--------------------|---------------------|
| Bonds and notes payable | \$ (77,045,000) | |
| Capital leases | (69,589) | |
| Compensated absences | (1,555,048) | |
| Other post-employment benefits | (1,536,613) | |
| Accrued interest on long-term obligations | <u>(1,302,059)</u> | |
| Net adjustment | | <u>(81,508,309)</u> |

| | |
|--|----------------------|
| Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 26) | <u>\$ 97,644,104</u> |
|--|----------------------|

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

| | General Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------|--------------------------|--------------------------|
| REVENUES | | | | |
| Property taxes | \$ 15,546,854 | \$ 3,330,975 | \$ 2,262,631 | \$ 21,140,460 |
| Other taxes | 305,440 | - | 49,252 | 354,692 |
| Licenses and permits | 1,219,945 | - | - | 1,219,945 |
| Intergovernmental | 8,952,542 | 149,397 | 6,106,782 | 15,208,721 |
| Charges for services | 449,085 | - | 3,732,413 | 4,181,498 |
| Court and parking fines | 331,185 | - | 65,103 | 396,288 |
| Special assessments | - | 352,627 | - | 352,627 |
| Investment earnings | 145,621 | 35,136 | 10,385 | 191,142 |
| Miscellaneous | 340,030 | - | 1,102,496 | 1,442,526 |
| Total revenues | <u>27,290,702</u> | <u>3,868,135</u> | <u>13,329,062</u> | <u>44,487,899</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,719,009 | - | 9,060 | 2,728,069 |
| Public safety | 13,618,437 | - | 6,174,540 | 19,792,977 |
| Public works | 6,502,489 | - | 2,291,194 | 8,793,683 |
| Culture and recreation | 1,806,506 | - | 2,828,555 | 4,635,061 |
| Community development | 1,172,745 | - | 1,619,049 | 2,791,794 |
| Other | - | 8,401 | - | 8,401 |
| Debt service: | | | | |
| Principal | - | 9,588,675 | - | 9,588,675 |
| Interest and other charges | - | 3,376,076 | 1,025 | 3,377,101 |
| Capital outlay | - | - | 6,938,086 | 6,938,086 |
| Total expenditures | <u>25,819,186</u> | <u>12,973,152</u> | <u>19,861,509</u> | <u>58,653,847</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,471,516</u> | <u>(9,105,017)</u> | <u>(6,532,447)</u> | <u>(14,165,948)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Refunding bonds issued | - | 13,125,000 | - | 13,125,000 |
| Long-term debt issued | - | - | 3,855,000 | 3,855,000 |
| Premium on long-term debt issued | - | 63,626 | - | 63,626 |
| Payment to refunding escrow agent | - | (5,432,281) | - | (5,432,281) |
| Transfers in | 1,513,814 | 530,227 | 6,161,740 | 8,205,781 |
| Transfers out | (2,897,666) | - | (3,810,523) | (6,708,189) |
| Total other financing sources (uses) | <u>(1,383,852)</u> | <u>8,286,572</u> | <u>6,206,217</u> | <u>13,108,937</u> |
| Net change in fund balances | 87,664 | (818,445) | (326,230) | (1,057,011) |
| Fund balances - January 1 | <u>7,242,297</u> | <u>1,193,819</u> | <u>10,426,235</u> | <u>18,862,351</u> |
| Fund balances - December 31 | <u>\$ 7,329,961</u> | <u>\$ 375,374</u> | <u>\$ 10,100,005</u> | <u>\$ 17,805,340</u> |

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2012

Reconciliation of Changes in Fund Balance to Changes in Net Position

Net Change in Fund Balances as shown on previous page \$ (1,057,011)

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 activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period, detailed as follows:

| | | | |
|----------------------|----|--------------------|-------------|
| Capital outlay | \$ | 3,462,273 | |
| Loss on disposals | | (240,694) | |
| Depreciation expense | | <u>(7,461,818)</u> | |
| Net adjustment | | | (4,240,239) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (21,571)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, detailed as follows:

| | | | |
|-------------------------------------|----|---------------|-------------|
| Issuance of general obligation debt | \$ | (16,980,000) | |
| Principal paid on long-term debt | | 14,880,000 | |
| Payment of capital lease | | <u>33,675</u> | |
| Net adjustment | | | (2,066,325) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The detail of this difference is as follows:

| | | | |
|--------------------------------|----|---------------|---------|
| Compensated absences | \$ | 41,504 | |
| Other post-employment benefits | | 393,421 | |
| Accrued interest | | <u>70,796</u> | |
| Net adjustment | | | 505,721 |

Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 727,736

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 27 - 28) \$ (6,151,689)

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund
For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---------------------------------|-------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Property taxes | 15,518,077 | 15,518,077 | \$ 15,546,854 | \$ 28,777 |
| Other taxes | 228,373 | 228,373 | 305,440 | 77,067 |
| Licenses and permits | 1,174,565 | 1,174,565 | 1,219,945 | 45,380 |
| Intergovernmental | 8,916,906 | 8,916,906 | 8,952,542 | 35,636 |
| Charges for services | 419,556 | 419,556 | 449,085 | 29,529 |
| Court and parking fines | 420,000 | 420,000 | 331,185 | (88,815) |
| Investment earnings | 150,000 | 150,000 | 145,621 | (4,379) |
| Miscellaneous | 272,267 | 272,267 | 340,030 | 67,763 |
| Total revenues | <u>27,099,744</u> | <u>27,099,744</u> | <u>27,290,702</u> | <u>190,958</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| City council | 58,979 | 64,929 | 63,072 | 1,857 |
| City manager | 221,825 | 224,577 | 212,775 | 11,802 |
| Clerk | 284,225 | 255,185 | 246,734 | 8,451 |
| Central services | 101,783 | 104,484 | 90,905 | 13,579 |
| Elections | 125,741 | 200,593 | 200,592 | 1 |
| Board of review | 2,700 | 3,751 | 3,751 | - |
| Comptrollers | 634,667 | 657,282 | 642,665 | 14,617 |
| Information technology services | - | 25,936 | - | 25,936 |
| Central collections | 97,121 | 95,966 | 95,674 | 292 |
| Assessment | 467,044 | 439,971 | 432,355 | 7,616 |
| Attorney | 214,523 | 235,103 | 235,030 | 73 |
| Human resources | 347,688 | 378,577 | 356,723 | 21,854 |
| Animal control | 99,803 | 99,803 | 99,803 | - |
| Delinquent accounts | 15,900 | 15,900 | 4,527 | 11,373 |
| Non-departmental insurance | 31,342 | 31,342 | 25,912 | 5,430 |
| City wide | 8,492 | 8,492 | 8,491 | 1 |
| Total general government | <u>2,711,833</u> | <u>2,841,891</u> | <u>2,719,009</u> | <u>122,882</u> |
| Public safety | | | | |
| Police | 9,170,486 | 9,169,249 | 9,234,964 | (65,715) |
| Fire | 4,482,181 | 4,488,324 | 4,383,473 | 104,851 |
| Total public safety | <u>13,652,667</u> | <u>13,657,573</u> | <u>13,618,437</u> | <u>39,136</u> |

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual (Continued)
General Fund
For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| EXPENDITURES (Continued) | | | | |
| Public works | | | | |
| Engineering | 1,069,014 | 991,737 | 801,397 | 190,340 |
| Fleet operations | 624,389 | 624,789 | 608,647 | 16,142 |
| Construction and maintenance | 1,877,632 | 1,871,432 | 1,737,587 | 133,845 |
| Municipal service center | 571,645 | 577,445 | 456,423 | 121,022 |
| Highway maintenance | 419,521 | 465,473 | 405,824 | 59,649 |
| Snow and ice removal | 129,100 | 158,885 | 158,754 | 131 |
| Stormwater maintenance | 503,907 | 502,451 | 355,044 | 147,407 |
| Solid waste | 939,330 | 1,001,766 | 1,000,010 | 1,756 |
| Electrical | 323,171 | 326,821 | 302,514 | 24,307 |
| Street lights | 411,000 | 415,997 | 375,064 | 40,933 |
| Trees | 296,917 | 302,638 | 301,225 | 1,413 |
| Total public works | <u>7,165,626</u> | <u>7,239,434</u> | <u>6,502,489</u> | <u>736,945</u> |
| Culture and recreation | | | | |
| Parks | 1,267,807 | 1,267,807 | 1,245,770 | 22,037 |
| Fairgrounds pool | 265,424 | 265,424 | 234,526 | 30,898 |
| Taylor pool | 93,254 | 93,254 | 91,251 | 2,003 |
| Senior center | 249,886 | 251,886 | 234,959 | 16,927 |
| Total culture and recreation | <u>1,876,371</u> | <u>1,878,371</u> | <u>1,806,506</u> | <u>71,865</u> |
| Community development | | | | |
| Community development | 468,067 | 477,240 | 462,176 | 15,064 |
| Inspections | 606,623 | 647,075 | 606,341 | 40,734 |
| Economic development | 104,228 | 104,228 | 104,228 | - |
| Total community development | <u>1,178,918</u> | <u>1,228,543</u> | <u>1,172,745</u> | <u>55,798</u> |
| Total expenditures | <u>26,585,415</u> | <u>26,845,812</u> | <u>25,819,186</u> | <u>1,026,626</u> |
| Excess (deficiency) of revenues over expenditures | <u>514,329</u> | <u>253,932</u> | <u>1,471,516</u> | <u>1,217,584</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,495,790 | 1,495,790 | 1,513,814 | 18,024 |
| Transfers out | (2,815,613) | (2,815,613) | (2,897,666) | (82,053) |
| Total other financing sources (uses) | <u>(1,319,823)</u> | <u>(1,319,823)</u> | <u>(1,383,852)</u> | <u>(64,029)</u> |
| Net change in fund balances | (805,494) | (1,065,891) | 87,664 | 1,153,555 |
| Fund balances - January 1 | <u>7,242,297</u> | <u>7,242,297</u> | <u>7,242,297</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 6,436,803</u> | <u>\$ 6,176,406</u> | <u>\$ 7,329,961</u> | <u>\$ 1,153,555</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - |
|--|--|---------------|----------------|------------------------------|
| | Water | Wastewater | Total | Internal Service |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and Investments | \$ 8,662,755 | \$ 8,133,114 | \$ 16,795,869 | \$ 2,060,369 |
| Receivables | | | | |
| Accounts | 3,380,562 | 2,869,340 | 6,249,902 | 45,278 |
| Special assessments | 486,651 | 330,225 | 816,876 | - |
| Accrued interest | 818 | 1,484 | 2,302 | - |
| Taxes | 3,112 | - | 3,112 | - |
| Prepaid expenses | - | - | - | 208,840 |
| Inventories | 364,135 | - | 364,135 | - |
| Total current assets | 12,898,033 | 11,334,163 | 24,232,196 | 2,314,487 |
| Noncurrent assets: | | | | |
| Restricted assets | 6,023,812 | 2,369,333 | 8,393,145 | - |
| Special assessment receivables | 54,366 | 31,599 | 85,965 | - |
| Due from other governments | 229 | 10,293,414 | 10,293,643 | - |
| Other | 76,138 | - | 76,138 | - |
| Capital assets: | | | | |
| Land | 305,815 | - | 305,815 | - |
| Building | 15,505,560 | 71,651,883 | 87,157,443 | - |
| Improvements other than buildings | 52,325,730 | 55,827,210 | 108,152,940 | - |
| Equipment | 27,757,568 | 4,272,653 | 32,030,221 | - |
| Construction in progress | 2,802,561 | 5,800,135 | 8,602,696 | - |
| Less: accumulated depreciation | (21,662,388) | (26,563,179) | (48,225,567) | - |
| Total noncurrent assets | 83,189,391 | 123,683,048 | 206,872,439 | - |
| Total assets | 96,087,424 | 135,017,211 | 231,104,635 | 2,314,487 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,780,033 | 170,005 | 1,950,038 | 605,618 |
| Contracts payable | 86,571 | 112,835 | 199,406 | - |
| Accrued interest | 514,986 | 219,689 | 734,675 | - |
| Accrued compensation | 60,727 | 70,422 | 131,149 | - |
| Unearned revenues | 67,434 | 21,595 | 89,029 | 20,068 |
| Other | 1,527,229 | - | 1,527,229 | 244,041 |
| Compensated absences | 82,837 | 82,561 | 165,398 | - |
| Bonds, notes, and loans payable | 2,905,684 | 3,833,320 | 6,739,004 | - |
| Total current liabilities | 7,025,501 | 4,510,427 | 11,535,928 | 869,727 |
| Noncurrent liabilities: | | | | |
| Other post-employment benefits | 107,886 | 102,644 | 210,530 | - |
| Bonds, notes, and loans payable | 53,282,733 | 47,726,106 | 101,008,839 | - |
| Total noncurrent liabilities | 53,390,619 | 47,828,750 | 101,219,369 | - |
| Total liabilities | 60,416,120 | 52,339,177 | 112,755,297 | 869,727 |
| NET POSITION | | | | |
| Net investment in capital assets | 20,846,429 | 59,429,276 | 80,275,705 | - |
| Restricted for equipment replacement | - | 1,496,670 | 1,496,670 | - |
| Restricted for bond redemption | 3,899,464 | 872,663 | 4,772,127 | - |
| Restricted for water plant decommissioning | 2,124,348 | - | 2,124,348 | - |
| Unrestricted | 8,801,063 | 20,879,425 | 29,680,488 | 1,444,760 |
| Total Net Position | \$ 35,671,304 | \$ 82,678,034 | 118,349,338 | \$ 1,444,760 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | (33,984) | |
| | | | \$ 118,315,354 | |

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet (Continued)

Proprietary Funds

December 31, 2012

Reconciliation of Fund Balances to Net Position

Total Net Position Balance as shown from previous page \$ 118,315,354

Amounts reported for business-type activities in the statement of net position
are different because:

Internal service funds are used by management to charge the costs of
insurance programs to individual funds. The net revenue of certain
activities of internal service funds is reported with proprietary activities.

106,166

Net Position of Business-type Activities as Reported on the
Statement of Net Position (see page 26)

\$ 118,421,520

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|--|----------------------|-----------------------|--|
| | Water | Wastewater | Total | |
| Operating revenues: | | | | |
| Charges for services | \$ 12,220,980 | \$ 11,930,683 | \$ 24,151,663 | \$ 5,895,253 |
| Other | 161,866 | 106,104 | 267,970 | - |
| Total operating revenues | <u>12,382,846</u> | <u>12,036,787</u> | <u>24,419,633</u> | <u>5,895,253</u> |
| Operating expenses: | | | | |
| Personal services | 1,211,744 | 1,637,193 | 2,848,937 | - |
| Contractual services | 675,228 | 1,699,684 | 2,374,912 | - |
| Materials and supplies | 2,192,343 | 1,222,841 | 3,415,184 | - |
| Utilities | 652,600 | 599,236 | 1,251,836 | - |
| Insurance claims and expenses | - | - | - | 5,061,351 |
| Taxes | 9,576 | - | 9,576 | - |
| Depreciation | 2,295,974 | 2,621,346 | 4,917,320 | - |
| Total operating expenses | <u>7,037,465</u> | <u>7,780,300</u> | <u>14,817,765</u> | <u>5,061,351</u> |
| Operating income | <u>5,345,381</u> | <u>4,256,487</u> | <u>9,601,868</u> | <u>833,902</u> |
| Nonoperating revenues (expenses): | | | | |
| Gain on disposal of capital assets | 17,862 | - | 17,862 | - |
| Merchandising and Jobbing | 13,070 | - | 13,070 | - |
| Interest and investment revenue | 160,580 | 400,536 | 561,116 | - |
| Interest and fiscal charges | (1,997,340) | (1,370,716) | (3,368,056) | - |
| Total nonoperating revenue (expenses) | <u>(1,805,828)</u> | <u>(970,180)</u> | <u>(2,776,008)</u> | <u>-</u> |
| Income before contributions and transfers | 3,539,553 | 3,286,307 | 6,825,860 | 833,902 |
| Capital contributions | 8,283 | - | 8,283 | - |
| Transfers out | <u>(1,497,592)</u> | <u>-</u> | <u>(1,497,592)</u> | <u>-</u> |
| Changes in net position | 2,050,244 | 3,286,307 | 5,336,551 | 833,902 |
| Total net position - January 1 | <u>33,621,060</u> | <u>79,391,727</u> | <u>113,012,787</u> | <u>610,858</u> |
| Total net position - December 31 | <u>\$ 35,671,304</u> | <u>\$ 82,678,034</u> | <u>\$ 118,349,338</u> | <u>\$ 1,444,760</u> |

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended December 31, 2012

Reconciliation of Changes in Fund Balance to Changes in Net Position

| | |
|---|--------------|
| Net Change in Net Position from previous page | \$ 5,336,551 |
|---|--------------|

Amounts reported for proprietary activities in the statement of activities are different because:

| | |
|---|----------------|
| Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with proprietary activities. | <u>106,166</u> |
|---|----------------|

| | |
|---|----------------------------|
| Change in Net Position of Proprietary Activities as Reported on the Statement of Activities (see pages 27 - 28) | <u><u>\$ 5,442,717</u></u> |
|---|----------------------------|

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|--|--|---------------|---------------|--|
| | Water | Wastewater | Total | |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 12,339,986 | \$ 12,047,623 | \$ 24,387,609 | \$ - |
| Payments to suppliers | (2,484,184) | (3,596,131) | (6,080,315) | (5,244,562) |
| Payments to employees | (1,224,721) | (1,642,716) | (2,867,437) | - |
| Internal activity - payments from (to) other funds | - | - | - | 5,883,624 |
| Other receipts | 161,866 | 106,104 | 267,970 | - |
| Net cash provided by operating activities | 8,792,947 | 6,914,880 | 15,707,827 | 639,062 |
| Cash flows from noncapital financing activities: | | | | |
| Transfers to other funds | (1,497,592) | - | (1,497,592) | - |
| Repayment of advance to municipality | (437,500) | - | (437,500) | - |
| Net cash used by noncapital financing activities | (1,935,092) | - | (1,935,092) | - |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from sale of capital assets | 17,862 | - | 17,862 | - |
| Acquisition and construction of capital assets | (5,433,956) | (5,522,884) | (10,956,840) | - |
| Cost of removal of capital assets | (20,255) | - | (20,255) | - |
| Principal paid on long-term debt | (3,246,675) | (3,905,580) | (7,152,255) | - |
| Interest paid on long-term debt | (1,997,340) | (1,370,716) | (3,368,056) | - |
| Special assessment collections | 8,817 | 25,038 | 33,855 | - |
| Capital contributions | 8,283 | - | 8,283 | - |
| Net cash used by capital and related financing activities | (10,663,264) | (10,774,142) | (21,437,406) | - |
| Cash flows from investing activities: | | | | |
| Interest on investments | 160,318 | 401,144 | 561,462 | - |
| Net change in cash and cash equivalents | (3,645,091) | (3,458,118) | (7,103,209) | 639,062 |
| Cash and cash equivalents - January 1 | 18,331,658 | 13,960,565 | 32,292,223 | 1,421,307 |
| Cash and cash equivalents - December 31 | \$ 14,686,567 | \$ 10,502,447 | \$ 25,189,014 | \$ 2,060,369 |
| Cash and cash equivalents consist of the following: | | | | |
| Unrestricted | \$ 8,662,755 | \$ 8,133,114 | \$ 16,795,869 | \$ 2,060,369 |
| Restricted | 6,023,812 | 2,369,333 | 8,393,145 | - |
| Total | \$ 14,686,567 | \$ 10,502,447 | \$ 25,189,014 | \$ 2,060,369 |

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|--|--|---------------------|----------------------|--|
| | Water | Wastewater | Total | |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ 5,345,381 | \$ 4,256,487 | \$ 9,601,868 | \$ 833,902 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 2,295,974 | 2,621,346 | 4,917,320 | - |
| Depreciation charged to other operating accounts | 236,710 | - | 236,710 | - |
| Merchandising and jobbing | 13,070 | - | 13,070 | - |
| (Increase) decrease in assets: | | | | |
| Receivables | 116,219 | (523,637) | (407,418) | (4,275) |
| Due from other governmental units | (229) | 641,185 | 640,956 | - |
| Prepaid expenses | - | - | - | (34,840) |
| Inventories | (12,559) | - | (12,559) | - |
| Deferred charges | 72,922 | 5,344 | 78,266 | - |
| Other | (3,112) | - | (3,112) | - |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 722,872 | (1,195) | 721,677 | (169,324) |
| Contracts payable | 19,435 | (62,034) | (42,599) | - |
| Accrued compensation | 11,117 | 14,950 | 26,067 | - |
| Other | 8,093 | - | 8,093 | 20,953 |
| Unearned revenues | 3,016 | (608) | 2,408 | (7,354) |
| Compensated absences | (6,978) | (2,502) | (9,480) | - |
| Other post-employment benefits | (17,116) | (17,971) | (35,087) | - |
| Accrued and other liabilities | (11,868) | (16,485) | (28,353) | - |
| Net cash provided by operating activities | <u>\$ 8,792,947</u> | <u>\$ 6,914,880</u> | <u>\$ 15,707,827</u> | <u>\$ 639,062</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fond du Lac, Wisconsin ("the City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. Reporting Entity

The City of Fond du Lac is a municipal corporation governed by an elected seven member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Related Organization

The City's officials are also responsible for appointing the members of the board of another organization, but the City's accountability for this organization does not extend beyond making the appointments. Therefore this organization is not included in the City's reporting entity. The City Council appoints the members of the following related organization:

The Housing Authority of the City of Fond du Lac - The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Fond du Lac nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major enterprise funds:

WATER UTILITY

This fund accounts for all activities necessary to provide water services to residential, commercial, and industrial customers of the City. Fund activities include administration, billing and collection, operations, construction, maintenance, financing and related debt service.

