

City of Fond du Lac, WI
First on the Lake



Comprehensive Annual Financial Report with Single Audit

Year ended December 31, 2016

Comprehensive Annual Financial Report

**City of Fond du Lac, Wisconsin
Year Ended December 31, 2016**

Prepared by:

City of Fond du Lac Comptroller Division

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CITY OF FOND DU LAC, WISCONSIN

December 31, 2016

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August 17, 2017

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, 2016. 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 unmodified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2016 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 43,381.

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. 61 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.

Local Economy

The City of Fond du Lac unemployment rate dropped 13.6% from the previous year. The average 2016 unemployment rate was 3.8% for the City of Fond du Lac, 3.6% for Fond du Lac County and 4.1% for the State of Wisconsin.

In 2016, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 247 new housing units constructed, of which 34 units were one- and two-family and 213 were multi-family. Commercial and industrial growth continued in 2016 with \$13.7 million in construction of 19 new buildings and 121 additions.

Total equalized value (estimated fair market value) of real estate and personal property increased by 2% to \$2,716,586,500 in 2016 from 2015. Over the past 10 years, the City's equalized value has increased 16%.

Mercury Marine constructed a 44,647 square foot building addition at Plant 15.

The former Rolling Meadows Nursing Home was redeveloped into a 71-unit senior Residential Care Apartment Complex (RCAC) called The Meadows.

Grande Cheese opened their new 89,000 square foot corporate office and research facility in the Ledgeview Corporate Business Park.

Stainless Machining completed construction on their 12,000 square foot building in the West Industrial Park.

Badger Liquor constructed a 9,301 square foot building expansion to accommodate additional warehouse and office needs.

Hampton Inn opened a 73-room hotel on the west side of the city off North Pioneer Road.

Two (2) new multi-tenant buildings were developed in outlots adjacent to the Forest Mall. These tenant buildings were occupied by Dunkin Donuts; Noodles & Company; Mattress Firm and Great Clips in early 2017.

UW-Fond du Lac, in partnership with a private developer, began construction on the new 120 bed student housing project. Student housing will be available for the Fall 2017 semester.

The Fond du Lac Dock Spiders started construction on their baseball field located on the Marian University campus. The new Northwoods League team began their inaugural season in June, 2017.

Many other changes in 2016 will provide long-term improvements. The Lakeside Park Advisory Committee has served in advisory capacity to the City Council to explore, study and investigate and recommend if and how Lakeside Park could be used better for the benefit of the City's residents, stakeholders and visitors. The resulting Lakeside Park Master Plan will shape the growth of the park in the years to come with inclusion of projects in the five-year capital improvement plan approved by City Council each year.

Long-term financial planning

Unassigned fund balance in the general fund (19% of the budgeted general fund expenditures) falls within the policy guidelines (i.e. a minimum of 15% of 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

The budget for 2016 included a 4.6% increase in the property tax levy and no rate increases for residential garbage pickup or water and sewer utilities. The most significant issues facing the City for 2016 and beyond relate to the continuing effects of a very restrictive state-mandated property tax levy limit and increasing debt payments.

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 to be funded and performed on an annual basis.

Tax incremental financing district (TID) numbers twenty and twenty-one were formed in the fall of 2016. Both include areas of which at least 50% of which are blighted as stated in Section 66.1105, Wisconsin Statutes. January 1, 2017 will be the base valuation year from which the increment will be calculated for each of these districts. The first increment would not be received before 2018.

The developer-based TID number 20 was created for the redevelopment of property at 63 East Merrill Street. The City will not borrow or advance funding for this project. Up to \$155,000 in cash payments from the net increment will assist in the redevelopment of the former tax exempt school into 26 residential units.

TID 21 goals include facilitating the expansion of the City tax base and addition of housing and employment opportunities through the redevelopment of properties which are presently blighted, obsolete, underutilized. The redevelopment of the former Northern Casket Company into 45 residential units will receive up to \$120,000 in cash payments from the net increment to assist the developer. No debt or advance funding will be provided by the City. As other redevelopment opportunities emerge for the other properties located within this TID's boundaries, proceeds from this TID may be used to subsidize that redevelopment.

2011 Wisconsin Act 10 eliminated most collective bargaining rights for City employees except public safety and Transit employees and continues to affect City operations and its annual budget. As of 2016, the police local union, the police supervisory association, the Transit union as well as non-represented employees, including decertified union employees, pay 50% of general Wisconsin State Retirement System (WRS) pension costs (the employee share) contributions. The Fire/Rescue local union and supervisory association 2016-2018 contracts start a phase-in of employee share of WRS contributions

in 2018. Newly hired Fire/Rescue employees are required to pay a share of their WRS costs, which is the same rate as paid by general employees upon employment. Each year this has a larger budget impact as turnover occurs.

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 twenty first 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 2015 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



Tracy C. Salter
Director of Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fond du Lac
Wisconsin**

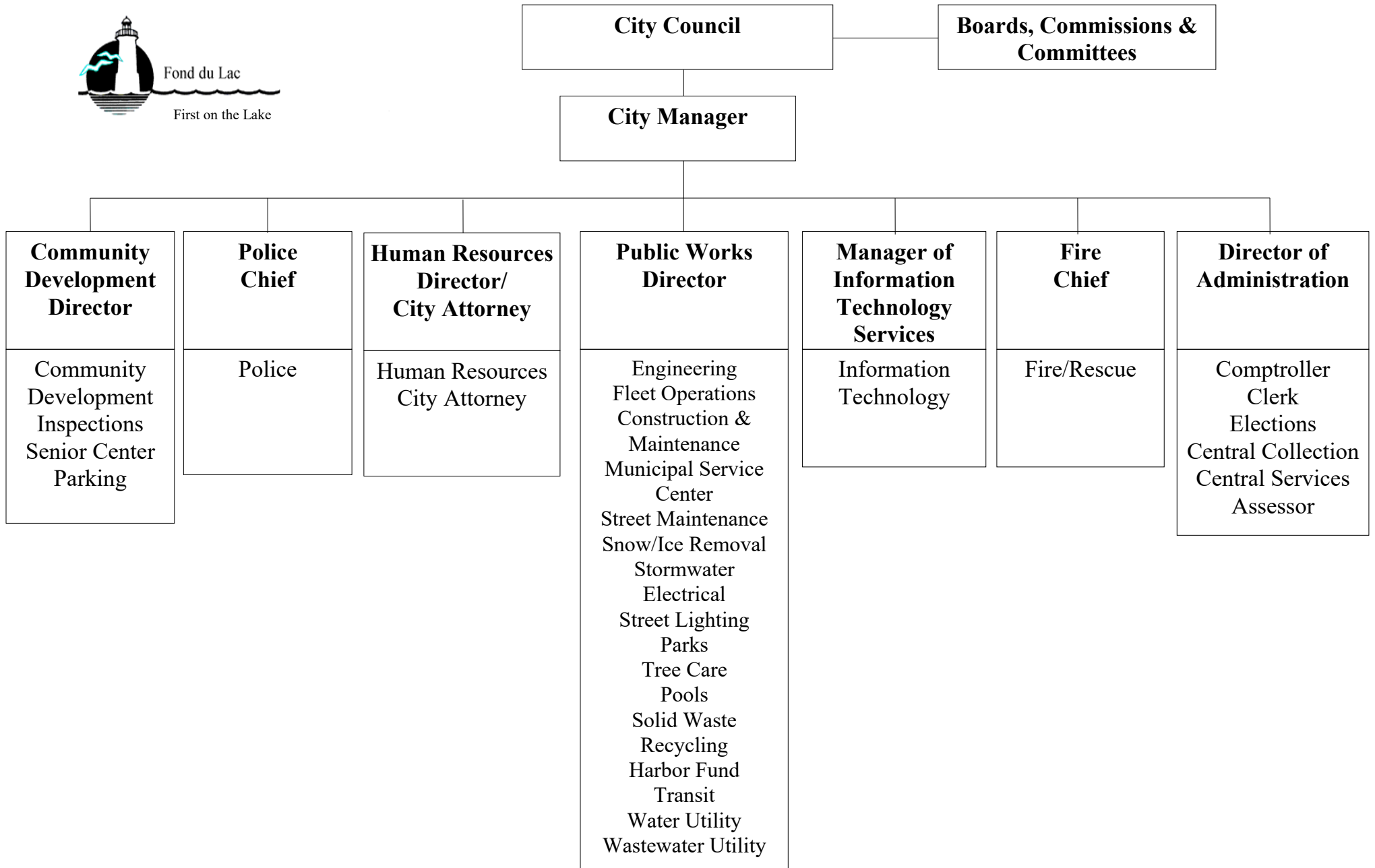
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is written in a cursive, flowing style.

Executive Director/CEO

Table of Organization



CITY OF FOND DU LAC

List of Principal Officials

December 31, 2016

Elected Officials

		<u>Term Expires</u>
Lee Ann Lorrigan	City Council President	April, 2018
Karyn A. Merkel	City Council Vice-President	April, 2018
Kay Miller	City Council Member	April, 2018
Derek TerBeest	City Council Member	April, 2018
Catherine A. Block	City Council Member	April, 2017
Gregory G. Giles	City Council Member	April, 2017
Brian T. Kolstad	City Council Member	April, 2017

Non-Elected Officials

Joseph P. Moore	City Manager
Tracy C. Salter	Director of Administration
Deborah S.R. Hoffmann	City Attorney/Director of Human Resources
Jordan J. Skiff	Director of Public Works
Dyann L. Benson	Director of Community Development
David M. Zittlow	IT Services Manger
William B. Lamb	Chief of Police
Peter O'Leary	Fire Chief
Jon Mark Bolthouse	Public Library Director
Paul C. DeVries	City Engineer
Margaret L. Hefter	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, 2016, 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 auditors consider 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, 2016, 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 accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note C.1 to the financial statements, in 2016 the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. As discussed in Note E.2 to the financial statements, the City also adopted new accounting guidance, Statement No. 77, *Tax Abatement Disclosures*. 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 on pages 13 through 24 and the schedules relating to pensions and other post-employment benefits on pages 68 through 70 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 introductory section, the financial information listed in the table of contents as supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The supplementary information and the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2017, 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.