WASTEWATER COLLECTION AND TREATMENT SYSTEM

This fund accounts for all activities necessary to provide sewer services to residential, commercial, and industrial customers within the City and various outlying sanitary districts. Fund activities include administration, operations, construction, and maintenance of the sewerage collection and treatment system.

Additionally, the government reports the following fund types:

Internal service funds account for health self-insurance provided to other departments of the City on a cost reimbursement basis.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible accounts has been provided in the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by a nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance amounts to indicate that they do not represent spendable available financial resources.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

| | Governmental Activities | Business-type Activities |
|-----------------------------------|----------------------------|-----------------------------|
| | Years | |
| <u>Assets</u> | | |
| Land improvements | 15 - 20 | 15 - 20 |
| Buildings | 30 - 40 | 12 - 47 |
| Machinery and equipment | 2 - 20 | 5 - 45 |
| Improvements other than buildings | - | 25 - 77 |
| Infrastructure | 20 - 40 | - |

g. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Outflows/Inflows of Resources

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The City also has additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, special assessments and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds, if material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the City Council through the adoption of an ordinance or passage of a resolution. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about October 1, the City Manager submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council resolution.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, debt service fund, and special revenue funds, except for the Community Development Grant, TIF Districts and Property Insurance Deductible Special Revenue Funds. The City Manager is authorized to transfer budgeted amounts between budget codes within a department; however, expenditures may not legally exceed appropriations at the above levels unless authorized by two-thirds vote of the City Council. Budgeted amounts are as originally adopted, or as amended by the City Council. Supplemental amendments were necessary during the year but were not material in relation to the original appropriation.
- d. The budget as enacted includes total expenditures at the organization level. An organization can be a department, division, fund or other activity. Expenditures cannot legally exceed appropriations at this level. The governmental funds have legally adopted budgets.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)2. Excess of Expenditures over Budget Appropriations

The following expenditure accounts of the general, special revenue, debt service and capital projects funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2012 as follows:

| Fund | Function | Excess Expenditures |
|-------------------------------|----------------------------|------------------------|
| General Fund | | |
| Police | Public safety | \$ 65,715 |
| Special Revenue Funds | | |
| City grant programs | General government | 2,560 |
| City grant programs | Public safety | 1,485 |
| Ambulance | Public safety | 18,975 |
| Community projects | Public safety | 1,208,818 |
| Fuel pump maintenance | Public works | 28,478 |
| TIF Districts | Public works | 62,339 |
| TIF Districts | Interest and other charges | 1,025 |
| Property insurance deductible | General government | 4,500 |
| Debt Service Fund | | |
| Other | Debt service | 3,376 |

The above excess expenditure variances were funded using favorable revenue variances, issuance of long-term debt and available fund balance in the various funds.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$51,886,663 on December 31, 2012 as summarized below:

| | |
|--------------------------------------|----------------------|
| Petty cash and cash on hand | \$ 23,398 |
| Deposits with financial institutions | 8,883,771 |
| Investments | 42,979,494 |
| | <u>\$ 51,886,663</u> |

Government-wide Statement of Net Position

| | |
|---------------------------------|----------------------|
| Cash and investments | \$ 43,493,518 |
| Restricted cash and investments | 8,393,145 |
| | <u>\$ 51,886,663</u> |

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the specific risks and the City's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the City's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013 the City's noninterest-bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, none of the City's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have an additional credit risk policy. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of yearend for each investment type.

| Investment Type | Amount | Exempt From Disclosure | AAA | Aa | Not Rated |
|---|----------------------|------------------------------|----------------------|-------------|---------------------|
| Wells Fargo Mutual Funds | \$ 34,201 | \$ - | \$ - | \$ - | \$ 34,201 |
| U.S. Treasury Notes | 1,533,339 | 1,533,339 | - | - | - |
| Federal National Mortgage Association | 10,039,816 | - | 10,039,816 | - | - |
| Federal Home Loan Mortgage Corporation | 17,625,776 | - | 17,625,776 | - | - |
| Federal Farm Credit Bank | 3,987,606 | - | 3,987,606 | - | - |
| Wisconsin Local Government Investment Pool | 9,758,756 | - | - | - | 9,758,756 |
| Totals | \$ 42,979,494 | \$ 1,533,339 | \$ 31,653,198 | \$ - | \$ 9,792,957 |

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

| Issuer | Investment Type | Reported Amount | Percent of Total Investments |
|--|-----------------|--------------------|------------------------------------|
| Federal National Mortgage Association | Bonds | \$ 10,039,816 | 23% |
| Federal Home Loan Mortgage Corporation | Bonds | 17,625,776 | 41% |
| Federal Farm Credit Bank | Bonds | 3,987,606 | 9% |

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy follows Wisconsin Statutes which limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| Investment Type | Amount | Remaining Maturity (in Months) | | | |
|--|----------------------|--------------------------------|-----------------|----------------------|----------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Wells Fargo Mutual Funds | \$ 34,201 | \$ 34,201 | \$ - | \$ - | \$ - |
| U.S. Treasury Notes | 1,533,339 | - | - | 1,533,339 | - |
| Federal National Mortgage Association | 10,039,816 | 1,022,631 | - | 6,964,422 | 2,052,763 |
| Federal Home Loan Mortgage Corporation | 17,625,776 | - | - | 11,217,729 | 6,408,047 |
| Federal Farm Credit Bank | 3,987,606 | - | - | - | 3,987,606 |
| Wisconsin Local Government Investment Pool | 9,758,756 | 9,758,756 | - | - | - |
| Totals | <u>\$ 42,979,494</u> | <u>\$ 10,815,588</u> | <u>\$ -</u> | <u>\$ 19,715,490</u> | <u>\$ 12,448,416</u> |

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

| Highly Sensitive Investments | Fair Value at Year End |
|--|------------------------|
| Federal National Mortgage Association | \$ 10,039,816 |
| Federal Home Loan Mortgage Corporation | 17,625,776 |
| Federal Farm Credit Bank | 3,987,606 |

These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair value of these securities highly sensitive to changes in interest rates.

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$9,758,756 at year-end. 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, 2012, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Investments held by the City at year end were consistent with those held throughout the year.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

The City's property taxes are levied on or about December 1 on the assessed valuation as of the prior January 1 for all property located in the City. Taxes become an enforceable lien on property the following January 1. Taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two installments on or before January 31, and July 31 with a minimum installment of \$50. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the Fond du Lac School District, North Fond du Lac School District, Fond du Lac County, Moraine Park Technical College and the State of Wisconsin, and the State Forestry tax. Tax settlements with each of the taxing units occurs fifteen days after each installment due date with the final settlement with the County on August 15.

3. Restricted Assets

Restricted assets on December 31, 2012 totaled \$8,393,145 held for the following purposes:

Enterprise Funds

Water Utility

| | |
|-----------------------------|--------------|
| Bond redemption | \$ 3,899,464 |
| Water plant decommissioning | 2,124,348 |

Wastewater Utility

| | |
|-----------------------|-----------|
| Equipment replacement | 1,496,670 |
| Bond redemption | 872,663 |

| | |
|------------------------|---------------------|
| Total Enterprise Funds | <u>\$ 8,393,145</u> |
|------------------------|---------------------|

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------|--------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 6,320,219 | \$ 12,701 | \$ 18,000 | \$ 6,314,920 |
| Construction in progress | 994,291 | 1,154,663 | 994,291 | 1,154,663 |
| Total capital assets, not being depreciated | 7,314,510 | 1,167,364 | 1,012,291 | 7,469,583 |
| Capital assets, being depreciated: | | | | |
| Buildings | 26,459,642 | - | 131,906 | 26,327,736 |
| Improvements other than buildings | 9,296,203 | 218,442 | 133,885 | 9,380,760 |
| Equipment | 21,762,438 | 1,406,227 | 1,434,273 | 21,734,392 |
| Infrastructure | 192,793,252 | 1,664,531 | - | 194,457,783 |
| Subtotals | 250,311,535 | 3,289,200 | 1,700,064 | 251,900,671 |
| Less accumulated depreciation for: | | | | |
| Buildings | 11,601,799 | 659,967 | 56,521 | 12,205,245 |
| Improvements other than buildings | 5,262,176 | 358,385 | 107,901 | 5,512,660 |
| Equipment | 12,706,078 | 1,626,896 | 1,312,948 | 13,020,026 |
| Infrastructure | 70,670,328 | 4,816,570 | - | 75,486,898 |
| Subtotals | 100,240,381 | 7,461,818 | 1,477,370 | 106,224,829 |
| Total capital assets, being depreciated, net | 150,071,154 | (4,172,618) | 222,694 | 145,675,842 |
| Governmental activities capital assets, net | \$ 157,385,664 | \$ (3,005,254) | \$ 1,234,985 | 153,145,425 |
| Less related long-term debt outstanding | | | | 71,527,066 |
| Net investment in capital assets | | | | \$ 81,618,359 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 305,815 | \$ - | \$ - | \$ 305,815 |
| Construction in progress | 2,050,773 | 7,848,691 | 1,296,768 | 8,602,696 |
| Total capital assets, not being depreciated | 2,356,588 | 7,848,691 | 1,296,768 | 8,908,511 |
| Capital assets, being depreciated: | | | | |
| Buildings | 87,157,443 | - | - | 87,157,443 |
| Improvements other than buildings | 104,042,877 | 4,161,821 | 51,758 | 108,152,940 |
| Equipment | 31,869,361 | 243,095 | 82,235 | 32,030,221 |
| Subtotals | 223,069,681 | 4,404,916 | 133,993 | 227,340,604 |
| Less accumulated depreciation for: | | | | |
| Buildings | 12,728,381 | 2,305,546 | - | 15,033,927 |
| Improvements other than buildings | 19,372,252 | 1,661,937 | 69,076 | 20,965,113 |
| Equipment | 11,125,152 | 1,186,547 | 85,172 | 12,226,527 |
| Subtotals | 43,225,785 | 5,154,030 | 154,248 | 48,225,567 |
| Total capital assets, being depreciated, net | 179,843,896 | (749,114) | (20,255) | 179,115,037 |
| Business-type activities capital assets, net | \$ 182,200,484 | \$ 7,099,577 | \$ 1,276,513 | 188,023,548 |
| Less related long-term debt outstanding | | | | 107,747,843 |
| Net investment in capital assets | | | | \$ 80,275,705 |

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the City as follows:

| | |
|---|---------------------|
| Governmental activities | |
| General government | \$ 273,657 |
| Police | 258,066 |
| Fire | 354,965 |
| Ambulance | 100,347 |
| Public works | 5,710,949 |
| Culture and recreation | 637,947 |
| Community development | 125,888 |
| Total depreciation expense - governmental activities | <u>\$ 7,461,819</u> |
| Business-type activities | |
| Water utility | 2,295,974 |
| Water utility charged to clearing accounts | 236,710 |
| Wastewater utility | 2,621,346 |
| Total depreciation expense - business-type activities | <u>\$ 5,154,030</u> |

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2012 were as follows:

| | Transfer to: | | | |
|-----------------------------|---------------------|-------------------|-----------------------------|---------------------|
| | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Totals |
| Transfers from: | | | | |
| General fund | \$ - | \$ - | \$ 2,897,666 | \$ 2,897,666 |
| Nonmajor Governmental Funds | 16,222 | 530,227 | 3,264,074 | 3,810,523 |
| Water Utility | 1,497,592 | - | - | 1,497,592 |
| Totals | <u>\$ 1,513,814</u> | <u>\$ 530,227</u> | <u>\$ 6,161,740</u> | <u>\$ 8,205,781</u> |

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

At year end, the General Fund was required to temporarily finance an operating cash deficit of \$424,401 in the Community Projects Special Revenue Fund. The amount is expected to be repaid through future operations of the fund.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2012:

| | Outstanding 1/1/12 | Issued | Retired | Outstanding 12/31/12 | Due Within One Year |
|----------------------------------|-----------------------|----------------------|----------------------|-------------------------|------------------------|
| Governmental activities: | | | | | |
| General Obligation Debt | | | | | |
| Bonds | \$ 49,015,000 | \$ 13,125,000 | \$ 950,000 | \$ 61,190,000 | \$ 1,525,000 |
| Notes | 16,582,477 | 3,855,000 | 6,382,477 | 14,055,000 | 565,000 |
| Total General Obligation Debt | 65,597,477 | 16,980,000 | 7,332,477 | 75,245,000 | 2,090,000 |
| Note anticipation notes | 9,700,000 | - | 7,900,000 | 1,800,000 | 1,800,000 |
| Capital leases | 103,264 | - | 33,675 | 69,589 | 42,110 |
| Other post-employment benefits | 1,930,034 | - | 393,421 | 1,536,613 | - |
| Compensated absences | 1,596,552 | 1,676,564 | 1,718,068 | 1,555,048 | 1,544,615 |
| Governmental activities | | | | | |
| Long-term obligations | <u>\$ 78,927,327</u> | <u>\$ 18,656,564</u> | <u>\$ 17,377,641</u> | <u>\$ 80,206,250</u> | <u>\$ 5,476,725</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 114,900,098 | \$ - | \$ 7,152,255 | \$ 107,747,843 | \$ 6,739,004 |
| Other post-employment benefits | 245,617 | - | 35,087 | 210,530 | - |
| Compensated absences | 174,878 | 165,398 | 174,878 | 165,398 | 165,398 |
| Business-type activities | | | | | |
| Long-term obligations | <u>\$ 115,320,593</u> | <u>\$ 165,398</u> | <u>\$ 7,362,220</u> | <u>\$ 108,123,771</u> | <u>\$ 6,904,402</u> |

Total interest paid during the year on long-term debt totaled \$6,651,502.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

| Description | Issue Amount | Interest | Maturity Date | Balance as of 12/31/12 |
|--|--------------|----------|---------------|------------------------|
| <u>General Obligation Bonds</u> | | | | |
| 2004 Library refunding serial bonds | \$ 3,925,000 | 4.25% | 03/01/19 | \$ 3,225,000 |
| 2007 Capital improvement refunding bonds | 10,950,000 | 5.00% | 04/01/22 | 10,550,000 |
| 2009 Capital improvement refunding bonds | 3,125,000 | 5.00% | 05/01/23 | 2,775,000 |
| 2010 Capital improvement refunding bonds | 10,665,000 | 3.96% | 03/01/25 | 10,465,000 |
| 2010 Build America Bonds | 7,800,000 | 3.74% | 03/01/30 | 7,700,000 |
| 2010 Capital improvement refunding bonds | 2,700,000 | 3.05% | 04/01/21 | 2,675,000 |
| 2011 Capital improvement refunding bonds | 5,700,000 | 4.65% | 02/01/26 | 5,700,000 |
| 2011 Capital improvement refunding bonds | 5,375,000 | 3.68% | 02/01/21 | 4,975,000 |
| 2012 Refunding bonds | 7,650,000 | 3.72% | 03/01/32 | 7,650,000 |
| 2012 Refunding bonds | 5,475,000 | 3.40% | 03/01/27 | 5,475,000 |
| Total Bonds | | | | <u>61,190,000</u> |

General Obligation Notes

| | | | | |
|--|-----------|-------|----------|-------------------|
| 2004 Unfunded pension liability notes | 5,000,000 | 5.25% | 03/16/24 | 4,140,000 |
| 2007 Capital improvement project notes | 6,100,000 | 4.25% | 03/01/17 | 100,000 |
| 2007 TIF #10 refunding notes | 1,730,000 | 4.25% | 04/01/17 | 1,230,000 |
| 2008 Capital improvement project notes | 3,655,000 | 3.83% | 03/01/16 | 3,255,000 |
| 2011 Capital improvement project notes | 1,500,000 | 4.14% | 02/01/21 | 1,475,000 |
| 2012 Taxable note TIF #17 | 1,055,000 | 2.50% | 09/01/14 | 1,055,000 |
| 2012 Capital improvement project notes | 2,800,000 | 2.57% | 09/01/22 | 2,800,000 |
| Total Notes | | | | <u>14,055,000</u> |

Total general obligation bonds and notes \$ 75,245,000

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2012 are detailed below:

| Year Ended December 31 | Governmental Activities | | |
|---------------------------|-------------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2013 | \$ 2,090,000 | \$ 3,183,504 | 5,273,504 |
| 2014 | 3,645,000 | 2,991,243 | 6,636,243 |
| 2015 | 3,290,000 | 2,872,236 | 6,162,236 |
| 2016 | 4,095,000 | 2,750,640 | 6,845,640 |
| 2017 | 4,650,000 | 2,597,724 | 7,247,724 |
| 2018-2022 | 31,745,000 | 9,398,353 | 41,143,353 |
| 2023-2027 | 18,055,000 | 3,676,768 | 21,731,768 |
| 2028-2032 | 7,675,000 | 698,641 | 8,373,641 |
| | <u>\$ 75,245,000</u> | <u>\$ 28,169,109</u> | <u>\$ 103,414,109</u> |

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2012 was \$53,297,869 as follows:

| | | |
|---|----------------|-----------------------------|
| Equalized valuation of the City | | \$ 2,563,349,900 |
| Statutory limitation percentage | | (x) 5% |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | | <u>128,167,495</u> |
| Total outstanding general obligation debt applicable to debt limitation | \$ 75,245,000 | |
| Less amount available for financing general obligation debt | <u>375,374</u> | |
| | | <u>74,869,626</u> |
| Legal Margin for New Debt | | <u><u>\$ 53,297,869</u></u> |

The anticipation notes detailed below are not subject to the City's legal debt limit, but the City is required to reserve its legal debt margin for the amount of the outstanding anticipation notes.

Build America Bonds

The general obligation debt issued on May 12, 2010 qualifies as Build America Bonds, as described in Section 54AA of the Internal Revenue Code. The interest on the debt is taxable as set forth in the regulations. The City is eligible to receive a 35% subsidy of the annual interest payment from the Federal government. In order to receive this subsidy, it is necessary for the City to file a claim form for each interest payment made.

Anticipation Notes

Anticipation notes outstanding on December 31, 2012 totaled \$1,800,000 and consisted of the following issues used to finance capital improvements:

| Description | Issue Amount | Interest | Maturity Date | Balance as of 12/31/12 |
|------------------------------|--------------|----------|---------------|------------------------|
| 2010 Note anticipation notes | \$ 1,800,000 | 3.60% | 05/01/13 | \$ 1,800,000 |

Annual principal and interest maturities of the outstanding note anticipation notes on December 31, 2012 are detailed below:

| Year Ended December 31 | Governmental Activities | | |
|---------------------------|-------------------------|-----------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 1,800,000 | \$ 32,400 | \$ 1,832,400 |

Capital Leases

The City has entered into lease agreements for the acquisition of library equipment. The lease agreements qualify as capital leases and have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the minimum lease payments at December 31, 2012.

| Year | Payment |
|-----------------------------------|-------------------------|
| 2013 | \$ 50,708 |
| 2014 | 27,479 |
| Less amount representing interest | (8,598) |
| | <u><u>\$ 69,589</u></u> |

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2012 totaling \$107,747,843 are composed of the following issues:

| Description | Issue Amount | Interest | Maturity Date | Balance as of 12/31/12 |
|--------------------------------------|--------------|----------|---------------|------------------------|
| 2002 Waterworks system revenue bonds | \$ 2,475,000 | 4.83% | 09/01/18 | \$ 1,575,000 |
| 2003 Waterworks system revenue bonds | 4,850,000 | 4.81% | 09/01/23 | 3,600,000 |
| 2003 Sewerage system revenue bonds | 1,195,000 | 3.87% | 11/01/12 | 425,000 |
| 2004 Waterworks system revenue bonds | 6,950,000 | 4.41% | 09/01/23 | 6,125,000 |
| 2004 Sewerage system revenue bonds | 4,950,000 | 3.87% | 11/01/23 | 4,100,000 |
| 2005 Sewerage system revenue bonds | 1,050,000 | 3.87% | 11/01/15 | 350,000 |
| 2008 Sewerage system revenue bonds | 57,396,631 | 2.37% | 05/01/25 | 46,684,426 |
| 2008 Waterworks system revenue bonds | 21,753,247 | 2.37% | 05/01/27 | 17,982,961 |
| 2010 Waterworks system revenue bonds | 10,990,743 | 2.20% | 05/01/29 | 10,030,456 |
| 2010 Waterworks system revenue bonds | 11,650,000 | 4.21% | 09/01/29 | 11,100,000 |
| 2011 Waterworks system revenue bonds | 6,025,000 | 4.03% | 09/01/29 | 5,775,000 |
| Total Revenue Bonds | | | | <u>\$ 107,747,843</u> |

The annual principal and interest maturities of the above outstanding revenue bonds are detailed below:

| Year Ended December 31 | Business-type Activities | | |
|---------------------------|--------------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2013 | \$ 6,739,004 | \$ 3,131,844 | \$ 9,870,848 |
| 2014 | 6,597,468 | 2,949,168 | 9,546,636 |
| 2015 | 6,808,482 | 2,769,167 | 9,577,649 |
| 2016 | 6,847,108 | 2,580,380 | 9,427,488 |
| 2017 | 7,038,405 | 2,388,240 | 9,426,645 |
| 2018-2022 | 38,534,507 | 8,726,699 | 47,261,206 |
| 2023-2027 | 30,401,392 | 3,109,463 | 33,510,855 |
| 2028-2032 | 4,781,477 | 275,258 | 5,056,735 |
| | <u>\$ 107,747,843</u> | <u>\$ 25,930,219</u> | <u>\$ 133,678,062</u> |

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the City. The bonds are payable solely from the water and wastewater customer net revenues and are payable through 2025 and 2029, respectively. The total principal and interest remaining to be paid on the water bonds is \$73,280,709. Principal and interest paid for the current year and total customer net revenues were \$5,182,962 and \$7,784,819 respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$60,397,353. Principal and interest paid for the current year and total customer net revenues were \$5,287,438 and \$7,260,398 respectively.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Advance Refunding

On May 23, 2012, the City advance refunded \$5,325,000 of outstanding 2007 general obligation notes. The City issued \$5,475,000 of general obligation refunding bonds which, along with \$107,281 of cash on hand, was used to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded notes are considered to be defeased and the liability has been removed from the Statement of Net Position. This advance refunding was completed in order to restructure future debt service payments, therefore, the change in future debt service payments and an economic benefit are considered immaterial.

Defeased Debt

In 2011 and prior years, the City advance refunded the outstanding maturities of the 2005, 2006, and 2007 general obligation notes in order to restructure future debt service payments. As a result, the refunded notes are considered to be defeased and the liability has been removed from the financial statements. At December 31, 2012, \$14,825,000 of outstanding general obligation notes are considered defeased.

7. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, there were nine series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$29,447,463.

8. Fund Equity

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2012 includes the following:

Net Investment in Capital Assets

| | |
|---|----------------------|
| Land | \$ 6,314,920 |
| Improvements other than buildings | 9,380,760 |
| Buildings | 26,327,736 |
| Equipment | 21,734,392 |
| Infrastructure | 194,457,783 |
| Construction in progress | 1,154,663 |
| Less: Accumulated depreciation | (106,224,829) |
| Less: Related long-term debt outstanding | (71,527,066) |
| Total Net Investment in Capital Assets | <u>81,618,359</u> |
| Restricted for debt service | <u>375,374</u> |
| Restricted for community development projects and loans | <u>1,068,546</u> |
| Unrestricted | <u>14,581,825</u> |
| Total Governmental Activities Net Position | <u>\$ 97,644,104</u> |

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE D - OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The City provides health care insurance coverage only for City employees who retire until they reach the age of 65. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 301 active and 43 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

| Component | Amount |
|--|---------------------|
| Annual required contribution | \$ 718,033 |
| Interest on net OPEB | 67,892 |
| Adjustment to annual required contribution | (568,860) |
| Annual OPEB cost | 217,065 |
| Contributions made | (645,573) |
| Change in net OPEB obligation | (428,508) |
| OPEB obligation - beginning of year | 2,175,651 |
| OPEB obligation - end of year | <u>\$ 1,747,143</u> |

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 3.00% inflation rate, and (b) projected salary increases at 1.50%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2012 is 28 years, and the remaining amount is \$6,332,156.

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the previous two years is as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage Of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 12/31/2012 | \$217,065 | 297% | \$1,747,143 |
| 12/31/2011 | \$1,001,558 | 38% | \$2,175,651 |
| 12/31/2010 | \$990,124 | 52% | \$1,554,273 |

Funded Status and Funding Progress - As of January 1, 2012, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$6,332,156. The annual payroll for active employees covered by the plan for the 2012 fiscal year was \$21,036,395 for a ratio of the UAAL to covered payroll of 30%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE D - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.00% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 7.9%, reduced by decrements to an ultimate rate of 5.5% after 25 years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2012 was 28 years.

NOTE E - OTHER INFORMATION

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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. Contribution rates are as follows:

| | 2012 | |
|------------------------------------|-----------------|-----------------|
| | <u>Employee</u> | <u>Employer</u> |
| General (including Teachers) | 5.9% | 5.9% |
| Executives & Elected Officials | 7.05% | 7.05% |
| Protective with Social Security | 5.9% | 9.0% |
| Protective without Social Security | 5.9% | 11.3% |

The payroll for City employees covered by the WRS for the year ended December 31, 2012 was \$19,973,244; the employer's total payroll was \$21,036,395. The total required contribution for the year ended December 31, 2012 was \$3,366,490, which consisted of \$2,189,839 or 10.98% of covered payroll from the employer, and \$1,176,651, or 5.9% of covered payroll from employees. Total contributions for the years ended December 31, 2011 and 2010 were \$3,359,823 and \$2,531,912, respectively, equal to the required contributions for each year.

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE E - OTHER INFORMATION (Continued)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

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

2. Risk Management

The City is exposed to various risks of loss related to medical claims. The City's risk management fund (an Internal Service Fund) is used to account for and finance its uninsured health risk of loss. Under this program, the risk management fund provides coverage for up to an annual maximum of \$150,000 for each individual's total claims with group claims limited to 125% of expected claims annually. The City purchases commercial stop loss insurance for health claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial insurance coverage since inception of the fund.

All funds of the City participate in the health program and are charged amounts needed to pay prior - and current - year claims and to establish a reserve for future insurance costs. On December 31, 2012 that reserve was \$1,444,760. The accounts payable of \$605,618 reported in the fund at December 31, 2012 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's reported liability amount for 2012 and 2011 follow:

| | Liability January 1 | Current Year Claims and Changes in Estimates | Claim Payments | Liability December 31 |
|------|------------------------|---|-------------------|--------------------------|
| 2012 | \$ 774,942 | \$ 4,244,512 | \$ 4,413,836 | \$ 605,618 |
| 2011 | 594,790 | 5,722,526 | 5,542,374 | 774,942 |

All other risks, which include comprehensive general liability, automobile, Worker's Compensation, law enforcement, property, crime, public officials, and storage tank pollution are covered by commercial insurance. There has been no reduction in insurance coverage from coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE E - OTHER INFORMATION (Continued)

3. Tax Incremental Districts

The City has established separate debt service funds for its Tax Incremental Districts (TID). The TID's were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow a tax incremental district to incur eligible project costs for up to five years prior to the termination of the district. The intent of the City is to recover all project costs, including interest on debt used to finance the project costs, from future TID increment revenues prior to termination of the respective District.

Additional information about the City's TID's follows:

| TID | Creation Date | Construction Period Ends | Termination Date |
|-----|---------------|--------------------------|------------------|
| 8 | 4/22/92 | closed | 5/2/19 |
| 9 | 5/24/00 | 5/24/18 | 1/1/24 |
| 10 | 8/25/04 | 8/25/22 | 1/1/28 |
| 11 | 1/1/06 | 6/24/24 | 1/1/30 |
| 12 | 8/13/08 | 8/13/26 | 1/1/32 |
| 13 | 3/30/10 | 3/30/25 | 3/30/30 |
| 14 | 11/10/10 | 11/10/32 | 11/10/37 |
| 15 | 8/23/11 | 8/23/33 | 8/23/38 |
| 16 | 8/8/12 | 8/8/34 | 8/8/39 |
| 17 | 8/8/12 | 8/8/34 | 8/8/39 |

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2012 and 2013 budget years, Wisconsin statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2012 budget was 0.81%. The actual limit for the City for the 2013 budget was 0.56%. Wisconsin statutes allow the limit to be adjusted for increases in debt service.

5. Contingencies

- a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 and the *State Single Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- b. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast 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.

6. Subsequent Events

On February 27, 2013 the City Council authorized the issuance of \$1,800,000 General Obligation Bonds, \$3,085,000 General Obligation Refunding Bonds, \$3,190,000 General Obligation Note and \$3,975,000 Taxable General Obligation Refunding Bonds.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

CITY OF FOND DU LAC, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2012

| Actuarial Valuation Date December 31 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Unit Credit | (3) Funded Ratio (1) / (2) | (4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1) | (5) Covered Payroll | UAAL as a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 2008 | \$ - | \$ 8,634,315 | 0.00% | \$ 8,634,315 | \$ 19,580,000 | 44% |
| 2010 | - | 8,821,561 | 0.00% | 8,821,561 | 20,712,000 | 43% |
| 2012 | - | 6,332,156 | 0.00% | 6,332,156 | 21,036,395 | 30% |

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2012

| Year Ended December 31, | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|----------------------------|---------------------------|---|---------------------------|
| 2008 | \$ 307,932 | \$ 860,429 | 36% |
| 2009 | 347,705 | 873,439 | 40% |
| 2010 | 514,082 | 1,001,557 | 51% |
| 2011 | 380,180 | 1,001,558 | 38% |
| 2012 | 645,573 | 718,033 | 90% |

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008.
Information for prior years is not available.

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources or to finance specific activities as required by law or administrative regulations. Their revenues are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes.

LIBRARY - This fund is used to account for the operation of the Fond du Lac Public Library.

CITY GRANT PROGRAMS - This fund accounts for State of Wisconsin administered programs restricted for paramedic training and safety related equipment for the workplace.

COMMUNITY DEVELOPMENT BLOCK GRANT - This fund accounts for all of the community block grant programs.

AMBULANCE - This fund is used to account for the operation of the City of Fond du Lac's ambulance service.

HARBOR & BOATING FACILITIES - This fund was established to account for boat slip rental fees and boat launch fees accumulated specifically for maintaining and improving the City harbor and boating facilities.

COMMUNITY PROJECTS - This fund was established to account for donations designated for specific purposes to enhance the Fond du Lac community.

PARKING - This fund accounts for revenues from parking meters, permits, and lots. The revenues defray operational costs related to parking operations.

TRANSIT - This fund accounts for the operations and maintenance of the municipal public transportation system.

HAZ MAT AGREEMENT - This fund accounts for interagency haz mat funded by the City, County and users.

FUEL PUMP MAINTENANCE - This fund accounts for the maintenance and replacement of the municipal fuel pump system from fees charged on all fuel used by City departments.

TIF Districts - This fund accounts for the revenues and expenditures of the economic development of the City's Tax Incremental Financing Districts.

PROPERTY INSURANCE DEDUCTIBLE - This fund was established to provide funding for increased deductibles when claims are made.

Capital Projects Funds

Capital Project Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

GENERAL CAPITAL PROJECTS FUND - This fund accounts for the financing and costs of miscellaneous capital projects not accounted for in other funds.

STREET IMPROVEMENTS FUND - This fund accounts for the financing and reconstruction of existing streets, intersections and bridges.

STORM SEWER IMPROVEMENTS FUND - This fund accounts for the financing and construction of existing and new storm sewer projects.

PARK IMPROVEMENTS FUND - This fund accounts for the financing, construction and improvements of park facilities and playgrounds.

SPECIAL ASSESSMENTS FUND - This fund accounts for the financing and construction of new residential development projects including streets, street lighting, curb/gutters and sidewalks. Owners of the benefited property are assessed for the construction costs incurred.

CITY OF FOND DU LAC, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|
| ASSETS | | | |
| Cash and investments | \$ 2,430,790 | \$ 7,085,311 | \$ 9,516,101 |
| Accounts receivable | 40,591 | 6,826 | 47,417 |
| Ambulance receivable | 452,062 | - | 452,062 |
| Taxes receivable, net | 3,003,214 | - | 3,003,214 |
| Community development loans receivable | 6,295,762 | - | 6,295,762 |
| Due from other governments | 1,246,822 | 3,730 | 1,250,552 |
| Inventories | 35,553 | - | 35,553 |
| Other | 20,404 | - | 20,404 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | \$ 13,525,198 | \$ 7,095,867 | \$ 20,621,065 |
| | <hr/> | <hr/> | <hr/> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 223,003 | \$ 267,853 | \$ 490,856 |
| Contracts payable | 1,169 | 41,748 | 42,917 |
| Accrued compensation | 221,197 | - | 221,197 |
| Due to other funds | 424,401 | - | 424,401 |
| Other | 39,713 | 3,000 | 42,713 |
| Total liabilities | <hr/> 909,483 | <hr/> 312,601 | <hr/> 1,222,084 |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 3,003,214 | - | 3,003,214 |
| Loans receivable | 6,295,762 | - | 6,295,762 |
| Total Deferred Inflows of Resources | <hr/> 9,298,976 | <hr/> - | <hr/> 9,298,976 |
| Fund balances: | | | |
| Nonspendable | | | |
| Inventories | 35,553 | - | 35,553 |
| Restricted | | | |
| CDBG | 1,068,546 | - | 1,068,546 |
| Committed | | | |
| Nonmajor Special Revenue Funds | 2,212,640 | - | 2,212,640 |
| Nonmajor Capital Project Funds | - | 6,783,266 | 6,783,266 |
| Total fund balances | <hr/> 3,316,739 | <hr/> 6,783,266 | <hr/> 10,100,005 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities, deferred inflows of resources and fund balances | \$ 13,525,198 | \$ 7,095,867 | \$ 20,621,065 |
| | <hr/> | <hr/> | <hr/> |

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

| | Library | City Grant Programs | Community Development Block Grant | Ambulance | Harbor & Boating Facilities | Community Projects | Parking |
|--|---------------------|---------------------|-----------------------------------|-------------------|-----------------------------|---------------------|------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 94,205 | \$ 13,917 | \$ 827,667 | \$ 299,740 | \$ 252,567 | \$ - | \$ 26,141 |
| Accounts receivable | 2,380 | - | 34,511 | 300 | - | 250 | - |
| Ambulance receivable | - | - | - | 452,062 | - | - | - |
| Taxes receivable, net | 1,668,139 | - | - | - | - | 507,864 | - |
| Community development loans receivable | - | - | 6,295,762 | - | - | - | - |
| Due from other governments | 5,373 | 5,688 | 239,788 | - | - | 810,292 | - |
| Inventories | - | - | - | 16,403 | - | 19,150 | - |
| Other | 20,404 | - | - | - | - | - | - |
| Total assets | \$ 1,790,501 | \$ 19,605 | \$ 7,397,728 | \$ 768,505 | \$ 252,567 | \$ 1,337,556 | \$ 26,141 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 15,843 | \$ - | \$ 32,420 | \$ 4,865 | \$ 764 | \$ 48,613 | \$ 7,376 |
| Contracts payable | - | - | - | - | - | - | 1,169 |
| Accrued compensation | 63,131 | - | - | 132,733 | - | - | 4,418 |
| Due to other funds | - | - | - | - | - | 424,401 | - |
| Other | - | - | 1,000 | - | 19 | 420 | 13,177 |
| Total liabilities | 78,974 | - | 33,420 | 137,598 | 783 | 473,434 | 26,140 |
| Deferred Inflows of Resources | | | | | | | |
| Property taxes | 1,668,139 | - | - | - | - | 507,864 | - |
| Loans receivable | - | - | 6,295,762 | - | - | - | - |
| Total deferred inflows of resources | 1,668,139 | - | 6,295,762 | - | - | 507,864 | - |
| Fund balances: | | | | | | | |
| Nonspendable | | | | | | | |
| Inventories | - | - | - | 16,403 | - | 19,150 | - |
| Restricted | | | | | | | |
| Community development projects and loans | - | - | 1,068,546 | - | - | - | - |
| Committed | | | | | | | |
| Subsequent years' expenditures | 43,388 | 19,605 | - | 614,504 | 251,784 | 337,108 | 1 |
| Total fund balances | 43,388 | 19,605 | 1,068,546 | 630,907 | 251,784 | 356,258 | 1 |
| Total liabilities, deferred inflows resources and fund balances | \$ 1,790,501 | \$ 19,605 | \$ 7,397,728 | \$ 768,505 | \$ 252,567 | \$ 1,337,556 | \$ 26,141 |