Certified Public Accountants
Green Bay, Wisconsin
August 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016. 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 2016 operations was experienced through both revenues and expenses.
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows of resources at December 31, 2016 by \$227.7 million. Of this amount, \$45.5 million is unrestricted net position and may be used to meet City obligations to citizens and creditors.
- City operations created a total net position decrease of \$374,000 (0.02%) over the January 1 net position. The business-type activities had a \$4.1 million increase while the governmental activities had a \$4.4 million decrease.
- The unrestricted net position of the governmental activities was \$24.9 million.
- The unrestricted net position of the business-type activities was \$20.6 million.
- The City's general fund balance decreased by \$1.2 million. The fund balance was budgeted to decrease by \$2.4 million, resulting in a positive variance of \$1.2 million due to both revenues exceeding budgeted amounts and expenditures lower than budgeted spending in many areas. This positive budget variance will be helpful as the 2017 adopted budget anticipates using \$867,000 in general fund balance.
- The debt service fund balance decreased \$11,000. The debt service fund was budgeted to have a decrease in fund balance of \$72,000.
- During 2016, the City took several actions involving debt:
 - The City issued tax-exempt general obligation (G.O.) refunding bonds of \$2,275,000 for the redemption (early repayment/early call) of the remaining principal balance of the 2008 General Obligation Promissory Notes. This refinancing locked in lower interest rates prior to the maturity date.
 - Tax exempt G.O. notes of \$2,525,000 were issued to fund the City's 2016 general capital improvements projects not funded by operating revenues or existing financial resources.
 - Tax exempt G.O. notes of \$1,300,000 were issued to fund costs related to TID #10.
- The internal service fund for the self-funded City group health insurance benefits started 2016 with a net position of \$4.2 million and finished with a net position of \$4.1 million. Premium revenues decreased slightly due to fewer participants enrolled in the health plan. Expenditures, including medical claims, prescription drug claims and stop loss insurance premiums, came in below budget and are responsible for the increase in net position for 2016.
- Other governmental funds had combined increases in fund balances of \$1.9 million. All nonmajor governmental funds had positive fund balances at December 31, 2016.
- During 2016, nonmajor capital project funds produced a net \$654,000 increase in fund balance. Capital project funds contain large capital purchases and construction projects which are often funded for and completed in different years. The Streets Capital Projects Fund completed capital purchases and construction that were funded and started prior to 2016 which caused the net decrease in its fund balance. All other capital project funds had a net increase in fund balance due to the funding of projects that were not completed at year end.
- Nonmajor special revenue funds had an overall increase in fund balance of \$1.2 million.
 - The Transit Fund had a decrease in fund balance of \$239,000 due to unfavorable budget variances in federal and state revenues, as well as passenger fares, and unfavorable budget variances in expenditures such as repairs and maintenance and personal services.
 - The Community Development Block Grant loan repayments exceeded loan project expenditures which contributed to the net increase in fund balance of \$364,000.
 - The Library Fund had a decrease in fund balance of \$35,000 due to unfavorable budget variances in various expenditure accounts.
 - The Community Projects Fund is used to account for donations and grants received by various City departments. Spending of these funds received in prior years resulted in a decrease in fund balance of \$93,000.

- A new fund, the Residential Development Improvement Program Fund, was created in 2016 to assist property owners interested in converting multi-family homes to single-family use. This new fund generated a \$100,000 fund balance in 2016.
- TIF Districts increased \$908,000 mainly due to TIF 10 debt issued in 2016 for a road extension project started in 2016 that will be completed in 2017.

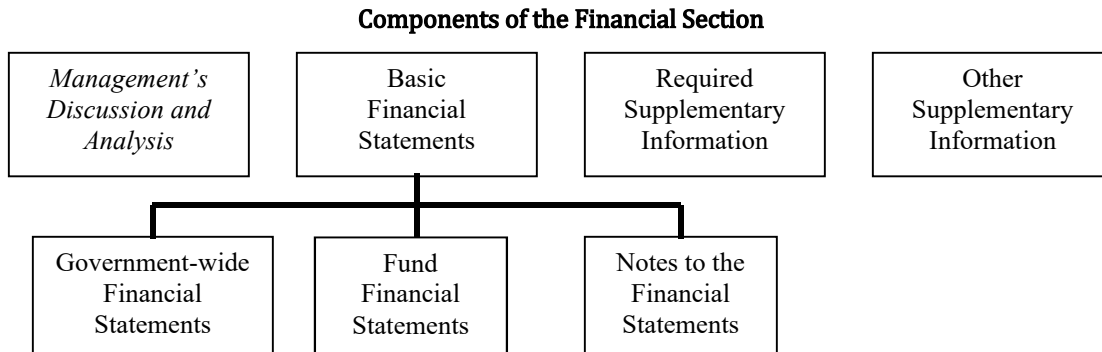
Overview of the Financial Statement

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 and deferred outflows/inflows of resources, with the difference 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 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 sixteen 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 internal service funds to account for the transactions of the City's self-funded employee health insurance program and the information technology fund. Because these activities 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$227,663,581 at the close of 2016.

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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 104,086	\$ 107,807	\$ 29,631	\$ 31,991	\$ 133,717	\$ 139,798
Capital assets	138,703	141,860	187,183	187,226	325,886	329,086
Total assets	242,789	249,667	216,814	219,217	459,603	468,884
Deferred outflows of resources						
Pension	16,417	4,836	1,377	377	17,794	5,213
Non-current liabilities	83,369	81,176	78,000	84,293	161,369	165,469
Current and other liabilities	51,167	52,335	3,333	3,012	54,500	55,347
Total liabilities	134,536	133,511	81,333	87,305	215,869	220,816
Deferred inflows of resources						
Property taxes	27,186	25,243	-	-	27,186	25,243
Pension	6,163	-	516	-	6,679	-
Total deferred inflows	33,349	25,243	516	-	33,865	25,243
Net position:						
Net investment in capital assets	64,124	66,752	109,794	103,316	173,918	170,068
Restricted	2,262	11,310	5,980	7,057	8,242	18,367
Unrestricted	24,935	17,687	20,568	21,916	45,503	39,603
Total net position	\$ 91,321	\$ 95,749	\$ 136,342	\$ 132,289	\$ 227,663	\$ 228,038

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 2016.

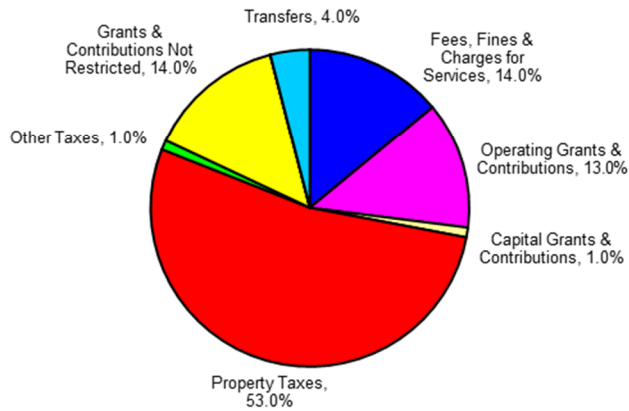
Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Fees, fines and charges						
for services	\$ 6,894	\$ 6,844	\$ 24,024	\$ 23,836	\$ 30,918	\$ 30,680
Operating grants and						
contributions	6,485	6,159	-	-	6,485	6,159
Capital grants and						
contributions	665	105	-	-	665	105
General revenues:						
Property taxes	25,147	23,837	-	-	25,147	23,837
Other taxes	459	445	-	-	459	445
Grants and contributions not restricted						
to specific programs	6,652	6,588	-	-	6,652	6,588
Gain on disposal of						
capital assets	88	34	-	-	88	34
Earnings on investments	222	193	332	322	554	515
Miscellaneous	11	20	-	-	11	20
Total revenues	46,623	44,225	24,356	24,158	70,979	68,383
Expenses:						
General government	4,950	4,034	-	-	4,950	4,034
Public safety	20,557	18,332	-	-	20,557	18,332
Public works	16,618	15,749	-	-	16,618	15,749
Culture and recreation	5,623	6,092	-	-	5,623	6,092
Community development	2,298	2,728	-	-	2,298	2,728
Interest on long-term debt	2,901	2,675	-	-	2,901	2,675
Water	-	-	8,450	8,394	8,450	8,394
Wastewater	-	-	9,957	9,280	9,957	9,280
Total expenses	52,947	49,610	18,407	17,674	71,354	67,284
Increase (decrease) in net						
position before transfers	(6,324)	(5,385)	5,949	6,484	(375)	1,099
Transfers	1,897	1,857	(1,897)	(1,857)	-	-
Increase (decrease) in net						
position	(4,427)	(3,528)	4,052	4,627	(375)	1,099
Net position - 1/1	95,749	90,146	132,289	126,998	228,038	217,144
Cumulative effect of change						
in accounting principle		9,130	-	664	-	9,794
Net position - 12/31	\$ 91,322	\$ 95,748	\$ 136,341	\$ 132,289	\$ 227,663	\$ 228,037

Governmental activities.