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

| | Transit | Haz Mat Agreement | Fuel Pump Maintenance | TIF Districts | Property Insurance Deductible | Total |
|---|-------------------|----------------------|--------------------------|---------------------|-------------------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 9,781 | \$ 22,913 | \$ 57,842 | \$ 794,969 | \$ 31,048 | \$ 2,430,790 |
| Accounts receivable | 749 | 2,401 | - | - | - | 40,591 |
| Ambulance receivable | - | - | - | - | - | 452,062 |
| Taxes receivable, net | 221,591 | - | - | 605,620 | - | 3,003,214 |
| Community development loans receivable | - | - | - | - | - | 6,295,762 |
| Due from other governments | 185,681 | - | - | - | - | 1,246,822 |
| Inventories | - | - | - | - | - | 35,553 |
| Other | - | - | - | - | - | 20,404 |
| | | | | | | |
| Total assets | <u>\$ 417,802</u> | <u>\$ 25,314</u> | <u>\$ 57,842</u> | <u>\$ 1,400,589</u> | <u>\$ 31,048</u> | <u>\$ 13,525,198</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 112,482 | \$ 40 | \$ - | \$ 600 | \$ - | \$ 223,003 |
| Contracts payable | - | - | - | - | - | 1,169 |
| Accrued compensation | 20,915 | - | - | - | - | 221,197 |
| Due to other funds | - | - | - | - | - | 424,401 |
| Other | 25,097 | - | - | - | - | 39,713 |
| Total liabilities | <u>158,494</u> | <u>40</u> | <u>-</u> | <u>600</u> | <u>-</u> | <u>909,483</u> |
| | | | | | | |
| Deferred Inflows of Resources | | | | | | |
| Property taxes | 221,591 | - | - | 605,620 | - | 3,003,214 |
| Loans receivable | - | - | - | - | - | 6,295,762 |
| Total deferred inflows of resources | <u>221,591</u> | <u>-</u> | <u>-</u> | <u>605,620</u> | <u>-</u> | <u>9,298,976</u> |
| | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable | | | | | | |
| Inventories | - | - | - | - | - | 35,553 |
| Restricted | | | | | | |
| Community development projects and loans | - | - | - | - | - | 1,068,546 |
| Committed | | | | | | |
| Subsequent years' expenditures | <u>37,717</u> | <u>25,274</u> | <u>57,842</u> | <u>794,369</u> | <u>31,048</u> | <u>2,212,640</u> |
| Total fund balances | <u>37,717</u> | <u>25,274</u> | <u>57,842</u> | <u>794,369</u> | <u>31,048</u> | <u>3,316,739</u> |
| | | | | | | |
| Total liabilities, deferred inflows resources and fund balances | <u>\$ 417,802</u> | <u>\$ 25,314</u> | <u>\$ 57,842</u> | <u>\$ 1,400,589</u> | <u>\$ 31,048</u> | <u>\$ 13,525,198</u> |

CITY OF FOND DU LAC, WISCONSIN

Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

| | General Capital Projects | Streets | Storm Sewers | Parks | Special Assessments | Total |
|--------------------------------------|-----------------------------|---------------------|---------------------|-------------------|------------------------|---------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 749,370 | \$ 3,561,262 | \$ 2,391,861 | \$ 315,290 | \$ 67,528 | \$ 7,085,311 |
| Accounts receivable | 6,826 | - | - | - | - | 6,826 |
| Due from other governments | 3,730 | - | - | - | - | 3,730 |
| Total assets | <u>\$ 759,926</u> | <u>\$ 3,561,262</u> | <u>\$ 2,391,861</u> | <u>\$ 315,290</u> | <u>\$ 67,528</u> | <u>\$ 7,095,867</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 4,156 | \$ 253,375 | \$ 4,090 | \$ 6,232 | \$ - | \$ 267,853 |
| Contracts payable | - | 7,357 | 28,240 | 2,955 | 3,196 | 41,748 |
| Other | 3,000 | - | - | - | - | 3,000 |
| Total liabilities | <u>7,156</u> | <u>260,732</u> | <u>32,330</u> | <u>9,187</u> | <u>3,196</u> | <u>312,601</u> |
| Fund balances: | | | | | | |
| Committed | | | | | | |
| Future capital improvements | <u>752,770</u> | <u>3,300,530</u> | <u>2,359,531</u> | <u>306,103</u> | <u>64,332</u> | <u>6,783,266</u> |
| Total liabilities and fund balances | <u>\$ 759,926</u> | <u>\$ 3,561,262</u> | <u>\$ 2,391,861</u> | <u>\$ 315,290</u> | <u>\$ 67,528</u> | <u>\$ 7,095,867</u> |

CITY OF FOND DU LAC, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|---------------------------------------|--|
| REVENUES | | | |
| Property taxes | \$ 2,262,631 | \$ - | \$ 2,262,631 |
| Other taxes | 49,252 | - | 49,252 |
| Intergovernmental | 5,257,536 | 849,246 | 6,106,782 |
| Charges for services | 3,732,413 | - | 3,732,413 |
| Court and parking fines | 65,103 | - | 65,103 |
| Investment earnings | 10,385 | - | 10,385 |
| Miscellaneous | 1,042,903 | 59,593 | 1,102,496 |
| Total revenues | <u>12,420,223</u> | <u>908,839</u> | <u>13,329,062</u> |
| EXPENDITURES | | | |
| General government | 9,060 | - | 9,060 |
| Public safety | 6,174,540 | - | 6,174,540 |
| Public works | 2,291,194 | - | 2,291,194 |
| Culture and recreation | 2,828,555 | - | 2,828,555 |
| Community development | 1,619,049 | - | 1,619,049 |
| Interest and other charges | 1,025 | - | 1,025 |
| Capital outlay | 2,287,366 | 4,650,720 | 6,938,086 |
| Total expenditures | <u>15,210,789</u> | <u>4,650,720</u> | <u>19,861,509</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,790,566)</u> | <u>(3,741,881)</u> | <u>(6,532,447)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Long-term debt issued | 1,055,000 | 2,800,000 | 3,855,000 |
| Transfers in | 2,899,666 | 3,262,074 | 6,161,740 |
| Transfers out | (561,849) | (3,248,674) | (3,810,523) |
| Total other financing sources (uses) | <u>3,392,817</u> | <u>2,813,400</u> | <u>6,206,217</u> |
| Net change in fund balances | 602,251 | (928,481) | (326,230) |
| Fund balances - January 1 | <u>2,714,488</u> | <u>7,711,747</u> | <u>10,426,235</u> |
| Fund balances - December 31 | <u>\$ 3,316,739</u> | <u>\$ 6,783,266</u> | <u>\$ 10,100,005</u> |

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Library | City Grant Programs | Community Development Block Grant | Ambulance | Harbor & Boating Facilities | Community Projects | Parking |
|--|------------------|------------------------|---|--------------------|-----------------------------------|-----------------------|------------------|
| REVENUES | | | | | | | |
| Property taxes | \$ 1,718,139 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - | - | - |
| Intergovernmental | 822,281 | 23,079 | 1,760,616 | 299,187 | - | 1,246,072 | - |
| Charges for services | 89,624 | - | - | 2,774,145 | 205,688 | - | 326,867 |
| Court and parking fines | - | - | - | - | 3,616 | - | 61,487 |
| Investment earnings | - | - | 9,260 | - | 3,077 | 126 | - |
| Miscellaneous | 156,273 | 2,560 | 675,300 | 56 | 2,437 | 135,011 | - |
| Total revenues | <u>2,786,317</u> | <u>25,639</u> | <u>2,445,176</u> | <u>3,073,388</u> | <u>214,818</u> | <u>1,381,209</u> | <u>388,354</u> |
| EXPENDITURES | | | | | | | |
| General government | - | 2,560 | - | - | - | - | - |
| Public safety | - | 11,485 | - | 4,884,571 | - | 1,244,193 | - |
| Public works | - | - | - | - | - | 657,247 | - |
| Culture and recreation | 2,642,458 | 14,301 | - | - | 106,910 | 8,280 | - |
| Community development | - | - | 113,101 | - | - | - | 392,177 |
| Interest and other charges | - | - | - | - | - | - | - |
| Capital outlay | - | - | 2,287,366 | - | - | - | - |
| Total expenditures | <u>2,642,458</u> | <u>28,346</u> | <u>2,400,467</u> | <u>4,884,571</u> | <u>106,910</u> | <u>1,909,720</u> | <u>392,177</u> |
| Excess (deficiency) of revenues over expenditures | <u>143,859</u> | <u>(2,707)</u> | <u>44,709</u> | <u>(1,811,183)</u> | <u>107,908</u> | <u>(528,511)</u> | <u>(3,823)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Long-term debt issued | - | - | - | - | - | - | - |
| Transfers in | - | - | 2,000 | 1,830,266 | - | 463,714 | 149,062 |
| Transfers out | (49,381) | - | (2,000) | - | (81,413) | - | - |
| Total other financing sources (uses) | <u>(49,381)</u> | <u>-</u> | <u>-</u> | <u>1,830,266</u> | <u>(81,413)</u> | <u>463,714</u> | <u>149,062</u> |
| Net change in fund balances | 94,478 | (2,707) | 44,709 | 19,083 | 26,495 | (64,797) | 145,239 |
| Fund balances (deficit) - January 1 | <u>(51,090)</u> | <u>22,312</u> | <u>1,023,837</u> | <u>611,824</u> | <u>225,289</u> | <u>421,055</u> | <u>(145,238)</u> |
| Fund balances - December 31 | <u>\$ 43,388</u> | <u>\$ 19,605</u> | <u>\$ 1,068,546</u> | <u>\$ 630,907</u> | <u>\$ 251,784</u> | <u>\$ 356,258</u> | <u>\$ 1</u> |

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Transit | HazMat Agreement | Fuel Pump Maintenance | TIF Districts | Property Insurance Deductible | Total |
|--|------------------|---------------------|--------------------------|-------------------|-------------------------------------|---------------------|
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 544,492 | \$ - | \$ 2,262,631 |
| Other taxes | - | - | - | 49,252 | - | 49,252 |
| Intergovernmental | 1,088,027 | 15,000 | - | 3,274 | - | 5,257,536 |
| Charges for services | 326,025 | 10,064 | - | - | - | 3,732,413 |
| Court and parking fines | - | - | - | - | - | 65,103 |
| Investment earnings | (2,078) | - | - | - | - | 10,385 |
| Miscellaneous | 12,648 | - | 31,826 | 26,792 | - | 1,042,903 |
| Total revenues | <u>1,424,622</u> | <u>25,064</u> | <u>31,826</u> | <u>623,810</u> | <u>-</u> | <u>12,420,223</u> |
| EXPENDITURES | | | | | | |
| General government | - | - | - | 2,000 | 4,500 | 9,060 |
| Public safety | - | 34,291 | - | - | - | 6,174,540 |
| Public works | 1,594,536 | - | 32,478 | 6,933 | - | 2,291,194 |
| Culture and recreation | - | - | - | 56,606 | - | 2,828,555 |
| Community development | - | - | - | 1,113,771 | - | 1,619,049 |
| Interest and other charges | - | - | - | 1,025 | - | 1,025 |
| Capital outlay | - | - | - | - | - | 2,287,366 |
| Total expenditures | <u>1,594,536</u> | <u>34,291</u> | <u>32,478</u> | <u>1,180,335</u> | <u>4,500</u> | <u>15,210,789</u> |
| Excess (deficiency) of revenues over expenditures | <u>(169,914)</u> | <u>(9,227)</u> | <u>(652)</u> | <u>(556,525)</u> | <u>(4,500)</u> | <u>(2,790,566)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Long-term debt issued | - | - | - | 1,055,000 | - | 1,055,000 |
| Transfers in | 412,726 | 7,500 | - | 34,398 | - | 2,899,666 |
| Transfers out | (13,400) | - | - | (415,655) | - | (561,849) |
| Total other financing sources (uses) | <u>399,326</u> | <u>7,500</u> | <u>-</u> | <u>673,743</u> | <u>-</u> | <u>3,392,817</u> |
| Net change in fund balances | 229,412 | (1,727) | (652) | 117,218 | (4,500) | 602,251 |
| Fund balances (deficit) - January 1 | <u>(191,695)</u> | <u>27,001</u> | <u>58,494</u> | <u>677,151</u> | <u>35,548</u> | <u>2,714,488</u> |
| Fund balances - December 31 | <u>\$ 37,717</u> | <u>\$ 25,274</u> | <u>\$ 57,842</u> | <u>\$ 794,369</u> | <u>\$ 31,048</u> | <u>\$ 3,316,739</u> |

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012

| | General Capital Projects | Streets | Storm Sewers | Parks | Special Assessments | Total |
|--|-----------------------------|---------------------|---------------------|-------------------|------------------------|---------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ 416,947 | \$ 95,609 | \$ 336,690 | \$ - | \$ - | \$ 849,246 |
| Miscellaneous | 59,593 | - | - | - | - | 59,593 |
| Total revenues | <u>476,540</u> | <u>95,609</u> | <u>336,690</u> | <u>-</u> | <u>-</u> | <u>908,839</u> |
| EXPENDITURES | | | | | | |
| Capital outlay | <u>1,817,962</u> | <u>1,406,008</u> | <u>866,729</u> | <u>214,239</u> | <u>345,782</u> | <u>4,650,720</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,341,422)</u> | <u>(1,310,399)</u> | <u>(530,039)</u> | <u>(214,239)</u> | <u>(345,782)</u> | <u>(3,741,881)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Long-term debt issued | - | 2,800,000 | - | - | - | 2,800,000 |
| Transfers in | 1,142,752 | 779,623 | 616,085 | 430,104 | 293,510 | 3,262,074 |
| Transfers out | <u>(146,133)</u> | <u>(765,293)</u> | <u>(1,937,862)</u> | <u>(394,806)</u> | <u>(4,580)</u> | <u>(3,248,674)</u> |
| Total other financing sources (uses) | <u>996,619</u> | <u>2,814,330</u> | <u>(1,321,777)</u> | <u>35,298</u> | <u>288,930</u> | <u>2,813,400</u> |
| Net change in fund balances | (344,803) | 1,503,931 | (1,851,816) | (178,941) | (56,852) | (928,481) |
| Fund balances - January 1 | <u>1,097,573</u> | <u>1,796,599</u> | <u>4,211,347</u> | <u>485,044</u> | <u>121,184</u> | <u>7,711,747</u> |
| Fund balances - December 31 | <u>\$ 752,770</u> | <u>\$ 3,300,530</u> | <u>\$ 2,359,531</u> | <u>\$ 306,103</u> | <u>\$ 64,332</u> | <u>\$ 6,783,266</u> |

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Library | | | City Grant Programs | | | Ambulance | | | Harbor & Boating Facilities | | |
|--|------------------------------|--------------|-------------------------------------|------------------------------|-----------|-------------------------------------|------------------------------|-------------|-------------------------------------|------------------------------|------------|-------------------------------------|
| | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) |
| REVENUES | | | | | | | | | | | | |
| Property taxes | \$ 1,718,139 | \$ 1,718,139 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | 822,270 | 822,281 | 11 | 27,900 | 23,079 | (4,821) | 292,539 | 299,187 | 6,648 | - | - | - |
| Charges for services | 88,270 | 89,624 | 1,354 | - | - | - | 2,560,000 | 2,774,145 | 214,145 | 196,000 | 205,688 | 9,688 |
| Court and parking fines | - | - | - | - | - | - | - | - | - | 3,540 | 3,616 | 76 |
| Investment earnings | - | - | - | - | - | - | - | - | - | 3,000 | 3,077 | 77 |
| Miscellaneous | 116,567 | 156,273 | 39,706 | - | 2,560 | 2,560 | - | 56 | 56 | - | 2,437 | 2,437 |
| Total revenues | 2,745,246 | 2,786,317 | 41,071 | 27,900 | 25,639 | (2,261) | 2,852,539 | 3,073,388 | 220,849 | 202,540 | 214,818 | 12,278 |
| EXPENDITURES | | | | | | | | | | | | |
| General government | - | - | - | - | 2,560 | (2,560) | - | - | - | - | - | - |
| Public safety | - | - | - | 10,000 | 11,485 | (1,485) | 4,865,596 | 4,884,571 | (18,975) | - | - | - |
| Public works | - | - | - | - | - | - | - | - | - | - | - | - |
| Culture and recreation | 2,754,386 | 2,642,458 | 111,928 | 17,000 | 14,301 | 2,699 | - | - | - | 116,839 | 106,910 | 9,929 |
| Community development | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 2,754,386 | 2,642,458 | 111,928 | 27,000 | 28,346 | (1,346) | 4,865,596 | 4,884,571 | (18,975) | 116,839 | 106,910 | 9,929 |
| Excess (deficiency) of revenues over expenditures | (9,140) | 143,859 | 152,999 | 900 | (2,707) | (3,607) | (2,013,057) | (1,811,183) | 201,874 | 85,701 | 107,908 | 22,207 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Long-term debt issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | 1,830,266 | 1,830,266 | - | - | - | - |
| Transfers out | - | (49,381) | (49,381) | - | - | - | - | - | - | (81,413) | (81,413) | - |
| Total other financing sources (uses) | - | (49,381) | (49,381) | - | - | - | 1,830,266 | 1,830,266 | - | (81,413) | (81,413) | - |
| Net change in fund balances | (9,140) | 94,478 | 103,618 | 900 | (2,707) | (3,607) | (182,791) | 19,083 | 201,874 | 4,288 | 26,495 | 22,207 |
| Fund balances (deficit) - January 1 | (51,090) | (51,090) | - | 22,312 | 22,312 | - | 611,824 | 611,824 | - | 225,289 | 225,289 | - |
| Fund balances (deficit) - December 31 | \$ (60,230) | \$ 43,388 | \$ 103,618 | \$ 23,212 | \$ 19,605 | \$ (3,607) | \$ 429,033 | \$ 630,907 | \$ 201,874 | \$ 229,577 | \$ 251,784 | \$ 22,207 |

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Community Projects | | | Parking | | | Transit | | | HazMat Agreement | | |
|--|------------------------------|------------|-------------------------------------|------------------------------|-----------|-------------------------------------|------------------------------|-----------|-------------------------------------|------------------------------|-----------|-------------------------------------|
| | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) |
| REVENUES | | | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | 147,979 | 1,246,072 | 1,098,093 | - | - | - | 1,160,725 | 1,088,027 | (72,698) | 15,000 | 15,000 | - |
| Charges for services | - | - | - | 355,000 | 326,867 | (28,133) | 272,000 | 326,025 | 54,025 | - | 10,064 | 10,064 |
| Court and parking fines | - | - | - | 93,000 | 61,487 | (31,513) | - | - | - | - | - | - |
| Investment earnings | 50 | 126 | 76 | - | - | - | 475 | (2,078) | (2,553) | - | - | - |
| Miscellaneous | 44,475 | 135,011 | 90,536 | - | - | - | 14,000 | 12,648 | (1,352) | - | - | - |
| Total revenues | 192,504 | 1,381,209 | 1,188,705 | 448,000 | 388,354 | (59,646) | 1,447,200 | 1,424,622 | (22,578) | 15,000 | 25,064 | 10,064 |
| EXPENDITURES | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | 35,375 | 1,244,193 | (1,208,818) | - | - | - | - | - | - | 34,664 | 34,291 | 373 |
| Public works | 773,600 | 657,247 | 116,353 | - | - | - | 1,675,391 | 1,594,536 | 80,855 | - | - | - |
| Culture and recreation | 12,000 | 8,280 | 3,720 | - | - | - | - | - | - | - | - | - |
| Community development | - | - | - | 404,589 | 392,177 | 12,412 | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 820,975 | 1,909,720 | (1,088,745) | 404,589 | 392,177 | 12,412 | 1,675,391 | 1,594,536 | 80,855 | 34,664 | 34,291 | 373 |
| Excess (deficiency) of revenues over expenditures | (628,471) | (528,511) | 99,960 | 43,411 | (3,823) | (47,234) | (228,191) | (169,914) | 58,277 | (19,664) | (9,227) | 10,437 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Long-term debt issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in | 463,714 | 463,714 | - | 101,407 | 149,062 | 47,655 | 412,726 | 412,726 | - | 7,500 | 7,500 | - |
| Transfers out | - | - | - | - | - | - | (13,400) | (13,400) | - | - | - | - |
| Total other financing sources (uses) | 463,714 | 463,714 | - | 101,407 | 149,062 | 47,655 | 399,326 | 399,326 | - | 7,500 | 7,500 | - |
| Net change in fund balances | (164,757) | (64,797) | 99,960 | 144,818 | 145,239 | 421 | 171,135 | 229,412 | 58,277 | (12,164) | (1,727) | 10,437 |
| Fund balances (deficit) - January 1 | 421,055 | 421,055 | - | (145,238) | (145,238) | - | (191,695) | (191,695) | - | 27,001 | 27,001 | - |
| Fund balances (deficit) - December 31 | \$ 256,298 | \$ 356,258 | \$ 99,960 | \$ (420) | \$ 1 | \$ 421 | \$ (20,560) | \$ 37,717 | \$ 58,277 | \$ 14,837 | \$ 25,274 | \$ 10,437 |