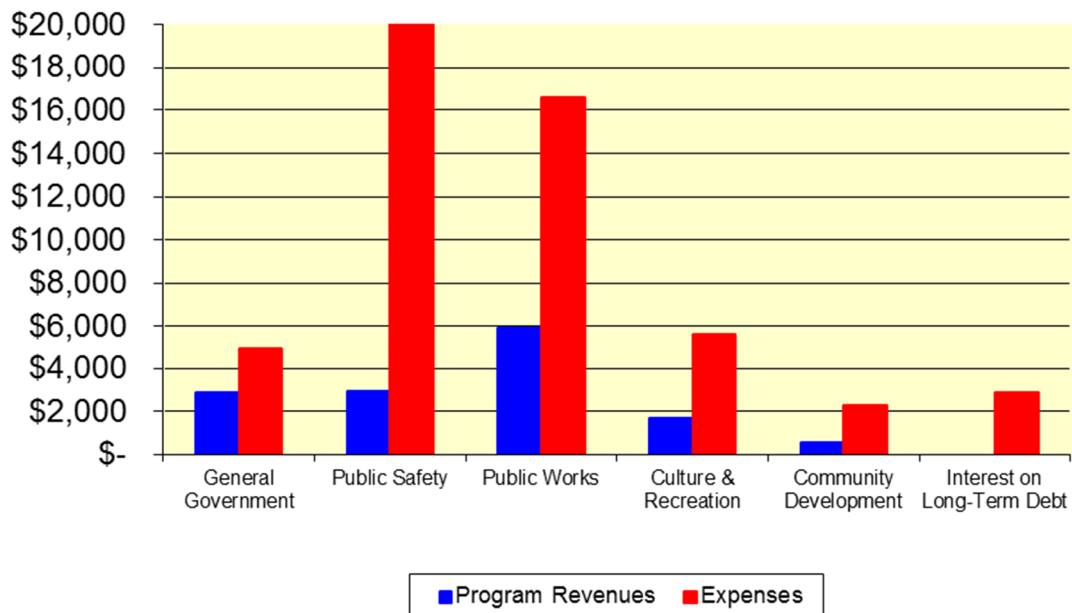
Revenues and transfers for the City’s governmental activities were \$48.5 million. Property taxes are the largest source of governmental activity revenues at \$25 million, or 53 percent. The sources of revenues are shown in the pie graph below.

**REVENUES BY SOURCE
2016 GOVERNMENTAL ACTIVITIES**



The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at \$20.6 million or 39 percent. Public works is the next largest area of expense at \$16.6 million or 31 percent. The blue bars indicate the program revenues by function. The graph reflects that most of the expenses are not financed by program revenues, but rather by general property tax and other general revenues. Community Development includes the Inspections Division which collects significant revenues in the form of building permits. Public Safety includes ambulance services with fees billed to the patient. Public works program revenues includes state transportation aids for streets and highways, solid waste collection user fees, state recycling grants, and state and federal transit aids and user fees.

**2016 Program Revenues and Expenses
Governmental Activities**
(thousands)



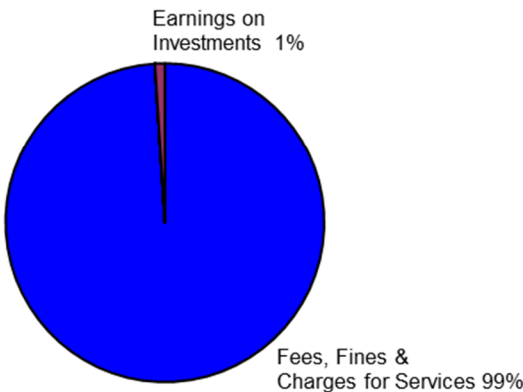
Business-type activities.

The business-type activities of the Water and Wastewater utilities increased the City’s net position by \$4.0 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 2015.

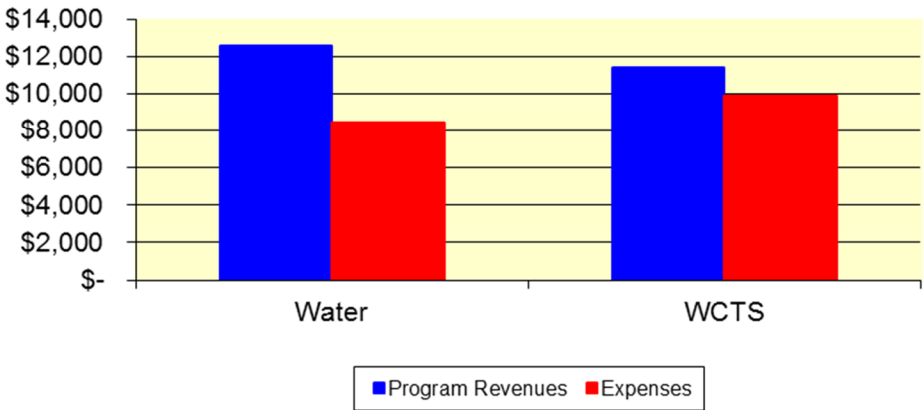
The last Wastewater Utility- rate increase was implemented in 2009.

**REVENUES BY SOURCE
2016 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.

2016 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, unassigned 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, 2016 represents 18.4 percent of total actual 2016 general fund expenditures and other financing uses, while total fund balance represents 24.5 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2017 budgeted expenditures. Total general fund balance decreased by \$1.2 million in 2016, significantly better than the budgeted decrease of \$2.4 million due to favorable budget variances for both revenues and expenditures.

The debt service fund balance was budgeted to utilize \$71,000 in fund balance during 2016, but only required \$11,000. With this favorable budget variance, the fund balance decreased to \$30,000 at year end.

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 \$4.1 million during 2016 while the unrestricted net position decreased \$1.3 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 \$6.5 million. Favorable experience with operating revenues 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 \$1.3 million. The changes between original budget and the final budget were the result of \$950,000 in fund balance assigned and \$350,000 in the roll-over of encumbrances from 2015. The fund balance assigned was done in order to lower the amount of the City's outstanding OPEB liability. The encumbrance items were budgeted in previous years, but the purchase orders remained outstanding at the end of the year, so the funds remained in fund balance and were re-appropriated to the 2016 budget.

General fund revenue and expenditure budget variances-explanation.

During this year, the net increase in fund balance was \$1.1 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$637,000 positive budget variance.
 - Licenses and permits exceeded budget by \$141,000, due in large part to higher than anticipated building, plumbing, electrical and heating permits.
 - Special assessment revenues are recognized when paid. These revenues were \$112,000 higher than estimated in the budget process due to the timing of completing and billing the special assessment projects.
 - General transportation aids were \$59,000 higher than estimated in the budget process.
 - Net ambulance billings were \$48,000 higher than budgeted due increases in the amount of ambulance billings collected, even net of the uncollectible accounts and the Medicare regulated write-offs.
 - Other taxes had a positive variance of \$76,000. This includes interest and penalty on delinquent personal property taxes and special assessments and the City share of room taxes.
 - Investment earnings had a negative variance of \$35,000.

- Court and parking fines were below budget by \$30,000 due to a long term vacancy in the parking enforcement officer position which resulted in fewer parking citations being issued.
- Total expenditures provided for a net \$1.1 million favorable budget variance across all general fund divisions.
 - General government had an overall unfavorable variance of \$52,000.
 - Non-departmental insurance had an unfavorable budget variance of \$101,000 due to an increase in the estimated number of employee retirements.
 - Other savings were spread across several divisions due to efficiencies implemented and delays in filling vacancies.
 - Police saw an unfavorable budget variance of \$262,000. Wages and benefits accounted for \$361,000 of the variance, primarily in overtime costs. Favorable fuel prices resulted in \$45,000 in savings when compared to budget. Smaller favorable variances in other operational accounts account for the difference in the final unfavorable variance.
 - Of the \$66,000 savings in the Ambulance operation, \$33,000 was related to wage and benefit costs. Other outside services, information technology services, and fuel favorable budget variances account for the balance.
 - The department of public works had a net \$614,000 favorable variance.
 - Fleet, construction and maintenance and the municipal service center performed more work and provided more equipment and supplies that were charged out than budgeted which had a \$170,000 combined budget impact. These expense transfers include fleet work on vehicles, equipment along with labor, equipment and supplies charged to projects and other departments and funds.
 - Highway maintenance saw a \$299,000 favorable variance due to the delay in some construction projects. These projects were under contract at the end of 2016, and were included in the encumbrance roll-overs.
 - Culture and recreation had a \$52,000 favorable variance.
 - The Fairgrounds pool had a favorable budget variance of \$38,000 due to lower than anticipated maintenance costs and utilities. Due to lifeguard shortages, the pool was also closed for more days of the swimming season, resulting in less wage and benefit costs.
 - The senior center had a \$8,500 positive budget variance due to favorable variances in printing, and anticipated maintenance costs.
 - Community development had a \$46,000 favorable variance.
 - City inspections was under budget \$45,000. The inspection's division had \$25,000 of favorable variance in other outside service costs for demolition work, and favorable variances in information technology and computer hardware costs, \$5,500 and education and training, \$6,000. Various other operational accounts had smaller favorable variances.

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, 2016, amounts to \$325,886,175 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, and equipment.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and construction						
in progress	\$ 7,507	\$ 7,187	\$ 3,271	\$ 3,084	\$ 10,778	\$ 10,271
Infrastructure	107,008	110,992	-	-	107,008	110,992
Buildings	12,365	12,868	63,916	65,530	76,281	78,398
Improvements other than buildings	3,626	3,308	93,007	90,689	96,633	93,997
Equipment	8,199	7,504	26,989	27,924	35,188	35,428
Total	<u>\$ 138,705</u>	<u>\$ 141,859</u>	<u>\$ 187,183</u>	<u>\$ 187,227</u>	<u>\$ 325,888</u>	<u>\$ 329,086</u>

Capital assets net of depreciation decreased by \$3.2 million, or 1.0 percent. The business-type activities had a net decrease of \$43,000, with a water increase of \$445,000 and a wastewater decrease of \$488,000. Governmental capital assets, net of depreciation decreased by \$3.2 million due largely to 2016 depreciation expense of \$6.2 million outpacing capital asset additions.

Major governmental capital activity included street and stormwater infrastructure of \$5.0 million. Construction in progress at the end of the year includes the County Hwy VV reconstruction costs incurred of \$354,000 which is expected to be complete in 2017. 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 of utility street reconstruction, \$704,000 for the completion of the Well 26 facility, and \$306,000 for the drilling of Well 27. Significant Wastewater projects included \$1.4 million of utility street reconstruction and \$650,000 in plant equipment upgrades. Depreciation expense for 2016 was \$6.1 million which included \$3.2 million for water and \$2.9 for 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 \$153,905,781.

Outstanding Debt - General Obligation and Revenue Bonds

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 60,205	\$ 61,545	\$ -	\$ -	\$ 60,205	\$ 61,545
General obligation notes	16,470	15,925	-	-	16,470	15,925
Revenue bonds	-	-	77,231	83,728	77,231	83,728
Total	\$ 76,675	\$ 77,470	\$ 77,231	\$ 83,728	\$ 153,906	\$ 161,198

The total debt of the City of Fond du Lac decreased \$7.3 million, or 4.5 percent during 2016.

- The City issued tax-exempt general obligation notes of \$2,525,000 to finance the portion of the City's 2016 general capital improvement projects not funded by operating revenues or existing financial resources. The City also issued tax-exempt general obligation notes of \$1,300,000 to finance costs related to TID #10.
- Tax-exempt general obligation refunding bonds of \$2,275,000 were issued for the redemption (early repayment/early call) of the remaining principal balance of the 2008 General Obligation Promissory Notes. This refinancing locked in lower interest rates prior to the maturity date.

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.

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, 2016 was \$135,829,325, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$76,644,812. The available legal margin for new debt was \$59,184,513.

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 2016 unemployment rate for the City of Fond du Lac was 3.1 percent, which is 0.8 percent lower than a year ago. The June 2017 unemployment rate is 3.3 percent, down 27% from last June.
- Population in the City of Fond du lac decreased slightly from 2015 to 2016.
- The City's total 2016 property tax levy to fund the 2017 budget is up 4.8 percent. The equalized tax rate increased 3.9 percent.

Rates for the City's business-type activities for 2016 are as follows:

- The water utility had a 6.8% rate increase in December, 2015. This increase will be used to pay for capital expenditures such as replacing water mains in conjunction with road rehabilitation, and replacing and upgrading water filtration plant pumps.
- The wastewater utility rates remained the same from 2009 to 2016 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2017.

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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 23,254,774	\$ 8,243,852	\$ 31,498,626
Receivables			
Accounts	1,042,478	5,862,240	6,904,718
Special assessments	329,613	881,248	1,210,861
Accrued interest	-	281	281
Taxes	52,029,306	3,112	52,032,418
Community development loans	5,506,322	-	5,506,322
Due from other governments	21,499,495	7,481,119	28,980,614
Internal balances	(492,655)	492,655	-
Inventories	864,542	610,957	1,475,499
Prepaid items	52,297	-	52,297
Restricted assets	-	5,979,656	5,979,656
Other noncurrent assets:			
Other assets	-	76,138	76,138
Capital assets:			
Land and construction in progress	7,506,624	3,270,797	10,777,421
Buildings	27,294,538	88,185,065	115,479,603
Improvements other than buildings	10,459,768	120,852,997	131,312,765
Equipment	24,646,690	44,693,791	69,340,481
Infrastructure	202,426,041	-	202,426,041
Accumulated depreciation	(133,630,134)	(69,820,002)	(203,450,136)
Total Assets	242,789,699	216,813,906	459,603,605
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	16,417,326	1,376,675	17,794,001
LIABILITIES			
Accounts payable	1,680,211	567,311	2,247,522
Contracts payable	195,468	250,401	445,869
Accrued liabilities	1,455,645	113,234	1,568,879
Accrued interest	1,034,478	507,804	1,542,282
Due to other governments	44,679,600	-	44,679,600
Unearned revenues	1,381,644	85,959	1,467,603
Other	740,246	1,807,915	2,548,161
Noncurrent liabilities:			
Due within one year			
Long-term obligations	7,130,908	6,862,239	13,993,147
Due in more than one year			
Long-term obligations	71,713,131	70,676,775	142,389,906
Net pension liability	2,928,299	245,378	3,173,677
Other post-employment benefits	1,597,124	215,506	1,812,630
Total Liabilities	134,536,754	81,332,522	215,869,276
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	27,185,796	-	27,185,796
Deferred inflows related to pension	6,162,558	516,395	6,678,953
Total Deferred Inflows of Resources	33,348,354	516,395	33,864,749
NET POSITION			
Net investment in capital assets	64,124,339	109,793,752	173,918,091
Restricted for:			
Equipment replacement	-	1,742,854	1,742,854
Debt service	-	4,236,802	4,236,802
Community development projects and loans	2,262,072	-	2,262,072
Unrestricted	24,935,506	20,568,256	45,503,762
Total Net Position	\$ 91,321,917	\$ 136,341,664	\$ 227,663,581

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, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 4,949,836	\$ 2,495,323	\$ 413,523	\$ -	\$ (2,040,990)	\$ -	\$ (2,040,990)
Public safety							
Police	10,270,290	178,203	425,355	-	(9,666,732)	-	(9,666,732)
Fire	6,549,180	47,624	274,484	-	(6,227,072)	-	(6,227,072)
Ambulance	3,737,207	1,618,564	401,775	-	(1,716,868)	-	(1,716,868)
Public works	16,618,135	1,708,605	3,554,695	665,058	(10,689,777)	-	(10,689,777)
Culture and recreation	5,623,319	579,350	1,095,765	-	(3,948,204)	-	(3,948,204)
Community development	2,298,011	266,434	319,257	-	(1,712,320)	-	(1,712,320)
Interest on long-term debt	2,900,767	-	-	-	(2,900,767)	-	(2,900,767)
Total governmental activities	52,946,745	6,894,103	6,484,854	665,058	(38,902,730)	-	(38,902,730)
Business-type activities:							
Water	8,450,320	12,611,440	-	-	-	4,161,120	4,161,120
Wastewater	9,957,259	11,412,924	-	1,030	-	1,456,695	1,456,695
Total business-type activities	18,407,579	24,024,364	-	1,030	-	5,617,815	5,617,815
Total	\$ 71,354,324	\$ 30,918,467	\$ 6,484,854	\$ 666,088	(38,902,730)	5,617,815	(33,284,915)
General revenues:							
Property taxes					25,147,399	-	25,147,399
Other taxes					458,974	-	458,974
Grants and contributions not restricted to specific programs					6,651,626	-	6,651,626
Gain on disposal of capital assets					87,795	-	87,795
Investment return					222,364	331,826	554,190
Miscellaneous					10,931	-	10,931
Transfers					1,897,026	(1,897,026)	-
Total general revenues and transfers					34,476,115	(1,565,200)	32,910,915
Change in net position					(4,426,615)	4,052,615	(374,000)
Net position - January 1					95,748,532	132,289,049	228,037,581
Net position - December 31					\$ 91,321,917	\$ 136,341,664	\$ 227,663,581

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, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 9,346,956	\$ 30,188	\$ 9,108,995	\$ 18,486,139
Accounts receivable	784,278	-	225,930	1,010,208
Taxes receivable, net	37,934,737	6,919,810	7,174,759	52,029,306
Special assessments receivable	306,495	-	23,118	329,613
Community development loans receivable	-	-	5,506,322	5,506,322
Due from other governments	20,661,575	-	837,920	21,499,495
Inventories	843,454	-	21,088	864,542
Total assets	<u>\$ 69,877,495</u>	<u>\$ 6,949,998</u>	<u>\$ 22,898,132</u>	<u>\$ 99,725,625</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 295,608	\$ -	\$ 827,061	\$ 1,122,669
Contracts payable	173,513	-	21,955	195,468
Accrued liabilities	1,369,818	-	55,103	1,424,921
Due to other governmental units	44,679,600	-	-	44,679,600
Unearned revenue	89,473	-	1,289,565	1,379,038
Other	729,735	-	10,511	740,246
Total liabilities	<u>47,337,747</u>	<u>-</u>	<u>2,204,195</u>	<u>49,541,942</u>
Deferred inflows of resources:				
Unearned revenue				
Property taxes levied for subsequent year	14,349,517	6,919,810	5,916,469	27,185,796
Unavailable revenue				
Special assessments	321,268	-	-	321,268
Loans receivable	-	-	5,506,322	5,506,322
Total deferred inflows of resources	<u>14,670,785</u>	<u>6,919,810</u>	<u>11,422,791</u>	<u>33,013,386</u>
Fund balances:				
Nonspendable				
Inventories and prepaid items	843,454	-	21,088	864,542
Restricted				
Debt service	-	30,188	-	30,188
Community development projects and loans	-	-	2,262,072	2,262,072
Committed				
Subsequent years' expenditures	261,300	-	6,987,986	7,249,286
Assigned				
Subsequent years' expenditures	866,644	-	-	866,644
Unassigned	5,897,565	-	-	5,897,565
Total fund balances	<u>7,868,963</u>	<u>30,188</u>	<u>9,271,146</u>	<u>17,170,297</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 69,877,495</u>	<u>\$ 6,949,998</u>	<u>\$ 22,898,132</u>	<u>\$ 99,725,625</u>

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2016

Reconciliation of Fund Balances to Net Position

Total Fund Balance as shown from previous page \$ 17,170,297

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. 138,703,527

The City's proportionate share of the Wisconsin Retirement System
plan is not an available financial resource;
therefore, it is not reported in the fund financial statements:

Net pension liability	\$ (2,928,299)	
Deferred outflows related to pension	16,417,326	
Deferred inflows related to pension	<u>(6,162,558)</u>	
Net adjustment		7,326,469

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	321,268	
Loans receivable	<u>5,506,322</u>	
Net adjustment		5,827,590