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Fuel Pump Maintenance | | | TIF Districts | | | Property Insurance Deductible | | |
|--|------------------------------|-----------|-------------------------------------|------------------------------|------------|-------------------------------------|-------------------------------|-----------|-------------------------------------|
| | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) | Original and Final Budget | Actual | Variance- Positive (Negative) |
| REVENUES | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 506,447 | \$ 544,492 | \$ 38,045 | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | 49,252 | 49,252 | - | - | - |
| Intergovernmental | - | - | - | 2,592 | 3,274 | 682 | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Court and parking fines | - | - | - | - | - | - | - | - | - |
| Investment earnings | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 28,000 | 31,826 | 3,826 | - | 26,792 | 26,792 | - | - | - |
| Total revenues | 28,000 | 31,826 | 3,826 | 509,039 | 623,810 | 114,771 | - | - | - |
| EXPENDITURES | | | | | | | | | |
| General government | - | - | - | 5,000 | 2,000 | 3,000 | - | 4,500 | (4,500) |
| Public safety | - | - | - | - | - | - | - | - | - |
| Public works | 4,000 | 32,478 | (28,478) | 1,200 | 6,933 | (5,733) | - | - | - |
| Culture and recreation | - | - | - | - | 56,606 | (56,606) | - | - | - |
| Community development | - | - | - | 1,798,101 | 1,113,771 | 684,330 | - | - | - |
| Interest and other charges | - | - | - | - | 1,025 | (1,025) | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | - |
| Total expenditures | 4,000 | 32,478 | (28,478) | 1,804,301 | 1,180,335 | 623,966 | - | 4,500 | (4,500) |
| Excess (deficiency) of revenues over expenditures | 24,000 | (652) | (24,652) | (1,295,262) | (556,525) | 738,737 | - | (4,500) | (4,500) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Long-term debt issued | - | - | - | 1,600,000 | 1,055,000 | (545,000) | - | - | - |
| Transfers in | - | - | - | - | 34,398 | 34,398 | - | - | - |
| Transfers out | - | - | - | (414,867) | (415,655) | (788) | - | - | - |
| Total other financing sources (uses) | - | - | - | 1,185,133 | 673,743 | (511,390) | - | - | - |
| Net change in fund balances | 24,000 | (652) | (24,652) | (110,129) | 117,218 | 227,347 | - | (4,500) | (4,500) |
| Fund balances (deficit) - January 1 | 58,494 | 58,494 | - | 677,151 | 677,151 | - | 35,548 | 35,548 | - |
| Fund balances (deficit) - December 31 | \$ 82,494 | \$ 57,842 | \$ (24,652) | \$ 567,022 | \$ 794,369 | \$ 227,347 | \$ 35,548 | \$ 31,048 | \$ (4,500) |

CITY OF FOND DU LAC, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the Year Ended December 31, 2012

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget- Positive (Negative) |
|--|------------------------|---------------------|--------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 3,330,975 | \$ 3,330,975 | \$ 3,330,975 | \$ - |
| Intergovernmental | 149,398 | 149,398 | 149,397 | (1) |
| Special assessments | 145,700 | 145,700 | 352,627 | 206,927 |
| Investment interest | 39,900 | 39,900 | 35,136 | (4,764) |
| Total revenues | <u>3,665,973</u> | <u>3,665,973</u> | <u>3,868,135</u> | <u>202,162</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 15,016,524 | 15,016,524 | 9,588,675 | 5,427,849 |
| Interest | 3,400,241 | 3,400,241 | 3,376,076 | 24,165 |
| Other | 5,025 | 5,025 | 8,401 | (3,376) |
| Total expenditures | <u>18,421,790</u> | <u>18,421,790</u> | <u>12,973,152</u> | <u>5,448,638</u> |
| Excess (deficiency) of revenues over expenditures | <u>(14,755,817)</u> | <u>(14,755,817)</u> | <u>(9,105,017)</u> | <u>5,650,800</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Refunding bonds issued | 13,175,000 | 13,175,000 | 13,125,000 | (50,000) |
| Premium on long-term debt issued | - | - | 63,626 | 63,626 |
| Payment to refunding escrow agent | - | - | (5,432,281) | (5,432,281) |
| Transfers in | 545,661 | 545,661 | 530,227 | (15,434) |
| Total other financing sources (uses) | <u>13,720,661</u> | <u>13,720,661</u> | <u>8,286,572</u> | <u>(5,434,089)</u> |
| Net change in fund balances | (1,035,156) | (1,035,156) | (818,445) | 216,711 |
| Fund balances - January 1 | <u>1,193,819</u> | <u>1,193,819</u> | <u>1,193,819</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 158,663</u> | <u>\$ 158,663</u> | <u>\$ 375,374</u> | <u>\$ 216,711</u> |

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets - By Source
December 31, 2012

| | <u>2012</u> |
|---|------------------------------|
| Governmental capital assets: | |
| Land | \$ 6,314,920 |
| Buildings | 26,327,736 |
| Improvements other than buildings | 9,380,760 |
| Equipment | 21,734,392 |
| Infrastructure | 194,457,783 |
| Construction in progress | <u>1,154,663</u> |
| Total governmental capital assets | <u><u>\$ 259,370,254</u></u> |
| Investments in governmental capital assets by source: | |
| Capital projects funds - General obligation bonds/notes | \$ 231,376,599 |
| General fund revenues | 9,094,419 |
| Gifts | 426,226 |
| Private development | 3,458,365 |
| City owned | 6,000 |
| Non-cash transactions | 86,922 |
| Special revenue funds | 8,719,200 |
| Federal grants | 5,284,837 |
| State grants | <u>917,686</u> |
| Total governmental funds capital assets | <u><u>\$ 259,370,254</u></u> |

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets by Function and Activity
December 31, 2012

| | <u>Land</u> | <u>Buildings</u> | <u>Improvements Other Than Buildings</u> | <u>Equipment</u> | <u>Infrastructure</u> | <u>Construction in Progress</u> | <u>Total</u> |
|-----------------------------------|---------------------|----------------------|--|----------------------|-----------------------|-------------------------------------|-----------------------|
| General government | \$ 1,751,962 | \$ 3,210,881 | \$ 511,684 | \$ 2,011,537 | \$ - | \$ - | \$ 7,486,064 |
| Public safety | | | | | | | |
| Police protection | 377,000 | 2,656,169 | - | 2,329,081 | - | - | 5,362,250 |
| Fire protection | 454,342 | 2,592,095 | 23,541 | 3,847,735 | - | - | 6,917,713 |
| Ambulance | - | - | - | 1,159,538 | - | - | 1,159,538 |
| Public works | 1,583,525 | 6,759,135 | 7,956,253 | 9,145,346 | 194,457,783 | 1,154,663 | 221,056,705 |
| Senior Center | 155,080 | 976,178 | 10,009 | - | - | - | 1,141,267 |
| Library | - | 4,832,325 | - | 181,979 | - | - | 5,014,304 |
| Transit | - | 485,272 | 127,483 | 2,978,693 | - | - | 3,591,448 |
| Parking | <u>1,993,011</u> | <u>4,815,681</u> | <u>751,790</u> | <u>80,483</u> | <u>-</u> | <u>-</u> | <u>7,640,965</u> |
| Total governmental capital assets | <u>\$ 6,314,920</u> | <u>\$ 26,327,736</u> | <u>\$ 9,380,760</u> | <u>\$ 21,734,392</u> | <u>\$ 194,457,783</u> | <u>\$ 1,154,663</u> | <u>\$ 259,370,254</u> |

CITY OF FOND DU LAC, WISCONSIN
Schedule of Changes in Governmental Capital Assets - By Function and Activity
For the Year Ended December 31, 2012

| | Balance December 31, 2011 | 2012 Additions and Transfers | 2012 Deductions and Transfers | Balance December 31, 2012 |
|-----------------------------------|---------------------------------|---------------------------------------|--|---------------------------------|
| General government | \$ 7,297,001 | \$ 470,831 | \$ 281,768 | \$ 7,486,064 |
| Public safety | | | | |
| Police protection | 5,588,084 | 224,825 | 450,659 | 5,362,250 |
| Fire protection | 6,941,819 | 71,938 | 96,044 | 6,917,713 |
| Ambulance | 1,138,152 | 41,164 | 19,778 | 1,159,538 |
| Public works | 219,496,753 | 2,680,888 | 1,120,936 | 221,056,705 |
| Senior Center | 1,141,267 | - | - | 1,141,267 |
| Library | 5,048,473 | - | 34,169 | 5,014,304 |
| Transit | 3,295,276 | 411,488 | 115,316 | 3,591,448 |
| Parking | 7,679,220 | - | 38,255 | 7,640,965 |
| Total governmental capital assets | <u>\$ 257,626,045</u> | <u>\$ 3,901,134</u> | <u>\$ 2,156,925</u> | <u>\$ 259,370,254</u> |

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Fond du Lac's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

| <u>Category</u> | <u>Pages</u> |
|--|---------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 81 - 85 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 86 - 89 |
| Debt Capacity 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. | 90 - 95 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 96 -97 |
| Operating Information 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. | 98 - 100 |

City of Fond du Lac, Wisconsin

NET POSITION BY COMPONENT

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | | |
| net of related debt | \$ 104,611,289 | \$ 114,763,055 | \$ 107,220,232 | \$ 107,412,441 | \$ 106,473,954 | \$ 104,098,121 | \$ 95,685,038 | \$ 98,081,195 | \$ 95,930,395 | \$ 81,618,359 |
| Restricted | 2,697,914 | - | 1,783,067 | 2,092,982 | 3,701,801 | 4,580,770 | 4,085,076 | 2,126,824 | 2,217,656 | 1,443,920 |
| Unrestricted | <u>11,246,432</u> | <u>14,520,544</u> | <u>18,583,789</u> | <u>20,270,954</u> | <u>19,258,033</u> | <u>17,773,361</u> | <u>19,697,434</u> | <u>12,357,734</u> | <u>5,647,742</u> | <u>14,581,825</u> |
| Total government activities net assets | <u>\$ 118,555,635</u> | <u>\$ 129,283,599</u> | <u>\$ 127,587,088</u> | <u>\$ 129,776,377</u> | <u>\$ 129,433,788</u> | <u>\$ 126,452,252</u> | <u>\$ 119,467,548</u> | <u>\$ 112,565,753</u> | <u>\$ 103,795,793</u> | <u>\$ 97,644,104</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | | |
| net of related debt | \$ 41,730,135 | \$ 48,198,600 | \$ 51,995,538 | \$ 66,061,153 | \$ 68,077,271 | \$ 66,483,919 | \$ 65,864,910 | \$ 65,677,207 | \$ 67,300,385 | \$ 80,275,705 |
| Restricted | 11,552,486 | 16,101,206 | 12,347,326 | 13,129,295 | 8,192,121 | 9,580,648 | 14,131,694 | 14,316,382 | 10,376,924 | 8,393,145 |
| Unrestricted | <u>7,113,904</u> | <u>1,358,034</u> | <u>4,536,385</u> | <u>(249,756)</u> | <u>7,663,590</u> | <u>13,513,824</u> | <u>24,545,964</u> | <u>27,668,488</u> | <u>35,301,494</u> | <u>29,752,670</u> |
| Total business-type activities net assets | <u>\$ 60,396,525</u> | <u>\$ 65,657,840</u> | <u>\$ 68,879,249</u> | <u>\$ 78,940,692</u> | <u>\$ 83,932,982</u> | <u>\$ 89,578,391</u> | <u>\$ 104,542,568</u> | <u>\$ 107,662,077</u> | <u>\$ 112,978,803</u> | <u>\$ 118,421,520</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | | |
| net of related debt | \$ 146,341,424 | \$ 162,961,655 | \$ 159,215,770 | \$ 173,473,594 | \$ 174,551,225 | \$ 170,582,040 | \$ 161,549,948 | \$ 163,758,402 | \$ 163,230,780 | \$ 161,894,064 |
| Restricted | 14,250,400 | 16,101,206 | 14,130,393 | 15,222,277 | 11,893,922 | 14,161,418 | 18,216,770 | 16,443,206 | 12,594,580 | 9,837,065 |
| Unrestricted | <u>18,360,336</u> | <u>15,878,578</u> | <u>23,120,174</u> | <u>20,021,198</u> | <u>26,921,623</u> | <u>31,287,185</u> | <u>44,243,398</u> | <u>40,026,222</u> | <u>40,949,236</u> | <u>44,334,495</u> |
| Total primary government | <u>\$ 178,952,160</u> | <u>\$ 194,941,439</u> | <u>\$ 196,466,337</u> | <u>\$ 208,717,069</u> | <u>\$ 213,366,770</u> | <u>\$ 216,030,643</u> | <u>\$ 224,010,116</u> | <u>\$ 220,227,830</u> | <u>\$ 216,774,596</u> | <u>\$ 216,065,624</u> |

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION

Last Ten Fiscal Years

| | 2003 | 2004 | 2005 | Fiscal Year 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|----------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 2,859,287 | \$ 2,330,705 | \$ 2,556,567 | \$ 2,779,444 | \$ 2,833,948 | \$ 2,814,325 | \$ 2,914,420 | \$ 3,304,979 | \$ 3,016,950 | \$ 2,660,933 |
| Public safety | | | | | | | | | | |
| Police | 7,379,182 | 7,181,838 | 7,494,643 | 7,968,549 | 8,398,117 | 9,133,179 | 9,000,024 | 9,461,405 | 10,039,871 | 10,333,412 |
| Fire | 3,751,721 | 3,954,671 | 4,063,646 | 4,417,020 | 4,383,733 | 4,811,381 | 4,759,846 | 5,032,647 | 4,899,980 | 4,658,458 |
| Ambulance | 2,847,742 | 2,964,868 | 3,108,221 | 3,502,869 | 3,737,590 | 4,218,163 | 3,926,524 | 4,025,495 | 4,937,905 | 4,920,467 |
| Public works | 11,218,086 | 12,454,348 | 12,288,173 | 11,341,445 | 11,951,185 | 13,404,462 | 13,726,304 | 12,477,656 | 12,905,660 | 15,441,486 |
| Culture and recreation | 4,341,642 | 4,278,115 | 4,492,145 | 4,702,299 | 4,972,988 | 5,288,562 | 5,487,129 | 5,380,792 | 5,640,176 | 5,376,808 |
| Community development | 4,388,318 | 4,277,530 | 6,539,414 | 6,607,423 | 5,879,691 | 5,675,255 | 6,222,465 | 5,080,481 | 10,715,615 | 5,242,287 |
| Interest on long-term debt | 2,069,254 | 2,359,710 | 2,457,213 | 2,602,518 | 2,151,306 | 2,681,123 | 2,897,520 | 3,591,877 | 3,729,586 | 3,357,936 |
| Total governmental activities expenses | <u>38,855,232</u> | <u>39,801,785</u> | <u>43,000,022</u> | <u>43,921,567</u> | <u>44,308,558</u> | <u>48,026,450</u> | <u>48,934,232</u> | <u>48,355,332</u> | <u>55,885,743</u> | <u>51,991,787</u> |
| Business-type activities | | | | | | | | | | |
| Water | 4,780,356 | 5,030,026 | 5,403,345 | 5,605,735 | 6,567,412 | 6,784,438 | 8,952,958 | 8,873,799 | 8,585,366 | 8,977,193 |
| Wastewater | 5,560,274 | 5,927,194 | 6,052,581 | 5,936,627 | 5,818,120 | 8,082,591 | 8,811,583 | 8,865,809 | 9,176,950 | 9,102,462 |
| Total business-type activities | <u>10,340,630</u> | <u>10,957,220</u> | <u>11,455,926</u> | <u>11,542,362</u> | <u>12,385,532</u> | <u>14,867,029</u> | <u>17,764,541</u> | <u>17,739,608</u> | <u>17,762,316</u> | <u>18,079,655</u> |
| Total primary government expenses | <u>\$ 49,195,862</u> | <u>\$ 50,759,005</u> | <u>\$ 54,455,948</u> | <u>\$ 55,463,929</u> | <u>\$ 56,694,090</u> | <u>\$ 62,893,479</u> | <u>\$ 66,698,773</u> | <u>\$ 66,094,940</u> | <u>\$ 73,648,059</u> | <u>\$ 70,071,442</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Fees, fines and charges for services: | | | | | | | | | | |
| General government | \$ 865,672 | \$ 941,341 | \$ 1,011,330 | \$ 919,690 | \$ 971,074 | \$ 934,277 | \$ 960,688 | \$ 1,233,397 | \$ 1,069,724 | \$ 985,864 |
| Public safety | | | | | | | | | | |
| Police | 187,725 | 154,084 | 283,133 | 217,162 | 214,356 | 171,602 | 148,394 | 139,424 | 141,226 | 109,655 |
| Fire | 60,460 | 22,708 | 20,347 | 33,319 | 13,015 | 20,280 | 15,585 | 20,539 | 15,148 | 19,287 |
| Ambulance | 1,188,313 | 1,321,524 | 1,393,765 | 1,718,604 | 1,914,063 | 2,309,403 | 1,921,153 | 2,026,810 | 2,586,201 | 2,774,201 |
| Public works | 125,504 | 194,526 | 436,184 | 90,542 | 77,967 | 91,387 | 51,321 | 161,744 | 168,178 | 419,502 |
| Culture and recreation | 430,335 | 407,431 | 256,157 | 445,567 | 480,882 | 481,240 | 480,903 | 532,432 | 468,079 | 531,292 |
| Community development | 1,108,737 | 1,724,393 | 3,273,131 | 1,134,012 | 1,110,255 | 1,190,361 | 1,204,156 | 1,133,562 | 1,406,663 | 1,272,075 |
| Operating grants and contributions | 4,813,907 | 4,871,032 | 5,945,937 | 7,205,374 | 7,630,860 | 8,376,196 | 7,387,543 | 5,848,654 | 6,171,946 | 5,567,122 |
| Capital grants and contributions | 3,629,568 | 4,389,940 | 583,678 | 4,689,710 | 1,627,396 | 1,286,360 | 1,337,995 | 1,300,464 | 4,793,415 | 3,505,575 |
| Total governmental activities program revenue | <u>12,410,221</u> | <u>14,026,979</u> | <u>13,203,662</u> | <u>16,453,980</u> | <u>14,039,868</u> | <u>14,861,106</u> | <u>13,507,738</u> | <u>12,397,026</u> | <u>16,820,580</u> | <u>15,184,573</u> |