Internal service funds are used by management to charge the cost of insurance
programs and information technology services to individual funds. The assets
and liabilities of internal service funds are included in governmental activities
in the statement of net position. 4,242,224

Internal service funds are used by management to charge the costs of insurance
programs and information technology services to individual funds. The net expense
of certain activities of internal service funds is reported with proprietary activities (492,655)

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	(76,675,000)	
Bond premium	(504,188)	
Compensated absences	(1,644,745)	
Other post-employment benefits	(1,597,124)	
Accrued interest on long-term obligations	<u>(1,034,478)</u>	
Net adjustment		<u>(81,455,535)</u>

Net Position of Governmental Activities as Reported on the
Statement of Net Position (see page 25) \$ 91,321,917

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, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 13,627,329	\$ 6,416,593	\$ 5,103,477	\$ 25,147,399
Other taxes	387,582	-	71,392	458,974
Licenses and permits	1,643,086	-	-	1,643,086
Intergovernmental	9,629,395	-	3,356,043	12,985,438
Charges for services	2,511,422	-	1,890,102	4,401,524
Court and parking fines	340,309	-	-	340,309
Special assessments	477,806	-	-	477,806
Investment return	207,706	-	14,658	222,364
Miscellaneous	153,446	-	1,093,391	1,246,837
Total revenues	<u>28,978,081</u>	<u>6,416,593</u>	<u>11,529,063</u>	<u>46,923,737</u>
EXPENDITURES				
Current:				
General government	3,632,160	-	1,500	3,633,660
Public safety	18,243,337	-	144,728	18,388,065
Public works	6,098,464	-	3,404,596	9,503,060
Culture and recreation	1,774,203	-	3,170,337	4,944,540
Community development	1,064,732	-	1,138,120	2,202,852
Other	-	12,300	-	12,300
Debt service:				
Principal	-	6,895,000	-	6,895,000
Interest and other charges	-	2,767,956	4,500	2,772,456
Capital outlay	-	-	6,169,361	6,169,361
Total expenditures	<u>30,812,896</u>	<u>9,675,256</u>	<u>14,033,142</u>	<u>54,521,294</u>
Excess (deficiency) of revenues under expenditures	<u>(1,834,815)</u>	<u>(3,258,663)</u>	<u>(2,504,079)</u>	<u>(7,597,557)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	2,275,000	-	2,275,000
Long-term debt issued	-	-	3,825,000	3,825,000
Premium on long-term debt issued	-	125,000	-	125,000
Transfers in	1,925,259	874,269	2,620,386	5,419,914
Transfers out	(1,325,136)	(26,425)	(2,053,851)	(3,405,412)
Total other financing sources (uses)	<u>600,123</u>	<u>3,247,844</u>	<u>4,391,535</u>	<u>8,239,502</u>
Net change in fund balances	(1,234,692)	(10,819)	1,887,456	641,945
Fund balances - January 1	<u>9,103,655</u>	<u>41,007</u>	<u>7,383,690</u>	<u>16,528,352</u>
Fund balances - December 31	<u>\$ 7,868,963</u>	<u>\$ 30,188</u>	<u>\$ 9,271,146</u>	<u>\$ 17,170,297</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, 2016

Reconciliation of Changes in Fund Balance to Changes in Net Position

Net Change in Fund Balances as shown on previous page		\$ 641,945
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	\$ 4,244,339	
Depreciation expense	<u>(7,330,053)</u>	
Net adjustment		(3,085,714)
In governmental funds the entire proceeds, if any, from the disposal of capital is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Proceeds from the disposition of capital assets as reported on the governmental fund operating statements	(72,202)	
Gain on disposition reported on the statement of activities	61,914	
Loss on disposition reported on the statement of activities	<u>(60,427)</u>	
Net book value of assets disposed of		(70,715)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(289,845)
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 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	(6,100,000)	
Premium on issuance of debt	(125,000)	
Principal paid on long-term debt	<u>6,895,000</u>	
Net adjustment		670,000
Changes in the net pension liability (asset) and related deferred outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.		(2,043,875)
Bond premiums and discounts are reported in the governmental funds as revenues and expenditures. In the statement of activities these costs are capitalized and amortized over the life of the bonds.		
Bond premium		58,800
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	(135,285)	
Other post-employment benefits	140,706	
Accrued interest	<u>(179,311)</u>	
Net adjustment		(173,890)
Internal service funds are used by management to charge the costs of insurance programs and information technology services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>(133,321)</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 26 - 27)		<u>\$ (4,426,615)</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 Balance - Budget to Actual

General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 13,627,329	\$ 13,627,329	\$ 13,627,329	\$ -
Other taxes	312,020	312,020	387,582	75,562
Licenses and permits	1,501,635	1,501,635	1,643,086	141,451
Intergovernmental	9,516,895	9,516,895	9,629,395	112,500
Charges for services	2,295,062	2,295,062	2,511,422	216,360
Court and parking fines	370,000	370,000	340,309	(29,691)
Special assessments	366,000	366,000	477,806	111,806
Investment return	243,000	243,000	207,706	(35,294)
Miscellaneous	108,938	108,938	153,446	44,508
Total revenues	<u>28,340,879</u>	<u>28,340,879</u>	<u>28,978,081</u>	<u>637,202</u>
EXPENDITURES				
General government				
City council	103,101	90,538	89,595	943
City manager	203,273	211,286	210,534	752
Clerk	266,540	255,175	252,000	3,175
Central services	106,151	115,151	114,796	355
Elections	61,228	103,652	103,638	14
Board of review	3,700	2,320	1,142	1,178
Comptrollers	650,870	571,971	565,473	6,498
Central collections	110,357	114,357	114,026	331
Assessment	331,838	333,998	333,641	357
Attorney	246,226	236,126	235,361	765
Human resources	320,470	371,570	371,157	413
Animal control	109,090	109,090	109,090	-
Delinquent accounts	25,000	25,000	(9,712)	34,712
Non-departmental insurance	185,266	1,040,266	1,141,419	(101,153)
Total general government	<u>2,723,110</u>	<u>3,580,500</u>	<u>3,632,160</u>	<u>(51,660)</u>
Public safety				
Police	9,530,362	9,568,963	9,830,656	(261,693)
Parking enforcement	47,158	32,102	18,569	13,533
Fire	4,769,538	4,869,848	4,853,936	15,912
Ambulance	3,671,439	3,606,453	3,540,176	66,277
Total public safety	<u>18,018,497</u>	<u>18,077,366</u>	<u>18,243,337</u>	<u>(165,971)</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
EXPENDITURES (Continued)				
Public works				
Engineering	831,286	838,950	777,330	61,620
Fleet operations	608,286	608,286	522,698	85,588
Construction and maintenance	1,741,711	1,686,711	1,672,273	14,438
Municipal service center	579,438	492,985	422,620	70,365
Highway maintenance	660,924	759,296	460,737	298,559
Snow and ice removal	156,020	235,216	235,122	94
Stormwater maintenance	438,413	418,113	400,772	17,341
Parking facilities	309,758	344,879	316,894	27,985
Electrical	354,797	354,385	341,418	12,967
Street lights	443,800	424,377	399,907	24,470
Trees	510,628	548,828	548,693	135
Total public works	<u>6,635,061</u>	<u>6,712,026</u>	<u>6,098,464</u>	<u>613,562</u>
Culture and recreation				
Parks	1,264,027	1,264,027	1,260,039	3,988
Fairgrounds pool	231,937	228,437	190,003	38,434
Taylor pool	97,464	100,964	100,279	685
Senior center	231,374	232,352	223,882	8,470
Total culture and recreation	<u>1,824,802</u>	<u>1,825,780</u>	<u>1,774,203</u>	<u>51,577</u>
Community development				
Community development	343,723	366,965	365,795	1,170
Inspections	614,689	590,782	546,273	44,509
Economic development	152,000	152,665	152,664	1
Total community development	<u>1,110,412</u>	<u>1,110,412</u>	<u>1,064,732</u>	<u>45,680</u>
Total expenditures	<u>30,311,882</u>	<u>31,306,084</u>	<u>30,812,896</u>	<u>493,188</u>
Excess (deficiency) of revenues under expenditures	<u>(1,971,003)</u>	<u>(2,965,205)</u>	<u>(1,834,815)</u>	<u>1,130,390</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,897,427	1,897,427	1,925,259	27,832
Transfers out	<u>(1,009,686)</u>	<u>(1,314,686)</u>	<u>(1,325,136)</u>	<u>(10,450)</u>
Total other financing sources (uses)	<u>887,741</u>	<u>582,741</u>	<u>600,123</u>	<u>17,382</u>
Net change in fund balance	(1,083,262)	(2,382,464)	(1,234,692)	1,147,772
Fund balance - January 1	<u>9,103,655</u>	<u>9,103,655</u>	<u>9,103,655</u>	<u>-</u>
Fund balance - December 31	<u>\$ 8,020,393</u>	<u>\$ 6,721,191</u>	<u>\$ 7,868,963</u>	<u>\$ 1,147,772</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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal
	Water	Wastewater	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 965,267	\$ 7,278,585	\$ 8,243,852	\$ 4,768,634
Receivables				
Accounts	3,331,867	2,530,373	5,862,240	32,270
Special assessments	553,924	327,324	881,248	-
Accrued interest	-	281	281	-
Taxes	3,112	-	3,112	-
Prepaid items	-	-	-	52,297
Inventories	610,957	-	610,957	-
Total current assets	<u>5,465,127</u>	<u>10,136,563</u>	<u>15,601,690</u>	<u>4,853,201</u>
Noncurrent assets:				
Restricted assets	4,236,802	1,742,854	5,979,656	-
Due from other governments	-	7,481,119	7,481,119	-
Other	76,138	-	76,138	-
Capital assets:				
Land	387,830	-	387,830	-
Building	16,533,182	71,651,883	88,185,065	-
Improvements other than buildings	59,618,822	61,234,175	120,852,997	-
Equipment	35,971,525	8,722,266	44,693,791	-
Construction in progress	944,232	1,938,735	2,882,967	-
Less: accumulated depreciation	(33,145,683)	(36,674,319)	(69,820,002)	-
Total noncurrent assets	<u>84,622,848</u>	<u>116,096,713</u>	<u>200,719,561</u>	<u>-</u>
Total assets	<u>90,087,975</u>	<u>126,233,276</u>	<u>216,321,251</u>	<u>4,853,201</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>611,483</u>	<u>765,192</u>	<u>1,376,675</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	229,552	337,759	567,311	557,542
Contracts payable	202,042	48,359	250,401	-
Accrued interest	374,286	133,518	507,804	-
Accrued compensation	34,320	78,914	113,234	-
Unearned revenue	65,567	20,392	85,959	-
Other	1,807,915	-	1,807,915	33,329
Compensated absences	71,048	79,070	150,118	20,106
Bonds, notes, and loans payable	3,298,490	3,413,631	6,712,121	-
Total current liabilities	<u>6,083,220</u>	<u>4,111,643</u>	<u>10,194,863</u>	<u>610,977</u>
Noncurrent liabilities:				
Other post-employment benefits	109,401	106,105	215,506	-
Net pension liability	109,413	135,965	245,378	-
Bonds, notes, and loans payable	40,288,290	30,388,485	70,676,775	-
Total noncurrent liabilities	<u>40,507,104</u>	<u>30,630,555</u>	<u>71,137,659</u>	<u>-</u>
Total liabilities	<u>46,590,324</u>	<u>34,742,198</u>	<u>81,332,522</u>	<u>610,977</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	<u>230,258</u>	<u>286,137</u>	<u>516,395</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	36,723,128	73,070,624	109,793,752	-
Restricted				
Equipment replacement	-	1,742,854	1,742,854	-
Bond redemption	4,236,802	-	4,236,802	-
Unrestricted	2,918,946	17,156,655	20,075,601	4,242,224
Total Net Position	<u>\$ 43,878,876</u>	<u>\$ 91,970,133</u>	<u>\$ 135,849,009</u>	<u>\$ 4,242,224</u>

CITY OF FOND DU LAC, WISCONSIN

State of Net Position (Continued)

Proprietary Funds

December 31, 2016

Reconciliation of Fund Net Position to Business-Type Activities Net Position

Total Net Position Balance as shown from previous page \$ 135,849,009

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
and information technology services to individual funds. The net position of certain
activities of internal service funds is reported with proprietary activities.

492,655

Net Position of Business-type Activities as Reported on the
Statement of Net Position (see page 25)

\$ 136,341,664

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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Operating revenues:				
Charges for services	\$ 12,293,775	\$ 11,326,497	\$ 23,620,272	\$ 6,093,554
Other	316,732	86,427	403,159	-
Total operating revenues	<u>12,610,507</u>	<u>11,412,924</u>	<u>24,023,431</u>	<u>6,093,554</u>
Operating expenses:				
Personal services	1,280,507	2,073,692	3,354,199	511,045
Contractual services	755,520	2,627,628	3,383,148	539,492
Materials and supplies	1,468,181	991,070	2,459,251	262,722
Utilities	615,499	553,438	1,168,937	5,442
Insurance claims and expenses	-	-	-	4,784,241
Taxes	11,867	-	11,867	-
Depreciation	2,943,232	2,885,793	5,829,025	-
Total operating expenses	<u>7,074,806</u>	<u>9,131,621</u>	<u>16,206,427</u>	<u>6,102,942</u>
Operating income (loss)	<u>5,535,701</u>	<u>2,281,303</u>	<u>7,817,004</u>	<u>(9,388)</u>
Nonoperating revenues (expenses):				
Merchandising and jobbing	5,784	-	5,784	-
Investment return	61,154	271,543	332,697	-
Interest and fiscal charges	(1,385,877)	(827,454)	(2,213,331)	-
Total nonoperating revenue (expenses)	<u>(1,318,939)</u>	<u>(555,911)</u>	<u>(1,874,850)</u>	<u>-</u>
Income (loss) before contributions and transfers	4,216,762	1,725,392	5,942,154	(9,388)
Capital contributions	-	1,030	1,030	-
Transfers out	<u>(1,897,026)</u>	<u>-</u>	<u>(1,897,026)</u>	<u>(117,476)</u>
Change in net position	2,319,736	1,726,422	4,046,158	(126,864)
Net position - January 1	<u>41,559,140</u>	<u>90,243,711</u>	<u>131,802,851</u>	<u>4,369,088</u>
Net position - December 31	<u>\$ 43,878,876</u>	<u>\$ 91,970,133</u>	<u>\$ 135,849,009</u>	<u>\$ 4,242,224</u>

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 (Continued)
Proprietary Funds
For the Year Ended December 31, 2016

Reconciliation of Changes in Fund Net Position to Business-Type Activities Changes in Net Position

Net Change in Net Position from previous page	\$ 4,046,158
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 and information technology services to individual funds. The net revenue of certain activities of internal service funds is reported with proprietary activities.	<u>6,457</u>
Change in Net Position of Proprietary Activities as Reported on the Statement of Activities (see pages 26 - 27)	<u>\$ 4,052,615</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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Cash flows from operating activities:				
Receipts from customers	\$ 12,206,375	\$ 12,201,399	\$ 24,407,774	\$ 6,108,538
Payments to suppliers	(2,596,656)	(3,958,784)	(6,555,440)	(5,280,127)
Payments to employees	(1,248,145)	(2,023,117)	(3,271,262)	(798,842)
Other receipts	316,732	86,427	403,159	-
Net cash provided by operating activities	<u>8,678,306</u>	<u>6,305,925</u>	<u>14,984,231</u>	<u>29,569</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	<u>(1,897,026)</u>	<u>-</u>	<u>(1,897,026)</u>	<u>(117,476)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,631,967)	(2,366,742)	(5,998,709)	-
Cost of removal of capital assets	(71,177)	-	(71,177)	-
Principal paid on long-term debt	(3,162,506)	(3,334,601)	(6,497,107)	-
Interest paid on long-term debt	(1,427,493)	(840,625)	(2,268,118)	-
Capital contributions	-	1,030	1,030	-
Net cash used by capital and related financing activities	<u>(8,293,143)</u>	<u>(6,540,938)</u>	<u>(14,834,081)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>61,154</u>	<u>271,705</u>	<u>332,859</u>	<u>-</u>
Net change in cash and cash equivalents	(1,450,709)	36,692	(1,414,017)	(87,907)
Cash and cash equivalents - January 1	<u>6,652,778</u>	<u>8,984,747</u>	<u>15,637,525</u>	<u>4,856,541</u>
Cash and cash equivalents - December 31	<u>\$ 5,202,069</u>	<u>\$ 9,021,439</u>	<u>\$ 14,223,508</u>	<u>\$ 4,768,634</u>
Cash and cash equivalents consist of the following:				
Unrestricted	\$ 965,267	\$ 7,278,585	\$ 8,243,852	\$ 4,768,634
Restricted	4,236,802	1,742,854	5,979,656	-
Total	<u>\$ 5,202,069</u>	<u>\$ 9,021,439</u>	<u>\$ 14,223,508</u>	<u>\$ 4,768,634</u>

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 5,535,701	\$ 2,281,303	\$ 7,817,004	\$ (9,388)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,943,232	2,885,793	5,829,025	-
Depreciation charged to other operating accounts	295,895	-	295,895	-
Merchandising and jobbing	5,784	-	5,784	-
Change in pension related liability (asset) and deferred outflows and inflows	25,371	15,574	40,945	-
(Increase) decrease in assets:				
Receivables	(87,049)	79,340	(7,709)	37,479
Due from other governmental units	-	795,724	795,724	4,875
Prepaid items	-	-	-	121,703
Inventories	(126,053)	-	(126,053)	-
Increase (decrease) in liabilities:				
Accounts payable	(137,537)	195,056	57,519	(122,318)
Contracts payable	169,796	18,296	188,092	-
Accrued compensation	12,255	47,709	59,964	25,564
Other	46,526	-	46,526	-
Unearned revenues	(351)	(162)	(513)	(27,370)
Compensated absences	573	(7,518)	(6,945)	494
Other post-employment benefits	(5,837)	(5,190)	(11,027)	(1,470)
Net cash provided by operating activities	<u>\$ 8,678,306</u>	<u>\$ 6,305,925</u>	<u>\$ 14,984,231</u>	<u>\$ 29,569</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, 2016

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 No. 61.

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 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, 2016

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, financing and related debt service.

Additionally, the government reports the following fund type:

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

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.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 price that would be received to sell an asset in an orderly transaction between market participants in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including) with a maturity of three months or less are considered to be cash equivalent.

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.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Prepaid Items

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

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.

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 acquisition 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

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 has one item that qualifies for reporting in this category in the government-wide statement of net position. The item is related to the City's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the City's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The City also has an additional type of item, which arises only under a modified accrual basis of accounting, which 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.

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. Pensions

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

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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. 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 Council, in accordance with the City's adopted fund balance policy. Amounts are assigned to be used in accordance with the purpose of the respective funds as authorized in the adopted fund balance policy. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned for the particular purpose of the established fund in accordance with the City Council adopted fund balance policy.
- 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.

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, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that are 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 are neither classified as restricted nor as net investment in capital assets.

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.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

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 Block Grant, Special Events 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 made during the year totaling \$994,202.
- 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, 2016.