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION

Last Ten Fiscal Years

| | 2003 | 2004 | 2005 | Fiscal Year 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------------------------|------------------------|------------------------|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Business-type activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 5,294,657 | 6,257,177 | 6,513,120 | 6,444,899 | 6,366,839 | 9,467,849 | 9,790,165 | 11,652,164 | 12,690,230 | 12,395,916 |
| Wastewater | 6,819,265 | 7,442,569 | 7,084,687 | 8,356,916 | 8,993,893 | 9,493,569 | 10,382,485 | 9,817,874 | 11,058,697 | 12,036,787 |
| Capital grants and contributions | 1,372,350 | 2,447,899 | 845,280 | 6,173,951 | 81,021 | 410,635 | 12,662,614 | 159,758 | 20,588 | 8,283 |
| Total business-type activities program revenue | <u>13,486,272</u> | <u>16,147,645</u> | <u>14,443,087</u> | <u>20,975,766</u> | <u>15,441,753</u> | <u>19,372,053</u> | <u>32,835,264</u> | <u>21,629,796</u> | <u>23,769,515</u> | <u>24,440,986</u> |
| Total primary government program revenue | <u>\$ 25,896,493</u> | <u>\$ 30,174,624</u> | <u>\$ 27,646,749</u> | <u>\$ 37,429,746</u> | <u>\$ 29,481,621</u> | <u>\$ 34,233,159</u> | <u>\$ 46,343,002</u> | <u>\$ 34,026,822</u> | <u>\$ 40,590,095</u> | <u>\$ 39,625,559</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (26,445,011) | \$ (25,774,806) | \$ (29,796,360) | \$ (27,467,587) | \$ (30,268,690) | \$ (33,165,344) | \$ (35,426,494) | \$ (35,958,306) | \$ (39,065,163) | \$ (36,807,214) |
| Business-type activities | <u>3,145,642</u> | <u>5,190,425</u> | <u>2,987,161</u> | <u>9,433,404</u> | <u>3,056,221</u> | <u>4,505,024</u> | <u>15,070,723</u> | <u>3,890,188</u> | <u>6,007,199</u> | <u>6,361,331</u> |
| Total primary government net expense | <u>\$ (23,299,369)</u> | <u>\$ (20,584,381)</u> | <u>\$ (26,809,199)</u> | <u>\$ (18,034,183)</u> | <u>\$ (27,212,469)</u> | <u>\$ (28,660,320)</u> | <u>\$ (20,355,771)</u> | <u>\$ (32,068,118)</u> | <u>\$ (33,057,964)</u> | <u>\$ (30,445,883)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 17,507,843 | \$ 17,814,426 | \$ 18,997,340 | \$ 19,656,739 | \$ 19,427,161 | \$ 19,983,470 | \$ 20,229,326 | \$ 20,033,237 | \$ 20,859,387 | \$ 21,140,460 |
| Other taxes | 188,281 | 151,415 | 153,802 | 149,767 | 171,395 | 146,544 | 176,958 | 196,919 | 246,540 | 354,692 |
| Grants and contributions not restricted to specific programs | 8,264,647 | 7,608,754 | 7,569,264 | 7,708,789 | 7,736,267 | 7,803,266 | 7,996,190 | 7,294,988 | 7,228,574 | 7,432,593 |
| Investment earnings | 429,762 | 383,882 | 880,455 | 1,491,215 | 1,923,391 | 1,528,254 | 434,415 | 261,771 | 538,307 | 229,992 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 196 |
| Transfers | 250,000 | 250,000 | 498,988 | 650,366 | 667,887 | 722,274 | 877,398 | 1,269,596 | 1,422,395 | 1,497,592 |
| Total governmental activities | <u>26,640,533</u> | <u>26,208,477</u> | <u>28,099,849</u> | <u>29,656,876</u> | <u>29,926,101</u> | <u>30,183,808</u> | <u>29,714,287</u> | <u>29,056,511</u> | <u>30,295,203</u> | <u>30,655,525</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 211,644 | 319,613 | 733,236 | 1,267,885 | 2,603,956 | 1,861,833 | 770,306 | 498,917 | 708,559 | 561,116 |
| Gain on disposal of capital assets | - | 1,277 | - | 10,520 | - | 826 | 546 | - | 23,363 | 17,862 |
| Transfers | (250,000) | (250,000) | (498,988) | (650,366) | (667,887) | (722,274) | (877,398) | (1,269,596) | (1,422,395) | (1,497,592) |
| Total business-type activities | <u>(38,356)</u> | <u>70,890</u> | <u>234,248</u> | <u>628,039</u> | <u>1,936,069</u> | <u>1,140,385</u> | <u>(106,546)</u> | <u>(770,679)</u> | <u>(690,473)</u> | <u>(918,614)</u> |
| Total primary government | <u>\$ 26,602,177</u> | <u>\$ 26,279,367</u> | <u>\$ 28,334,097</u> | <u>\$ 30,284,915</u> | <u>\$ 31,862,170</u> | <u>\$ 31,324,193</u> | <u>\$ 29,607,741</u> | <u>\$ 28,285,832</u> | <u>\$ 29,604,730</u> | <u>\$ 29,736,911</u> |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | \$ 195,522 | \$ 433,671 | \$ (1,696,511) | \$ 2,189,289 | \$ (342,589) | \$ (2,981,536) | \$ (5,712,207) | \$ (6,901,795) | \$ (8,769,960) | \$ (6,151,689) |
| Business-type activities | <u>3,107,286</u> | <u>5,261,315</u> | <u>3,221,409</u> | <u>10,061,443</u> | <u>4,992,290</u> | <u>5,645,409</u> | <u>14,964,177</u> | <u>3,119,509</u> | <u>5,316,726</u> | <u>5,442,717</u> |
| Total primary government | <u>\$ 3,302,808</u> | <u>\$ 5,694,986</u> | <u>\$ 1,524,898</u> | <u>\$ 12,250,732</u> | <u>\$ 4,649,701</u> | <u>\$ 2,663,873</u> | <u>\$ 9,251,970</u> | <u>\$ (3,782,286)</u> | <u>\$ (3,453,234)</u> | <u>\$ (708,972)</u> |

Note: For budgeting and financial reporting, the Transit Fund was included under Community Development for 2011 and prior. Beginning in 2012, the Transit Fund is included in Public Works. The previous years have not been restated.

City of Fond du Lac, Wisconsin

Fund Balances, Governmental Funds

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General fund | | | | | | | | | | |
| Nonspendable | \$ 2,735,309 | \$ 2,626,617 | \$ 2,606,575 | \$ 2,550,438 | \$ 2,556,790 | \$ 2,358,384 | \$ 2,249,429 | \$ 1,772,134 | \$ 1,107,100 | \$ 658,355 |
| Committed | 60,715 | 74,215 | 98,715 | 42,015 | 53,115 | 353,587 | 592,917 | 962,169 | 876,223 | 83,300 |
| Assigned | 53,238 | 1,043,916 | 120,015 | 63,761 | 147,345 | 312,681 | 275,838 | 192,985 | 260,398 | 1,013,681 |
| Unassigned | 3,236,186 | 1,915,317 | 2,499,956 | 3,297,226 | 4,236,897 | 4,317,152 | 4,385,152 | 4,641,479 | 5,060,576 | 5,574,625 |
| Total general fund | <u>\$ 6,085,448</u> | <u>\$ 5,660,065</u> | <u>\$ 5,325,261</u> | <u>\$ 5,953,440</u> | <u>\$ 6,994,147</u> | <u>\$ 7,341,804</u> | <u>\$ 7,503,336</u> | <u>\$ 7,568,767</u> | <u>\$ 7,304,297</u> | <u>\$ 7,329,961</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ 15,360 | \$ 16,735 | \$ 69,851 | \$ 65,297 | \$ 53,371 | \$ 41,803 | \$ 37,381 | \$ 30,052 | \$ 41,160 | \$ 35,553 |
| Restricted, reported in: | | | | | | | | | | |
| Debt service fund | 2,697,914 | 1,497,374 | 1,783,067 | 2,092,982 | 3,701,801 | 4,580,770 | 4,085,076 | 2,126,824 | 1,193,819 | 375,374 |
| Community development projects a | 1,792,730 | 2,079,582 | 2,286,658 | 1,888,456 | 1,766,788 | 1,754,933 | 1,640,008 | 1,613,589 | 1,023,837 | 1,068,546 |
| Committed | 2,960,207 | 3,725,120 | 9,751,580 | 11,469,002 | 10,201,926 | 8,727,028 | 10,318,067 | 14,354,173 | 9,749,261 | 8,995,906 |
| Unassigned | - | - | - | - | - | - | (52,076) | (238,462) | (388,023) | - |
| Total all other governmental funds | <u>\$ 7,466,211</u> | <u>\$ 7,318,811</u> | <u>\$ 13,891,156</u> | <u>\$ 15,515,737</u> | <u>\$ 15,723,886</u> | <u>\$ 15,104,534</u> | <u>\$ 16,028,456</u> | <u>\$ 17,886,176</u> | <u>\$ 11,620,054</u> | <u>\$ 10,475,379</u> |

Note:

The City adopted GASB #54 for 2011 and previous years have been restated to conform to the new reporting standards.

City of Fond du Lac, Wisconsin

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 17,507,843 | \$ 17,814,426 | \$ 18,997,340 | \$ 19,656,739 | \$ 19,427,161 | \$ 19,983,470 | \$ 20,229,326 | \$ 20,033,237 | \$ 20,859,387 | \$ 21,140,460 |
| Other taxes | 188,281 | 160,062 | 179,538 | 178,210 | 171,395 | 146,544 | 176,958 | 196,919 | 246,540 | 354,692 |
| Licenses and permits | 1,015,324 | 1,077,142 | 1,081,317 | 1,097,384 | 1,084,835 | 1,138,145 | 1,147,849 | 1,234,646 | 1,209,983 | 1,219,945 |
| Intergovernmental | 13,850,956 | 12,625,665 | 13,340,173 | 13,779,007 | 13,917,398 | 14,302,252 | 13,999,108 | 14,444,821 | 17,190,473 | 15,208,721 |
| Charges for services | 2,600,628 | 2,545,464 | 2,754,042 | 3,028,447 | 3,283,043 | 3,580,348 | 3,166,985 | 3,277,855 | 3,864,344 | 4,181,498 |
| Court and parking fines | 361,956 | 414,073 | 418,603 | 363,741 | 412,033 | 440,903 | 463,420 | 453,954 | 429,803 | 396,288 |
| Special assessments | 915,493 | 970,249 | 830,198 | 1,333,122 | 819,254 | 766,582 | 633,167 | 359,422 | 218,540 | 352,627 |
| Investment earnings | 429,762 | 286,539 | 785,426 | 1,393,932 | 1,882,463 | 1,501,709 | 408,409 | 232,934 | 500,637 | 191,142 |
| Miscellaneous | 2,553,227 | 3,875,141 | 2,637,072 | 1,896,709 | 2,094,300 | 2,137,901 | 2,107,539 | 1,355,857 | 1,140,772 | 1,442,526 |
| Total revenues | 39,423,470 | 39,768,761 | 41,023,709 | 42,727,291 | 43,091,882 | 43,997,854 | 42,332,761 | 41,589,645 | 45,660,479 | 44,487,899 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,556,582 | 2,178,256 | 2,201,341 | 2,422,297 | 2,260,811 | 2,469,837 | 2,513,658 | 2,666,406 | 2,761,850 | 2,728,069 |
| Public safety | 13,556,055 | 13,762,897 | 14,068,156 | 14,936,046 | 15,555,215 | 16,749,212 | 16,977,423 | 17,636,588 | 18,764,003 | 19,792,977 |
| Public works | 5,956,408 | 6,430,525 | 6,421,198 | 6,321,022 | 6,640,655 | 7,440,021 | 7,245,428 | 7,257,838 | 7,696,054 | 8,793,683 |
| Culture and recreation | 3,978,739 | 3,880,144 | 4,012,123 | 4,159,573 | 4,406,245 | 4,530,666 | 4,554,243 | 4,822,958 | 4,786,149 | 4,635,061 |
| Community development | 2,728,637 | 3,018,791 | 3,050,456 | 3,200,090 | 3,413,893 | 3,506,176 | 3,578,074 | 3,455,705 | 5,391,401 | 2,791,794 |
| Other | 106,313 | 49,199 | 13,800 | 10,750 | 342,537 | 13,989 | 882,528 | 443,019 | 112,592 | 8,401 |
| Debt service: | | | | | | | | | | |
| Principal | 7,145,766 | 17,522,697 | 4,826,044 | 5,387,725 | 7,850,683 | 3,796,664 | 2,904,936 | 5,556,926 | 1,634,528 | 9,588,675 |
| Interest and other charges | 2,154,183 | 2,113,237 | 2,294,739 | 2,632,828 | 2,612,083 | 2,635,376 | 2,628,258 | 3,078,799 | 3,471,383 | 3,377,101 |
| Capital outlay | 11,684,449 | 8,652,640 | 9,677,299 | 8,419,566 | 8,213,852 | 10,204,882 | 8,967,963 | 8,739,564 | 10,664,148 | 6,938,086 |
| Total expenditures | 49,867,132 | 57,608,386 | 46,565,156 | 47,489,897 | 51,295,974 | 51,346,823 | 50,252,511 | 53,657,803 | 55,282,108 | 58,653,847 |
| Excess (deficiency) of revenues over expenditures | (10,443,662) | (17,839,625) | (5,541,447) | (4,762,606) | (8,204,092) | (7,348,969) | (7,919,750) | (12,068,158) | (9,621,629) | (14,165,948) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Refunding bonds issued | 1,450,000 | 11,925,000 | - | - | 13,210,000 | - | 3,125,000 | 21,165,000 | 11,075,000 | 13,125,000 |
| Long-term debt issued | 8,035,000 | 5,091,842 | 11,280,000 | 6,365,000 | 5,922,477 | 6,355,000 | 7,900,000 | 9,674,718 | 1,500,000 | 3,855,000 |
| Premium on long-term debt issued | 84,673 | - | - | - | 527,584 | - | 77,806 | 34,517 | 121,705 | 63,626 |
| Payment to refunding escrow agent | - | - | - | - | (10,875,000) | - | (2,975,000) | (18,152,522) | (11,090,063) | (5,432,281) |
| Transfers in | 3,575,755 | 4,994,695 | 5,820,068 | 5,258,054 | 10,258,837 | 8,717,019 | 6,720,570 | 12,086,536 | 11,281,514 | 8,205,781 |
| Transfers out | (3,325,755) | (4,744,695) | (5,321,080) | (4,607,688) | (9,590,950) | (7,994,745) | (5,843,172) | (10,816,940) | (9,859,119) | (6,708,189) |
| Total other financing sources (uses) | 9,819,673 | 17,266,842 | 11,778,988 | 7,015,366 | 9,452,948 | 7,077,274 | 9,005,204 | 13,991,309 | 3,029,037 | 13,108,937 |
| Net change in fund balances | \$ (623,989) | \$ (572,783) | \$ 6,237,541 | \$ 2,252,760 | \$ 1,248,856 | \$ (271,695) | \$ 1,085,454 | \$ 1,923,151 | \$ (6,592,592) | \$ (1,057,011) |
| Debt service (net of principal refinancings) as a percentage of noncapital expenditures | 23.25% | 38.38% | 17.30% | 20.09% | 23.20% | 14.63% | 12.53% | 18.21% | 10.32% | 23.49% |

City of Fond du Lac, Wisconsin

**ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY**

Last Ten Fiscal Years

| Fiscal Year | Real Property Assessed Value | Personal Property Assessed Value | Total¹ Assessed Value | Total Direct Tax Rate | Estimated² Actual Value | Ratio of Total Assessed to Estimated Actual Value |
|------------------------|---|---|---|--------------------------------------|---|--|
| 2012 | \$ 2,514,207,500 | \$ 126,052,990 | \$ 2,640,260,490 | 7.929 | \$ 2,563,349,900 | 103.05% |
| 2011 | 2,491,291,200 | 124,925,480 | 2,616,216,680 | 7.858 | 2,643,226,500 | 98.98 |
| 2010 | 2,481,796,900 | 123,207,470 | 2,605,004,370 | 7.699 | 2,696,593,500 | 96.60 |
| 2009 | 2,443,319,300 | 122,162,520 | 2,565,481,820 | 7.471 | 2,736,857,700 | 93.74 |
| 2008 | 2,426,900,000 | 123,431,680 | 2,550,331,680 | 7.568 | 2,674,717,400 | 95.35 |
| 2007 | 2,386,851,900 | 110,286,160 | 2,497,138,060 | 7.527 | 2,560,199,300 | 97.54 |
| 2006 | 2,349,237,900 | 107,222,780 | 2,456,460,680 | 8.256 | 2,431,370,400 | 101.03 |
| 2005 | 2,103,154,400 | 99,655,110 | 2,202,809,510 | 8.058 | 2,340,276,200 | 94.13 |
| 2004 | 2,074,618,100 | 99,205,670 | 2,173,823,770 | 7.671 | 2,234,550,300 | 97.28 |
| 2003 | 2,034,044,900 | 104,220,950 | 2,138,265,850 | 9.954 | 2,127,775,000 | 100.49 |

Notes:

¹ Assessed Property Values are determined by the City of Fond du Lac Assessor's office in conjunction with the Wisconsin Department of Revenue Property Assessment Manual.

² Estimated Actual Values (Equalized Values) are provided by the Wisconsin Department of Revenue Supervisor of Assessments.

City of Fond du Lac, Wisconsin

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

| 2012 | | | | 2003 | | | |
|---------------------------|-------------------------------|------------------------------------|---|---------------------------|------------------------------|------------------------------------|---|
| Name | Type of Business | Assessed ^a Valuation | Percent Total Assessed Valuation | Name | Type of Business | Assessed ^b Valuation | Percent Total Assessed Valuation |
| Mercury Marine | Manufacturer of Boat Engines | \$ 37,163,500 | 1.41% | Mercury Marine | Manufacturer of Boat Engines | \$ 35,152,610 | 1.64% |
| Agnesian Healthcare Inc | Hospital/Health Care Facility | 30,330,320 | 1.15% | Mark Properties | Apartments | 22,459,310 | 1.05% |
| John Mark Apt. Complexes | Apartments | 27,791,940 | 1.05% | Valley Realty LLC | Apartments | 20,418,810 | 0.95% |
| Simon Properties | Shopping Mall | 17,754,840 | 0.67% | Simon Properties | Shopping Mall | 17,710,670 | 0.83% |
| Aurora Medical Group | Health Care Facility | 16,374,240 | 0.62% | Agnesian Health Care | Hospital/Health care | 16,659,540 | 0.78% |
| VH Enterprises | Warehousing | 16,128,990 | 0.61% | VH Enterprises | Warehousing | 14,008,510 | 0.66% |
| Eagle Fond du Lac LLC | Warehousing | 16,292,530 | 0.62% | Aurora Medical Group | Health Care Facility | 13,348,700 | 0.62% |
| Wal-Mart | Retail Shopping Facility | 15,488,450 | 0.59% | Marcus Cable Partners | Cable Television | 13,081,960 | 0.61% |
| J.F. Ahern | Metal Fabrication | 14,196,900 | 0.54% | Yunker Ltd | Apartments | 10,253,970 | 0.48% |
| 1115 East Johnson LLC | Grocery / Retail | 13,203,550 | 0.50% | Wal-Mart | Retail Shopping Facility | 8,952,670 | 0.42% |
| Principal Taxpayers Total | | 204,725,260 | 7.75% | Principal Taxpayers Total | | 172,046,750 | 8.05% |
| All Other | | 2,435,535,230 | 92.25% | All Other | | 1,966,219,100 | 91.95% |
| Total | | \$ 2,640,260,490 | 100.00% | Total | | \$ 2,138,265,850 | 100.00% |

Sources:

^a 2011 City Assessment Roll.

^b 2002 City Assessment Roll.

City of Fond du Lac, Wisconsin

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

| Fiscal¹ Year | | Total^{2 a} Tax Levied | | Current^{3 b} Tax Collected | Percent of Levy Collected |
|------------------------------------|----|---|----|--|--|
| 2012 | \$ | 20,744,450 | \$ | 20,728,038 | 99.921 % |
| 2011 | | 20,470,060 | | 20,457,307 | 99.938 |
| 2010 | | 19,751,289 | | 19,743,825 | 99.962 |
| 2009 | | 19,054,315 | | 19,049,995 | 99.977 |
| 2008 | | 18,897,278 | | 18,890,043 | 99.962 |
| 2007 | | 18,490,470 | | 18,486,466 | 99.978 |
| 2006 | | 18,186,840 | | 18,179,179 | 99.958 |
| 2005 | | 17,516,586 | | 17,511,288 | 99.970 |
| 2004 | | 16,401,688 | | 16,394,429 | 99.956 |
| 2003 | | 16,193,477 | | 16,180,339 | 99.919 |

Notes:

¹ Fiscal year is the year in which the tax is collected. The 2012 fiscal year consists of the 2011 tax bills due in 2012 and used to finance the 2012 budget.

² Total tax includes real estate property taxes, personal property taxes, and the TIF increment levied for the City of Fond du Lac jurisdiction only.

³ Real estate taxes are paid in full each year. Fond du Lac County buys the delinquent real estate taxes and handles all collections.

⁴ Delinquent personal property taxes are charged back to the overlying taxing jurisdictions. The City only carries the municipal portion of the delinquent personal property taxes receivable.

Sources:

^a Tax levy reconciliation file.

^b Total tax levied less City portion of delinquent personal property taxes on the year-end balance due report.

City of Fond du Lac, Wisconsin

PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
ASSESSED VALUE BASIS
 Last Ten Fiscal Years

| Fiscal ¹ Year | City of Fond du Lac | | Fond du Lac School District | | Moraine Park Technical College | | Fond du Lac County | | State of Wisconsin | | Gross Tax Rate | State Tax Credit | | Net Tax Rate | Total |
|-----------------------------|--|------------|-----------------------------------|------------|---|-----------|-----------------------|------------|--------------------------|---------|----------------------|------------------------|------|--------------------|--------|
| | Tax Rates per \$1,000 of Assessed Value and Percent of Total | | | | | | | | | | | | | | |
| 2012 | 7.929 | 34.4% | 9.370 | 40.6% | 1.496 | 6.5% | 5.561 | 24.1% | 0.171 | 0.7% | 24.527 | 1.462 | 6.3% | 23.065 | 100.0% |
| 2011 | 7.858 | 33.9 | 9.510 | 41.1 | 1.507 | 6.5 | 5.558 | 24.0 | 0.176 | 0.8 | 24.609 | 1.444 | 6.2 | 23.165 | 100.0 |
| 2010 | 7.699 | 34.1 | 9.247 | 41.0 | 1.478 | 6.6 | 5.388 | 23.9 | 0.181 | 0.8 | 23.993 | 1.429 | 6.3 | 22.564 | 100.0 |
| 2009 | 7.471 | 35.1 | 8.577 | 40.3 | 1.408 | 6.6 | 5.096 | 24.0 | 0.178 | 0.8 | 22.730 | 1.447 | 6.8 | 21.283 | 100.0 |
| 2008 | 7.568 | 35.9 | 8.352 | 39.6 | 1.374 | 6.5 | 4.958 | 23.5 | 0.174 | 0.8 | 22.426 | 1.342 | 6.3 | 21.084 | 100.0 |
| 2007 | 7.527 | 37.2 | 7.619 | 37.6 | 1.356 | 6.7 | 4.800 | 23.7 | 0.174 | 0.9 | 21.476 | 1.229 | 6.1 | 20.247 | 100.0 |
| 2006 | 8.256 | 36.2 | 8.654 | 37.9 | 1.517 | 6.6 | 5.272 | 23.1 | 0.199 | 0.9 | 23.898 | 1.076 | 4.7 | 22.822 | 100.0 |
| 2005 | 8.058 | 35.6 | 8.870 | 39.2 | 1.515 | 6.7 | 5.095 | 22.5 | 0.206 | 0.9 | 23.743 | 1.102 | 4.9 | 22.640 | 100.0 |
| 2004 | 7.671 | 35.5 | 8.442 | 39.0 | 1.518 | 7.0 | 4.930 | 22.8 | 0.199 | 0.9 | 22.760 | 1.135 | 5.2 | 21.625 | 100.0 |
| 2003 | 9.954 | 37.2 | 10.170 | 38.0 | 1.940 | 7.3 | 5.966 | 22.3 | 0.249 | 0.9 | 28.279 | 1.535 | 5.7 | 26.743 | 100.0 |
| | Tax Levies | | | | | | | | | | Total | | | | |
| 2012 | \$ | 20,744,450 | \$ | 23,894,325 | \$ | 3,914,660 | \$ | 14,548,034 | \$ | 448,572 | \$ | 63,550,041 | | | |
| 2011 | | 20,470,060 | | 24,145,645 | | 3,925,948 | | 1,478,642 | | 618,297 | | 50,638,592 | | | |
| 2010 | | 19,751,289 | | 23,129,717 | | 3,792,413 | | 13,823,980 | | 464,462 | | 60,961,861 | | | |
| 2009 | | 19,054,315 | | 21,317,456 | | 3,591,530 | | 12,995,963 | | 453,916 | | 57,413,180 | | | |
| 2008 | | 18,897,278 | | 20,313,809 | | 3,431,018 | | 12,381,718 | | 434,482 | | 55,458,305 | | | |
| 2007 | | 18,490,470 | | 18,241,868 | | 3,329,928 | | 11,790,957 | | 426,976 | | 52,280,199 | | | |
| 2006 | | 18,186,840 | | 18,578,489 | | 3,341,709 | | 11,613,092 | | 438,989 | | 52,159,119 | | | |
| 2005 | | 17,516,586 | | 18,803,388 | | 3,292,492 | | 11,076,153 | | 446,910 | | 51,135,529 | | | |
| 2004 | | 16,401,688 | | 17,605,848 | | 3,246,125 | | 10,540,744 | | 425,555 | | 48,219,960 | | | |
| 2003 | | 16,193,477 | | 16,175,931 | | 3,156,200 | | 9,705,282 | | 404,431 | | 45,635,321 | | | |

Notes:
¹Fiscal year is the year in which the tax is collected. The 2012 fiscal year consists of the 2011 tax bills due in 2012 and used to finance the 2012 budget.

Notes:
¹Fiscal year is the year in which the tax is collected. The 2012 fiscal year consists of the 2011 tax bills due in 2012 and used to finance the 2012 budget.

City of Fond du Lac, Wisconsin

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-type Activities | | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|--------------------------|--------------------------|----------------|--------------------------|--------------------------|--------------------------|--|-------------------------|
| | General Obligation Bonds | General Obligation Notes | Capital Leases | Revenue Bond Debt | General Obligation Bonds | | | |
| 2012 | \$ 61,190,000 | \$ 14,055,000 | \$ 69,589 | \$ 107,747,843 | \$ - | \$ 183,062,432 | N/A | \$ 4,247 |
| 2011 | 49,015,000 | 16,582,477 | 103,264 | 114,900,099 | - | 180,600,840 | 2.1% | 4,193 |
| 2010 | 44,140,000 | 21,207,477 | 137,792 | 116,097,007 | - | 181,582,276 | 2.1 | 4,221 |
| 2009 | 23,775,000 | 44,027,477 | - | 129,762,566 | - | 197,565,043 | 1.8 | 4,531 |
| 2008 | 21,325,000 | 41,332,413 | - | 131,787,567 | - | 194,444,980 | 1.8 | 4,474 |
| 2007 | 22,075,000 | 38,009,110 | 14,967 | 128,004,763 | - | 188,103,840 | 1.8 | 4,347 |
| 2006 | 12,025,000 | 47,605,253 | 62,030 | 70,878,256 | - | 130,570,539 | 2.5 | 3,018 |
| 2005 | 13,125,000 | 45,460,949 | 129,059 | 39,921,349 | - | 98,636,357 | 3.2 | 2,288 |
| 2004 | 14,075,000 | 37,993,867 | 192,185 | 35,855,687 | - | 88,116,739 | 3.4 | 2,056 |
| 2003 | 14,960,000 | 31,925,724 | 182,546 | 26,225,573 | - | 73,293,843 | 4.0 | 1,710 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

N/A = Not Available.

¹ See the Schedule of Demographic and Economic Statistics on page 96 for personal income and population data.

City of Fond du Lac, Wisconsin

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

| Fiscal Year | General Bonded Debt | Less: Amounts Available in Debt Service Fund | Total | Percentage of Assessed Value¹ | Percentage of Equalized Value¹ | Per Capita² |
|--------------------|----------------------------|---|---------------|---|--|-------------------------------|
| 2012 | \$ 75,245,000 | \$ 375,374 | \$ 74,869,626 | 2.84% | 2.92% | \$ 1,737.11 |
| 2011 | 65,597,477 | 1,193,819 | 64,403,658 | 2.46 | 2.44 | 1,495.15 |
| 2010 | 65,347,477 | 2,126,824 | 63,220,653 | 2.43 | 2.34 | 1,469.53 |
| 2009 | 67,802,477 | 4,085,076 | 63,717,401 | 2.28 | 2.33 | 1,461.41 |
| 2008 | 62,657,413 | 4,580,770 | 58,076,643 | 2.28 | 2.17 | 1,336.32 |
| 2007 | 60,084,110 | 3,701,801 | 56,382,309 | 2.26 | 2.20 | 1,303.03 |
| 2006 | 59,630,253 | 2,092,982 | 57,537,271 | 2.34 | 2.37 | 1,329.73 |
| 2005 | 58,585,949 | 1,783,067 | 56,802,882 | 2.58 | 2.43 | 1,317.90 |
| 2004 | 52,068,867 | 1,497,374 | 50,460,428 | 2.32 | 2.26 | 1,177.19 |
| 2003 | 46,885,725 | 2,697,914 | 44,187,811 | 2.07 | 2.08 | 1,031.08 |

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 86 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 96.

City of Fond du Lac, Wisconsin

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assessed Value ^a | \$ 2,138,265,850 | \$ 2,173,823,770 | \$ 2,202,809,510 | \$ 2,456,460,680 | \$ 2,497,138,060 | \$ 2,550,331,680 | \$ 2,565,481,820 | \$ 2,605,004,370 | \$ 2,616,216,680 | \$ 2,640,260,490 |
| Equalized Value ^a | 2,127,775,000 | 2,234,550,300 | 2,340,276,200 | 2,431,370,400 | 2,560,199,300 | 2,674,717,400 | 2,736,857,700 | 2,696,593,500 | 2,643,226,500 | 2,563,349,900 |
| Debt Limit Five Percent of Equalized Value ¹ | 106,388,750 | 111,727,515 | 117,013,810 | 121,568,520 | 128,009,965 | 133,735,870 | 136,842,885 | 134,829,675 | 132,161,325 | 128,167,495 |
| Amount of Debt Applicable to Debt Limit: | | | | | | | | | | |
| General Obligation Bonds | 14,960,000 | 13,075,000 | 13,125,000 | 12,025,000 | 22,075,000 | 21,325,000 | 23,775,000 | 44,140,000 | 49,015,000 | 61,190,000 |
| General Obligation Notes | 31,925,725 | 37,993,867 | 45,460,949 | 47,605,253 | 38,009,110 | 41,332,413 | 44,027,477 | 21,207,477 | 16,582,477 | 14,055,000 |
| Total Debt | 46,885,725 | 51,068,867 | 58,585,949 | 59,630,253 | 60,084,110 | 62,657,413 | 67,802,477 | 65,347,477 | 65,597,477 | 75,245,000 |
| Deduct: | | | | | | | | | | |
| Debt Service Fund Balance | 2,697,914 | 1,497,374 | 1,783,067 | 2,092,982 | 3,701,801 | 4,580,770 | 4,085,076 | 2,126,824 | 1,193,819 | 375,374 |
| Total Amount of Debt Applicable to Debt Limit | 44,187,811 | 49,571,493 | 56,802,882 | 57,537,271 | 56,382,309 | 58,076,643 | 63,717,401 | 63,220,653 | 64,403,658 | 74,869,626 |
| Legal Debt Margin | \$ 62,200,939 | \$ 62,156,022 | \$ 60,210,928 | \$ 64,031,249 | \$ 71,627,656 | \$ 75,659,227 | \$ 73,125,484 | \$ 71,609,022 | \$ 67,757,667 | \$ 53,297,869 |
| Percent of Legal Debt Limit Available | 58.5% | 55.6% | 51.5% | 52.7% | 56.0% | 56.6% | 53.4% | 53.1% | 51.3% | 41.6% |

Notes:

¹ State Statutes (67.03 and 119.49) limit direct general obligation debt to 5% of the equalized valuation of taxable property in the municipality.

Sources:

^a Assessed and Equalized (Estimated Actual Value) of Taxable Property Table.

City of Fond du Lac, Wisconsin

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2012

| | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to City of Fond du Lac¹</u> | <u>City of Fond du Lac Share of Debt</u> |
|--------------------------------------|-------------------------------------|---|--|
| Direct Debt: | | | |
| City of Fond du Lac | \$ 75,245,000 | 100.0 % | <u>\$ 75,245,000</u> |
| Overlapping Debt: | | | |
| Fond du Lac County | 73,965,000 | 38.0 | 28,128,790 |
| Moraine Park Technical College | 21,155,000 | 10.8 | 2,289,562 |
| Fond du Lac School District | 41,825,399 | 73.6 | 30,790,992 |
| School District of North Fond du Lac | 6,324,500 | 13.2 | <u>836,830</u> |
| Total - overlapping debt | | | <u>62,046,174</u> |
| TOTAL | | | <u><u>\$ 137,291,174</u></u> |

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographical boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fond du Lac.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value for that jurisdiction.

City of Fond du Lac, Wisconsin

Water Utility Revenue Bond Coverage

Last Ten Fiscal Years

| Fiscal Year | Operating Revenue | Operating ¹ Expenses | Interest and Other Revenue | Income Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|---------------------------------|----------------------------|-----------------------------------|---------------------------|--------------|--------------|----------|
| | | | | | Principal ² | Interest | Total | |
| 2012 | \$ 12,382,846 | \$ 4,731,915 | \$ 191,512 | \$ 7,842,443 | \$ 3,246,675 | \$ 1,936,287 | \$ 5,182,962 | 1.51 |
| 2011 | 12,690,230 | 4,211,058 | 239,655 | 8,718,827 | 4,553,435 | 1,435,783 | 5,989,218 | 1.46 |
| 2010 | 11,652,164 | 4,246,162 | 99,737 | 7,505,739 | 3,690,834 | 1,439,536 | 5,130,370 | 1.46 |
| 2009 | 9,790,165 | 3,794,684 | 229,195 | 6,224,676 | 2,433,629 | 2,537,005 | 4,970,634 | 1.25 |
| 2008 | 9,467,849 | 2,877,200 | 1,144,089 | 7,734,738 | 1,495,000 | 2,413,104 | 3,908,104 | 1.98 |
| 2007 | 6,366,839 | 3,215,283 | 1,656,724 | 4,808,280 | 1,440,000 | 1,324,938 | 2,764,938 | 1.74 |
| 2006 | 6,444,899 | 3,193,931 | 686,273 | 3,937,241 | 1,365,000 | 1,314,663 | 2,679,663 | 1.47 |
| 2005 | 6,513,120 | 2,994,138 | 370,890 | 3,889,872 | 2,290,000 | 1,294,089 | 3,584,089 | 1.09 |
| 2004 | 6,257,178 | 2,762,798 | 143,258 | 3,637,638 | 1,150,000 | 987,518 | 2,137,518 | 1.70 |
| 2003 | 5,294,656 | 3,068,737 | 59,234 | 2,285,153 | 1,100,000 | 774,769 | 1,874,769 | 1.22 |

Notes:

¹ Operating expenses do not include depreciation and property tax equivalent.

² Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

^a Water Utility Audit Workpapers, Summary of Long-Term Debt.

City of Fond du Lac, Wisconsin

Wastewater Collection & Treatment System Revenue Bond Coverage

Last Ten Fiscal Years

| Fiscal Year | Operating Revenue | Operating ¹ Expenses | Interest and Other Revenue | Income Available for Debt Service | Debt Service Requirements ² | | | Coverage |
|-------------|-------------------|---------------------------------|----------------------------|-----------------------------------|--|--------------|--------------|----------|
| | | | | | Principal ³ | Interest | Total | |
| 2012 | \$ 12,036,787 | \$ 5,158,954 | \$ 400,536 | \$ 7,278,369 | \$ 3,736,359 | \$ 1,381,064 | \$ 5,117,423 | 1.42 |
| 2011 | 11,058,697 | 5,097,373 | 492,267 | 6,453,591 | 3,364,921 | 1,464,521 | 4,829,442 | 1.34 |
| 2010 | 9,817,874 | 4,742,028 | 399,180 | 5,475,026 | 4,166,627 | 1,589,302 | 5,755,929 | 0.95 |
| 2009 | 10,382,485 | 4,587,204 | 541,657 | 6,336,938 | 3,466,288 | 332,346 | 3,798,634 | 1.67 |
| 2008 | 9,493,569 | 4,761,646 | 718,570 | 5,450,493 | 560,492 | 353,466 | 913,958 | 5.96 |
| 2007 | 8,993,893 | 4,455,720 | 947,232 | 5,485,405 | 506,365 | 371,436 | 877,801 | 6.25 |
| 2006 | 8,356,916 | 4,575,161 | 581,612 | 4,363,367 | 672,392 | 391,955 | 1,064,347 | 4.10 |
| 2005 | 7,084,687 | 4,732,161 | 362,346 | 2,714,872 | 1,573,568 | 447,477 | 2,021,045 | 1.34 |
| 2004 | 7,442,569 | 4,669,796 | 177,632 | 2,950,405 | 1,119,886 | 410,824 | 1,530,710 | 1.93 |
| 2003 | 6,819,264 | 4,430,962 | 152,410 | 2,540,712 | 1,086,342 | 302,610 | 1,388,952 | 1.83 |

Notes:

¹ Operating expenses do not include depreciation.

² Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Wastewater Collection and Treatment System fund.

³ Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

^aWCTS Audit Workpapers, Summary of Long-Term Debt.

City of Fond du Lac, Wisconsin

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year | Population^a | Adjusted^b Gross Income Per Tax Return | Total Personal Income^c thousands of dollars | Per Capita Personal Income^{1c} | Median^d Age | Annual^e Unemployment Rate | Public^f School Enrollment | Public^f High School Graduates |
|--------------------|-------------------------------|---|---|--|-----------------------------------|---|---|---|
| 2012 | 43,100 | NA | NA | NA | 36.9 | 7.7% | 7,415 | 504 |
| 2011 | 43,075 | \$ 43,370 | \$ 3,766,440 | \$ 36,897 | 36.9 | 8.5 | 7,438 | 484 |
| 2010 | 43,021 | 46,437 | 3,765,312 | 37,036 | 36.9 | 9.9 | 7,366 | 515 |
| 2009 | 43,600 | 43,479 | 3,541,333 | 35,389 | 35.7 | 10.9 | 7,349 | 558 |
| 2008 | 43,460 | 55,108 | 3,594,000 | 36,142 | 36.9 | 5.7 | 7,365 | 525 |
| 2007 | 43,270 | 44,211 | 3,475,319 | 35,089 | 36.4 | 5.5 | 7,545 | 470 |
| 2006 | 43,270 | 44,295 | 3,266,869 | 33,110 | 36.4 | 5.6 | 7,515 | 495 |
| 2005 | 43,101 | 40,836 | 3,132,685 | 31,839 | 36.4 | 5.5 | 7,605 | 451 |
| 2004 | 42,865 | 40,066 | 3,035,520 | 30,904 | 33.6 | 5.5 | 7,240 | 503 |
| 2003 | 42,856 | 38,443 | 2,952,326 | 30,139 | 33.6 | 6.7 | 7,246 | 516 |

Notes:

N/A = Not Available.