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, 2016 as follows:

Fund	Function	Excess Expenditures
General Fund		
Non-departmental insurance	General government	\$ 101,153
Police	Public safety	261,693
Special Revenue Funds		
Library	Culture and recreation	128,455
City grant programs	Public safety	4,791
Community projects	Public safety	119,964
Community projects	Culture and recreation	45,516
Community projects	Community development	3,529
Transit	Public works	21,395
Fuel pump maintenance	Public works	2,101
TIF districts	Interest and other charges	4,500
Debt Service Fund	Other	300

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, 2016

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 \$37,478,282 on December 31, 2016 as summarized below:

Petty cash and cash on hand	\$ 15,411
Deposits with financial institutions	9,108,452
Investments	28,354,419
	<u>\$ 37,478,282</u>

Government-wide Statement of Net Position

Cash and investments	\$ 31,498,626
Restricted cash and investments	5,979,656
	<u>\$ 37,478,282</u>

Fair Value Measurements

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. (1)

The City has the following fair value measurements as of December 31, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasury securities	\$ -	\$ 3,902,036	\$ -
Federal Home Loan Bank	-	4,201,632	-
Federal Farm Credit Bank	-	1,992,480	-
Federal Home Loan Mortgage Corporation	-	5,008,741	-
Federal National Mortgage Association	-	4,388,319	-
Fond du Lac Area Foundation	-	-	74,703
Total investments by fair value level	<u>\$ -</u>	<u>\$ 19,493,208</u>	<u>\$ 74,703</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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. All security transactions, including collateral for repurchase agreements, entered into by the City of Fond du Lac shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Director of Administration.

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, 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, 2016, \$8,752,857 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. All deposits were collateralized with securities held by the pledging financial institution's agent in the City's name.

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. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. Presented below is the actual rating as of yearend for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
U.S. Treasury Notes	\$ 3,902,036	\$ 3,902,036	\$ -	\$ -	\$ -
Federal National Mortgage Association	4,388,319	-	4,388,319	-	-
Federal Home Loan Mortgage Corporation	5,008,741	-	5,008,741	-	-
Federal Home Loan Bank	4,201,632	-	4,201,632	-	-
Federal Farm Credit Bank	1,992,480	-	1,992,480	-	-
Fond du Lac Area Foundation	74,703	-	-	-	74,703
Wisconsin Local Government Investment Pool	8,786,508	-	-	-	8,786,508
Totals	\$28,354,419	\$ 3,902,036	\$15,591,172	\$ -	\$ 8,861,211

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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 Home Loan Mortgage Corporation	Bonds	\$ 5,008,741	18%
Federal National Mortgage Association	Bonds	4,388,319	15%
Federal Farm Credit Bank	Bonds	1,992,480	7%
Federal Home Loan Bank	Bonds	4,201,632	15%

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 to seven years, 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
U.S. Treasury Notes	\$ 3,902,036	\$ 3,501,895	\$ 400,141	\$ -	\$ -
Federal National Mortgage Association	4,388,319	-	1,002,140	3,386,179	-
Federal Home Loan Mortgage Corporation	5,008,741	2,001,938	3,006,803	-	-
Federal Home Loan Bank	4,201,632	2,603,414	1,598,218	-	-
Federal Farm Credit Bank	1,992,480	-	1,992,480	-	-
Fond du Lac Area Foundation	74,703	74,703	-	-	-
Wisconsin Local Government Investment Pool	8,786,508	8,786,508	-	-	-
Totals	\$ 28,354,419	\$ 16,968,458	\$ 7,999,782	\$ 3,386,179	\$ -

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	\$ 4,388,319
Federal Home Loan Mortgage Corporation	5,008,741
Federal Farm Credit Bank	1,992,480
Federal Home Loan Bank	4,201,632

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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 \$8,786,508 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, 2016, 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.

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, 2016 totaled \$5,979,656 held for the following purposes:

Enterprise Funds

Water Utility

Bond redemption	\$ 4,236,802
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Wastewater Utility

Equipment replacement	1,742,854
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Total Enterprise Funds	<u>\$ 5,979,656</u>
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CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,343,420	\$ 61,750	\$ -	\$ 6,405,170
Construction in progress	843,955	437,171	179,672	1,101,454
Total capital assets, not being depreciated	7,187,375	498,921	179,672	7,506,624
Capital assets, being depreciated:				
Buildings	27,114,866	179,672	-	27,294,538
Improvements other than buildings	9,857,213	688,731	86,176	10,459,768
Equipment	23,703,008	2,080,536	1,136,854	24,646,690
Infrastructure	201,422,904	1,003,137	-	202,426,041
Subtotals	262,097,991	3,952,076	1,223,030	264,827,037
Less accumulated depreciation for:				
Buildings	15,690,306	683,297	-	16,373,603
Improvements other than buildings	6,548,934	342,959	57,751	6,834,142
Equipment	14,755,212	1,316,586	1,067,578	15,004,220
Infrastructure	90,430,958	4,987,211	-	95,418,169
Subtotals	127,425,410	7,330,053	1,125,329	133,630,134
Total capital assets, being depreciated, net	134,672,581	(3,377,977)	97,701	131,196,903
Governmental activities capital assets, net	<u>\$ 141,859,956</u>	<u>\$ (2,879,056)</u>	<u>\$ 277,373</u>	138,703,527
Less related long-term debt outstanding				74,075,000
Less related debt premium				<u>504,188</u>
Net investment in capital assets				<u>\$ 64,124,339</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 387,830	\$ -	\$ -	\$ 387,830
Construction in progress	2,695,768	2,632,221	2,445,022	2,882,967
Total capital assets, not being depreciated	3,083,598	2,632,221	2,445,022	3,270,797
Capital assets, being depreciated:				
Buildings	87,481,152	703,913	-	88,185,065
Improvements other than buildings	116,799,223	4,189,539	135,765	120,852,997
Equipment	43,838,787	929,677	74,673	44,693,791
Subtotals	248,119,162	5,823,129	210,438	253,731,853
Less accumulated depreciation for:				
Buildings	21,951,490	2,317,867	-	24,269,357
Improvements other than buildings	26,110,693	1,934,625	199,780	27,845,538
Equipment	15,914,514	1,872,428	81,835	17,705,107
Subtotals	63,976,697	6,124,920	281,615	69,820,002
Total capital assets, being depreciated, net	184,142,465	(301,791)	(71,177)	183,911,851
Business-type activities capital assets, net	<u>\$ 187,226,063</u>	<u>\$ 2,330,430</u>	<u>\$ 2,373,845</u>	187,182,648
Less related long-term debt outstanding				77,230,781
Less related debt premium				<u>158,115</u>
Net investment in capital assets				<u>\$ 109,793,752</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	\$ 211,625
Police	270,595
Fire	304,574
Ambulance	92,687
Public works	5,789,522
Culture and recreation	538,208
Community development	122,842
Total depreciation expense - governmental activities	<u>\$ 7,330,053</u>
Business-type activities	
Water utility	\$ 2,943,232
Water utility charged to operating accounts	295,895
Wastewater utility	2,885,793
Total depreciation expense - business-type activities	<u>\$ 6,124,920</u>

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2016 were as follows:

	Transfer to:			
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Transfers from:				
General fund	\$ -	\$ -	\$ 1,325,136	\$ 1,325,136
Debt Service Fund	-	-	26,425	26,425
Nonmajor Governmental Funds	28,233	756,793	1,268,825	2,053,851
Water Utility Enterprise Fund	1,897,026	-	-	1,897,026
Information Technology ISF	-	117,476	-	117,476
Totals	<u>\$ 1,925,259</u>	<u>\$ 874,269</u>	<u>\$ 2,620,386</u>	<u>\$ 5,419,914</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.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

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, 2016:

	Outstanding 1/1/15	Issued	Retired	Outstanding 12/31/16	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 61,545,000	\$ 2,275,000	\$ 3,615,000	\$ 60,205,000	\$ 4,415,000
Notes	15,925,000	3,825,000	3,280,000	16,470,000	1,020,000
Total General Obligation Debt	77,470,000	6,100,000	6,895,000	76,675,000	5,435,000
Premium on debt issued	437,988	125,000	58,800	504,188	60,661
Compensated absences	1,529,072	1,733,205	1,597,426	1,664,851	1,635,247
Governmental activities					
Long-term obligations	\$ 79,437,060	\$ 7,958,205	\$ 8,551,226	\$ 78,844,039	\$ 7,130,908
Business-type activities:					
Revenue bonds	\$ 83,727,888	\$ -	\$ 6,497,107	\$ 77,230,781	\$ 6,688,404
Premium on debt issued	181,831	-	23,716	158,115	23,717
Compensated absences	157,063	150,118	157,063	150,118	150,118
Business-type activities					
Long-term obligations	\$ 84,066,782	\$ 150,118	\$ 6,677,886	\$ 77,539,014	\$ 6,862,239

Total interest paid during the year on long-term debt totaled \$5,028,586.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