¹ Includes Fond du Lac County and Metropolitan Area

Sources:

^a Demographic Services Center - State of Wisconsin (2010 - U.S. Census Bureau)

^b Wisconsin Department of Revenue

^c U.S. Department of Commerce, Bureau of Economic Analysis

^d U.S. Department of Labor - Bureau of Labor Statistics

^e Wisconsin's WorkNet Local Area Annual Unemployment Statistics (not seasonally adjusted)

^f Wisconsin Center for Education Statistics, Bureau for Information Management, Fond du Lac School District

City of Fond du Lac, Wisconsin

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| 2012 | | | 2003 | | |
|----------------------------------|------------------------|--|-----------------------------|------------------------|--|
| Name | Employees ^a | Percentage of Total City Employment ¹ | Name | Employees ^a | Percentage of Total City Employment ¹ |
| Agnesian Healthcare Inc | 2,727 | 6.07% | Mercury Marine | 3,400 | 7.11% |
| Mercury Marine | 2,632 | 5.86% | Agnesian Health Care | 1,484 | 3.10% |
| Fond du Lac County | 900 | 2.00% | Fond du Lac County | 1,084 | 2.27% |
| Fond du Lac School District | 803 | 1.79% | Fond du Lac School District | 800 | 1.67% |
| J.F. Ahern Co. | 467 | 1.04% | J. F. Ahern | 700 | 1.46% |
| Moraine Park Technical College | 420 | 0.94% | Giddings & Lewis | 690 | 1.44% |
| Taycheedah Correctional Facility | 360 | 0.80% | Pick n' Save | 410 | 0.86% |
| City of Fond du Lac | 309 | 0.69% | City of Fond du Lac | 335 | 0.70% |
| Society Insurance | 264 | 0.59% | Wells Manufacturing | 315 | 0.66% |
| Total | 6,155 | 13.59% | Total | 9,218 | 19.45% |

Notes:

¹ Wisconsin's WorkNet Current Employment Statistics

Sources:

^a Hutchinson, Shockey, Erley & Co. Revenue Bond Official Statement

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| Fiscal Year | General Government | Public Safety | Public Works | Culture and Recreation | Community Development | Total |
|------------------------|-------------------------------|--------------------------|-------------------------|-----------------------------------|----------------------------------|--------------|
| 2012 | 25.0 | 147.0 | 69.4 | 13.0 | 13.2 | 267.6 |
| 2011 | 29.5 | 148.0 | 61.0 | 13.0 | 22.1 | 273.6 |
| 2010 | 29.4 | 148.0 | 61.0 | 13.0 | 22.1 | 273.5 |
| 2009 | 29.4 | 147.0 | 64.6 | 12.6 | 23.5 | 277.1 |
| 2008 | 29.1 | 146.0 | 64.6 | 12.6 | 23.8 | 276.1 |
| 2007 | 28.8 | 144.0 | 64.6 | 12.7 | 23.7 | 273.8 |
| 2006 | 27.9 | 144.0 | 63.6 | 12.7 | 23.7 | 271.9 |
| 2005 | 29.7 | 144.0 | 64.6 | 12.7 | 23.7 | 274.7 |
| 2004 | 29.7 | 141.0 | 65.0 | 12.6 | 22.7 | 271.0 |
| 2003 | 33.7 | 153.0 | 68.0 | 14.6 | 22.7 | 292.0 |

Notes:

Contains governmental funds permanent full and part-time employees under City Council's authority.
Does not include Library employees or enterprise fund employees

In 2012 Transit operations, 8.4 FTE's were moved from Community Development to Public Works

City of Fond du Lac, Wisconsin

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| Function/Program | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Governmental Activities: | | | | | | | | | | |
| Community Development | | | | | | | | | | |
| Building Permits Issued | 4,719 | 4,805 | 4,129 | 4,235 | 3,885 | 4,845 | 3,663 | 3,591 | 2,941 | 2,981 |
| Total Valuation of Building Permits | 41,141,053 | 45,663,434 | 70,958,906 | 50,040,160 | 65,553,150 | 54,655,768 | 38,448,200 | 36,156,303 | 41,464,109 | 54,434,778 |
| New site plans reviewed | 43 | 40 | 40 | 34 | 35 | 26 | 15 | 11 | 19 | 28 |
| Rezoning/special use permits applied for | 35 | 34 | 31 | 34 | 21 | 14 | 12 | 13 | 13 | 19 |
| Variances applied for | 57 | 46 | 44 | 59 | 50 | 42 | 48 | 38 | 39 | 26 |
| New lots/parcels created | 206 | 51 | 61 | 87 | 12 | 27 | 11 | 14 | 6 | 4 |
| Housing Code Enforcement-complaints filed | 574 | 540 | 469 | 516 | 497 | 418 | 477 | 397 | 418 | 414 |
| Housing Code Enforcement-violations cured | 949 | 894 | 912 | 814 | 962 | 718 | 809 | 648 | 739 | 648 |
| Housing rehabilitation value of loans approved | 511,543 | 499,898 | 470,400 | 561,763 | 620,670 | 557,250 | 460,771 | 351,044 | 325,501 | 220,798 |
| Downtown parking revenue | 342,927 | 343,264 | 337,607 | 343,262 | 307,295 | 322,799 | 328,505 | 318,828 | 338,259 | 320,560 |
| Downtown parking violations-tickets issued* | 7,454 | 5,056 | 3,953 | 7,334 | 5,556 | 6,463 | 6,235 | 6,107 | 6,217 | 3,877 |
| Transit ridership | 169,010 | 157,800 | 163,639 | 166,800 | 146,657 | 159,735 | 167,049 | 157,314 | 181,002 | 171,119 |
| Transit farebox revenue | 168,352 | 176,792 | 176,997 | 206,013 | 198,614 | 200,422 | 234,057 | 221,752 | 287,350 | 133,065 |
| Culture and Recreation | | | | | | | | | | |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library Volumes | 187,589 | 193,590 | 206,100 | 208,453 | 195,178 | 209,757 | 203,479 | 191,694 | 209,759 | 221,833 |
| Circulation | 588,064 | 638,161 | 728,451 | 761,980 | 772,506 | 799,490 | 835,262 | 851,842 | 859,012 | 826,121 |
| Senior Center number of visits | 28,543 | 34,572 | 38,445 | 47,550 | 45,325 | 45,378 | 47,039 | 46,562 | 49,237 | 53,616 |
| Senior Center volunteer hours worked | 14,832 | 13,993 | 15,720 | 17,655 | 17,758 | 17,387 | 16,189 | 16,608 | 17,411 | 18,876 |
| Business-type activities: | | | | | | | | | | |
| Water Utility | | | | | | | | | | |
| Average No. of Customers: | | | | | | | | | | |
| Residential | 14,749 | 13,850 | 13,951 | 14,028 | 14,060 | 14,103 | 14,152 | 14,239 | 14,214 | 14,238 |
| Commercial | 1,327 | 1,351 | 1,355 | 1,362 | 1,367 | 1,383 | 1,380 | 1,384 | 1,385 | 1,380 |
| Industrial | 56 | 61 | 58 | 55 | 56 | 58 | 57 | 55 | 56 | 54 |
| Public | 90 | 82 | 74 | 77 | 73 | 72 | 71 | 70 | 72 | 74 |
| Gallons of Water Sold: | | | | | | | | | | |
| Residential | 803,773,000 | 682,641,000 | 699,287,000 | 675,808,052 | 668,406,614 | 631,339,055 | 613,009,263 | 590,568,073 | 587,827,244 | 596,156,554 |
| Commercial | 428,482,000 | 433,209,000 | 423,793,000 | 411,200,015 | 397,121,009 | 382,916,197 | 360,302,534 | 356,280,172 | 368,500,375 | 374,618,581 |
| Industrial | 384,016,000 | 303,608,000 | 322,219,000 | 318,813,727 | 317,491,502 | 213,231,560 | 153,712,025 | 189,314,970 | 346,566,644 | 320,528,853 |
| Public | 78,034,000 | 72,666,000 | 66,635,000 | 66,634,525 | 78,298,628 | 71,582,613 | 72,665,776 | 65,842,281 | 58,930,350 | 61,913,800 |
| Plant Capacity (gallons/day) | 9,075,000 | 10,303,000 | 7,983,000 | 7,323,000 | 14,925,000 | 7,274,000 | 8,410,000 | 5,664,000 | 6,061,000 | 6,946,000 |
| Wastewater Collection & Treatment System | | | | | | | | | | |
| Average No. of Customers: | | | | | | | | | | |
| Residential | 14,749 | 13,850 | 13,951 | 14,028 | 14,060 | 14,103 | 14,152 | 14,239 | 14,214 | 14,238 |
| Commercial | 1,327 | 1,351 | 1,355 | 1,362 | 1,367 | 1,383 | 1,380 | 1,384 | 1,385 | 1,380 |
| Industrial | 56 | 61 | 58 | 55 | 56 | 58 | 57 | 55 | 56 | 54 |
| Public | 90 | 82 | 74 | 77 | 73 | 72 | 71 | 70 | 72 | 74 |
| System Usage in Gallons | | | | | | | | | | |
| Residential | 803,773,000 | 682,641,000 | 699,287,000 | 675,808,052 | 668,406,614 | 631,339,055 | 613,009,263 | 590,568,073 | 587,827,244 | 596,156,554 |
| Commercial | 428,482,000 | 433,209,000 | 423,793,000 | 411,200,015 | 397,121,009 | 382,916,197 | 360,302,534 | 356,280,172 | 368,500,375 | 374,618,581 |
| Industrial | 384,016,000 | 303,608,000 | 322,219,000 | 318,813,727 | 317,491,502 | 213,231,560 | 153,712,025 | 189,314,970 | 346,566,644 | 320,528,853 |
| Public | 78,034,000 | 72,666,000 | 66,635,000 | 66,634,525 | 78,298,628 | 71,582,613 | 72,665,776 | 65,842,281 | 58,930,350 | 61,913,800 |

Notes: N/A = Not Available

*The parking fund first began issuing parking tickets in the downtown area in 2003

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| Function/Program | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Governmental Activities: | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Police Protection | | | | | | | | | | |
| Sworn Personnel - Authorized Positions | 69 | 69 | 72 | 71 | 71 | 74 | 74 | 75 | 75 | 74 |
| Fire and EMS Protection | | | | | | | | | | |
| Number of Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Firefighting Force | 64 | 64 | 64 | 61 | 65 | 63 | 64 | 65 | 65 | 65 |
| Firefighting Vehicles | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Ambulances | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Public Works | | | | | | | | | | |
| Miles of Streets | 189 | 160.32 | 161.50 | 162.40 | 169.04 | 169.29 | 170.33 | 170.93 | 170.94 | 168.07 |
| Miles of Storm Sewers | 189 | 155 | 163 | 163.70 | 165.8 | 165.85 | 169.3 | 171.35 | 172.77 | 174.5 |
| Recreation and Culture | | | | | | | | | | |
| Playgrounds | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| City Parks | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Acres of City Park Land | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 |
| Indoor Skating Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outdoor Skating Facility | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outdoor Skateboarding Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outdoor Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outdoor Water Park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Disc Golf Course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Band Shelters | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Boat Launches | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Business-type activities: | | | | | | | | | | |
| Water Utility | | | | | | | | | | |
| Miles of Mains | 204 | 208 | 205.9 | 209.5 | 211 | 219.98 | 220.44 | 220.42 | 220.07 | 220.05 |
| Hydrants | 1,599 | 1,732 | 1,739 | 1,774 | 1,773 | 1,803 | 1,817 | 1,826 | 1,824 | 1,827 |
| Wastewater Collection & Treatment System | | | | | | | | | | |
| Miles of Sanitary Sewers | 189 | 190 | 196.5 | 197 | 193.65 | 193.76 | 203.51 | 197.23 | 197.29 | 197.39 |

SINGLE AUDIT SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the City Council
City of Fond du Lac, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Fond du Lac's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 12 dated July 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fond du Lac, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fond du Lac, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Fond du Lac, Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fond du Lac, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
July 25, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditors' Report

To the City Council
City of Fond du Lac, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited City of Fond du Lac, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of City of Fond du Lac, Wisconsin's major federal and state programs for the year ended December 31, 2012. City of Fond du Lac, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Fond du Lac, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Fond du Lac, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Fond du Lac, Wisconsin's compliance.

Opinion on Each Major Federal and State Program

In our opinion, City of Fond du Lac, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Fond du Lac, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Fond du Lac, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
July 25, 2013

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

| Grantor/Pass-Through Grantor/Program Title | Federal CFDA/ State ID Number | Pass-Through Grantor's Number | Program or Award Amount | Cash/ Receivable at January 1, 2012 | Receipts or Revenue Recognized | Disbursements/ Expenditures | (Deferred Revenue)/ Receivable at December 31, 2012 |
|---|--------------------------------------|--------------------------------------|--------------------------------|--|---------------------------------------|------------------------------------|--|
| <u>U. S. Department of Housing and Urban Development</u> | | | | | | | |
| Community Development Block Grant | 14.228 | -- | \$ 1,231,937 | \$ 283,072 | \$ 899,278 | \$ 667,271 | \$ 51,065 |
| Community Development Block Grant- EAP | 14.228 | -- | \$ 3,450,000 | 1,066,920 | 1,938,942 | 1,060,745 | 188,723 |
| Total U. S. Department of Housing and Urban Development | | | | 1,349,992 | 2,838,220 | 1,728,016 | 239,788 |
| <u>U. S. Department of Transportation</u> | | | | | | | |
| Passed through State Department of Transportation: | | | | | | | |
| Operating Assistance - 2012 | 20.507 | -- | \$ 504,602 | - | 490,800 | 504,602 | 13,802 |
| Capital Assistance Grant | 20.500 | -- | \$ 308,000 | - | 308,000 | 308,000 | - |
| Alcohol Enforcement - 2011/2012 | 20.607 | -- | \$ 30,000 | - | 7,202 | 7,202 | - |
| Speed Enforcement - 2011/2012 | 20.600 | -- | \$ 30,000 | 4,793 | 4,793 | - | - |
| Speed Enforcement - 2012/2013 | 20.600 | -- | \$ 30,000 | - | 20,678 | 22,028 | 1,350 |
| Pedestrian Safety Equipment | 20.600 | -- | \$ 2,000 | - | 1,350 | 1,350 | - |
| Bicycle Enforcement | 20.600 | -- | \$ 2,000 | - | 2,701 | 2,701 | - |
| Total U. S. Department of Transportation | | | | 4,793 | 835,524 | 845,883 | 15,152 |
| <u>U.S. Department of Justice</u> | | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant-2011 | 16.738 | 2011-DJ-BX-3325 | \$ 19,746 | 899 | 8,102 | 17,495 | 10,292 |
| Community Oriented Policing (COPS) Grant | 16.710 | -- | \$ 385,000 | 23,550 | 29,412 | 9,592 | 3,730 |
| Passed through Wisconsin Dept of Admin-Office of Justice Assistance | | | | | | | - |
| Bulletproof Vest Partnership Program | 16.607 | -- | \$ 10,215 | - | 2,509 | 2,509 | - |
| Total U.S. Department of Justice | | | | 24,449 | 40,023 | 29,596 | 14,022 |
| <u>U.S Environmental Protection Agency</u> | | | | | | | |
| Passed through Wisconsin Department of Administration | | | | | | | |
| Safe Drinking Water Loan Program | 66.468 | -- | \$ 530,646 | - | 211,691 | 211,691 | - |
| Total U.S. Environmental Protection Agency | | | | - | 211,691 | 211,691 | - |
| <u>U.S. Department of Homeland Security</u> | | | | | | | |
| Passed through Wisconsin Dept of Admin-Office of Justice Assistance | | | | | | | |
| Homeland Security Training | 97.067 | 2010-HS-03-9189 | \$ 7,681 | - | 9,764 | 9,764 | - |
| Homeland Security/WISCOM Enhancement | 97.067 | 2010-HS-05-9279 | \$ 800,000 | 12,510 | 800,000 | 784,890 | (2,600) |
| Homeland Security/WISCOM Daily User | 97.067 | 2008-HS-05-9282 | \$ 256,642 | 720 | 253,085 | 252,365 | - |
| Total U.S. Department of Homeland Security | | | | 13,230 | 1,062,849 | 1,047,019 | (2,600) |
| TOTAL FEDERAL AWARDS | | | | \$ 1,392,464 | \$ 4,988,307 | \$ 3,862,205 | \$ 266,362 |

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

| Grantor/Pass-Through Grantor/Program Title | Federal CFDA/ State ID Number | Pass-Through Grantor's Number | Program or Award Amount | Cash/ Receivable at January 1, 2012 | Receipts or Revenue Recognized | Disbursements/ Expenditures | (Deferred Revenue)/ Receivable at December 31, 2012 |
|---|--|-------------------------------------|-------------------------------|--|--------------------------------------|--------------------------------|---|
| <u>Wisconsin Department of Administration</u> | | | | | | | |
| Office of Justice Assistance Grant-Beat Patrol | -- | 2010-BP-01-7499 | \$ 134,927 | \$ - | \$ 121,434 | \$ 121,434 | \$ - |
| <u>Wisconsin Department of Health & Family Services</u> | | | | | | | |
| EMS-FAP Grant | 435.167 | -- | \$ 10,430 | (16,093) | 9,229 | 8,067 | (17,255) |
| <u>Wisconsin Department of Natural Resources</u> | | | | | | | |
| All-Terrain Vehicle Trail | 370.577 | ATV-2149 | \$ 6,500 | 5,460 | 5,577 | 117 | - |
| All-Terrain Vehicle Trail | 370.577 | ATV-2151 | \$ 12,000 | - | - | 5,688 | 5,688 |
| All-Terrain Vehicle Trail | 370.577 | ATV-2150 | \$ 10,000 | - | 8,045 | 8,045 | - |
| Total Wisconsin Department of Natural Resources | | | | 5,460 | 13,622 | 13,850 | 5,688 |
| <u>Wisconsin Department of Transportation</u> | | | | | | | |
| Operating Assistance Grant - 2009 | 395.104 | -- | \$ 402,568 | 43,638 | - | - | 43,638 |
| Operating Assistance Grant - 2010 | 395.104 | -- | \$ 423,617 | 42,362 | - | - | 42,362 |
| Operating Assistance Grant - 2011 | 395.104 | -- | \$ 436,369 | 40,257 | - | - | 40,257 |
| Operating Assistance Grant - 2012 | 395.104 | -- | \$ 421,652 | - | 379,487 | 421,652 | 42,165 |
| Capital Assistance Grant - 2012 | 395.104 | -- | \$ 40,000 | - | 40,000 | 40,000 | - |
| Total Wisconsin Department of Transportation | | | | 126,257 | 419,487 | 461,652 | 168,422 |
| TOTAL STATE AWARDS | | | | \$ 115,624 | \$ 563,772 | \$ 605,003 | \$ 156,855 |
| TOTAL FEDERAL AND STATE AWARDS | | | | \$ 1,508,088 | \$ 5,552,079 | \$ 4,467,208 | \$ 423,217 |

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CITY OF FOND DU LAC, WISCONSIN
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2012

NOTE A - BASIS OF PRESENTATION

In accordance with audit requirements issued by the Office of Management and Budget (OMB) Circular A-133 and the State Single Audit Guidelines issued by the Wisconsin Department of Administration, supplemental information is presented by the City in regard to federal and state financial assistance programs administered by the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedule are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2012 financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for federal and state programs that exceed recorded City expenditures.

Federal Programs: The City of Fond du Lac qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditor's risk assessment. All other federal programs are considered non-major programs.

State Programs: Major programs represent state assistance programs with expenditures of \$100,000 or more and other state programs classified as major in the State Single Audit Guidelines. All other state assistance programs required to be included in the Schedule of Expenditures of State Awards in accordance with Appendix H of the State Single Audit Guidelines are non-major programs.

NOTE C - OVERSIGHT AGENCIES

The Federal oversight agency for the City is the U.S. Department of Housing and Urban Development.

The State cognizant agency for the City is the Wisconsin Department of Administration.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency identified? None Reported

Noncompliance material to basic financial statements noted? No

Federal Awards Programs

Internal control over major program:

- Material weakness(es) identified No
- Significant deficiency(ies) identified? None Reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133? No

Identification of major federal program:

| CFDA Number | Name of Federal Program |
|-------------|-----------------------------------|
| 20.500 | Mass Transit Capital Assistance |
| 20.507 | Mass Transit Operating Assistance |
| 97.067 | Homeland Security Grant Program |

Identification of major state programs:

| State ID Number | Name of State Program |
|-----------------|---|
| 395.104 | Urban Mass Transit Operating Assistance |

Audit threshold used to determine between Type A and Type B programs: \$300,000
Auditee qualified as low-risk auditee Yes

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2012.

Section III - Federal Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" and the *State Single Audit Guidelines* for the year ended December 31, 2012.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2012

Prior Year Audit Findings

There were no findings or questioned costs for federal awards for the year ended December 31, 2012.

Corrective Action Plan

No corrective action plan is required.