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 12/31/16
<u>General Obligation Bonds</u>				
2007 Capital improvement refunding bonds	\$ 10,950,000	5.00%	4/1/2022	\$ 8,300,000
2009 Capital improvement refunding bonds	3,125,000	5.00%	5/1/2023	2,100,000
2010 Capital improvement refunding bonds	10,665,000	3.96%	3/1/2025	9,565,000
2010 Capital improvement refunding bonds	2,700,000	3.05%	4/1/2021	2,175,000
2011 Capital improvement refunding bonds	5,700,000	4.65%	2/1/2026	4,800,000
2011 Capital improvement refunding bonds	5,375,000	3.68%	2/1/2021	2,925,000
2012 Refunding bonds	7,650,000	3.72%	9/1/2032	7,375,000
2012 Refunding bonds	5,475,000	3.40%	9/1/2027	5,125,000
2013 Refunding Bonds	3,975,000	2.67%	4/1/2024	3,325,000
2013 Refunding Bonds	1,800,000	3.79%	4/1/2032	1,575,000
2013 Refunding Bonds	3,085,000	2.39%	3/1/2023	2,600,000
2014 Taxable Bonds	1,055,000	4.04%	6/1/2028	940,000
2015 Refunding Bonds	7,275,000	2.90%	3/1/2030	7,125,000
2016 Refunding Bonds	2,275,000	2.74%	3/1/2028	2,275,000
Total Bonds				<u>60,205,000</u>
<u>General Obligation Notes</u>				
2007 TIF #10 refunding notes	1,730,000	4.25%	4/1/2017	730,000
2011 Capital improvement project notes	1,500,000	4.14%	2/1/2021	1,225,000
2012 Capital improvement project notes	2,800,000	2.57%	9/1/2022	2,300,000
2013 Capital Improvement Project Note	3,190,000	2.43%	4/1/2022	2,750,000
2014 Capital Improvement Project Note	2,000,000	2.45%	9/2/2023	1,900,000
2014 TIF #18 Taxable Notes	1,040,000	3.75%	6/1/2024	1,040,000
2015 Capital Improvement Project Note	2,800,000	2.53%	3/1/2025	2,700,000
2016 Capital Improvement Project Note	2,525,000	2.32%	3/1/2026	2,525,000
2016 TIF # 10 Notes	1,300,000	2.60%	3/1/2026	1,300,000
Total Notes				<u>16,470,000</u>
Total General Obligation Bonds and Notes				<u>\$ 76,675,000</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2016 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2017	\$ 5,435,000	\$ 3,369,168	\$ 8,804,168
2018	6,085,000	2,551,349	8,636,349
2019	6,545,000	2,292,961	8,837,961
2020	6,945,000	2,053,955	8,998,955
2021	8,115,000	1,771,024	9,886,024
2022-2026	31,810,000	4,745,506	36,555,506
2027-2031	10,615,000	997,394	11,612,394
2032	1,125,000	20,938	1,145,938
	<u>\$ 76,675,000</u>	<u>\$ 17,802,295</u>	<u>\$ 94,477,295</u>

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2016 was \$59,184,513 as follows:

Equalized valuation of the City	\$ 2,716,586,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>135,829,325</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 76,675,000
Less amount available for financing general obligation debt	<u>30,188</u>
	<u>76,644,812</u>
Legal Margin for New Debt	<u><u>\$ 59,184,513</u></u>

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2016 totaling are composed of the following issues:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/16
2008 Sewerage system revenue bonds	\$ 57,396,631	2.37%	5/1/2025	\$ 33,802,116
2008 Waterworks system revenue bonds	21,753,247	2.37%	5/1/2027	13,786,022
2010 Waterworks system revenue bonds	10,990,743	2.20%	5/1/2029	7,992,643
2010 Waterworks system revenue bonds	11,650,000	4.21%	9/1/2029	10,225,000
2011 Waterworks system revenue bonds	6,025,000	4.03%	9/1/2029	4,175,000
2013 Waterworks system revenue bonds	4,325,000	3.05%	9/1/2023	2,750,000
2014 Waterworks system revenue bonds	5,275,000	4.00%	9/1/2023	4,500,000
Total Revenue Bonds				<u><u>\$ 77,230,781</u></u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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
2017	\$ 6,688,404	\$ 2,115,390	\$ 8,803,795
2018	6,882,438	1,948,050	8,830,488
2019	7,079,270	1,777,505	8,856,775
2020	7,278,968	1,554,715	8,833,683
2021	7,481,599	1,405,083	8,886,682
2022-2026	33,365,296	3,954,806	37,320,103
2027-2029	8,454,806	571,216	9,026,021
	<u>\$ 77,230,781</u>	<u>\$ 13,326,765</u>	<u>\$ 90,557,547</u>

The City has pledged future water and wastewater customer charges for services revenues, net of specified operating expenses as identified in the debt resolutions, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the water and wastewater enterprise funds. 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 \$53,025,429. Principal and interest paid for the current year and total customer net revenues were \$4,589,999 and \$8,540,087 respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$37,532,118. Principal and interest paid for the current year and total customer net revenues were \$4,175,226 and \$5,438,639 respectively.

Current Refunding

During 2016, the City currently refunded a general obligation note issue from 2008. The City issued \$2,275,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to restructure a balloon payment due on the issue, therefore a current or future economic savings on the debt refinancing did not occur.

Defeased Debt

In prior years, the City advance refunded the outstanding maturities of the 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, 2016, \$2,225,000 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, 2016, there were 13 series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable was undetermined.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Pension Plan

a. Plan Description

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

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.

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

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

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**b. Post-Retirement Adjustments**

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

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

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, 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.

During the reporting period, the WRS recognized \$1,899,480 in contributions from the City.

Contribution rates as of December 31, 2016 are:

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

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

- d. Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$3,173,677 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was .19530561%, which was a decrease of .00065286% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$2,084,821.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience earnings on pension plan investments	\$ 536,896	\$ 6,678,953
Changes in assumptions	12,993,947	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,220,443	-
Employer contributions subsequent to the measurement date	124,954	-
	1,917,761	-
Total	<u>\$ 17,794,001</u>	<u>\$ 6,678,953</u>

\$1,917,761 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 4,125,023	\$ 1,616,319
2017	4,125,023	1,616,319
2018	4,125,023	1,616,319
2019	3,429,216	1,616,319
2020	71,955	213,677
Total	<u>\$ 15,876,240</u>	<u>\$ 6,678,953</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumption

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

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

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

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

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

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

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
City's proportionate share of the net pension liability (asset)	\$ 22,260,240	\$ 3,173,677	\$ (11,733,267)

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

f. Payable to the WRS

At December 31, 2016 the City reported a payable of \$396,419 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

9. Fund Equity

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

Net Investment in Capital Assets	
Land	\$ 6,405,170
Improvements other than buildings	10,459,768
Buildings	27,294,538
Equipment	24,646,690
Infrastructure	202,426,041
Construction in progress	1,101,454
Less: Accumulated depreciation	(133,630,134)
Less: Related long-term debt outstanding	(74,075,000)
Less: Related bond premium	(504,188)
Total Net Investment in Capital Assets	<u>64,124,339</u>
Restricted	
Restricted for community development projects and loans	<u>2,262,072</u>
Unrestricted	<u>24,935,506</u>
Total Governmental Activities Net Position	<u><u>\$ 91,321,917</u></u>

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 303 active and 29 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	\$ 221,504
Interest on net OPEB	70,770
Adjustment to annual required contribution	(116,170)
Annual OPEB cost	<u>176,104</u>
Contributions made	(329,307)
Change in net OPEB obligation	<u>(153,203)</u>
OPEB obligation - beginning of year	1,965,833
OPEB obligation - end of year	<u><u>\$ 1,812,630</u></u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE D - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The annual required contribution for the current year was determined as part of the January 1, 2016 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.00% 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, 2016 is 22 years, and the remaining amount is \$1,809,030.

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 2016 and the previous two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/16	\$ 176,104	187%	\$ 1,812,630
12/31/15	416,325	109%	1,965,833
12/31/14	420,362	138%	2,004,543

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$1,809,030. The annual payroll for active employees covered by the plan for the 2016 fiscal year was \$21,762,784 for a ratio of the UAAL to covered payroll of 8.3%.

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.

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, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 3.60% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 9.4%, reduced by decrements to an ultimate rate of 5.5% after 9 years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2016 was 22 years.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE E - OTHER INFORMATION

1. 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, 2016 that reserve was \$4,068,856. The accounts payable of \$522,861 reported in the fund at December 31, 2016 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 2016 and 2015 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2016	\$ 659,218	\$ 4,060,749	\$ 4,197,106	\$ 522,861
2015	401,209	4,420,551	4,162,542	659,218

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.

2. Tax Incremental Districts

The City has established separate special revenue 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	3/11/19
9	5/24/00	closed	1/1/24
10	8/25/04	8/25/22	8/25/27
11	1/1/06	6/14/28	6/14/33
12	8/13/08	8/13/29	8/13/35
13	3/30/10	3/30/25	3/30/30
14	11/10/10	11/10/32	11/10/37
15	8/23/11	8/10/33	8/10/38
16	8/8/12	8/8/34	8/8/39
17	8/8/12	8/8/27	8/8/32

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE E - OTHER INFORMATION (Continued)

Tax Abatements

The City has created tax incremental districts (the "Districts") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law* and has adopted GASB Statement No. 77 *Tax Abatement Disclosures* for the year ended December 31, 2016. As part of the project plan for the Districts, the City entered into agreements with developers for the creation of tax base within the Districts. The agreements require the City to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2016, the City abated property taxes totaling \$95,684 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A property tax abatement of \$37,744 to a developer for a residential apartment housing project within the District.
- A property tax abatement of \$17,992 to a developer for a residential housing project within the District.
- A property tax abatement of \$39,948 to a developer for a residential housing project within the District.

3. 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 2016 and 2017 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 2016 budget was 1.46%. The actual limit for the City for the 2016 budget was 1.78%. Wisconsin statutes allow the limit to be adjusted for increases in debt service.

4. 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 Uniform Guidance and the *State Single Audit Guidelines* have 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.

5. Subsequent Events

On March 22, 2017, the City issued \$5,025,000 of general obligation notes to paying the cost of various public projects and acquisitions listed in the City's 2017 Capital Improvement Plan. Principal on the notes is payable annually through 2027 at interest rates ranging from 2.00% - 3.00%.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE F - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The City will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the impact these standards will have on the financial statements when adopted.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF FOND DU LAC, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2016

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	\$ 16,580,000	52%
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%
2014	-	4,245,582	0.00%	4,245,582	19,719,206	22%
2016	-	1,809,030	0.00%	1,809,030	21,762,784	8%

See Notes to Required Supplementary Information.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2016

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%
2013	398,490	822,896	48%
2014	580,607	459,138	126%
2015	455,035	459,559	99%
2016	329,307	221,504	149%

See Notes to Supplementary Information

CITY OF FOND DU LAC, WISCONSIN
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/15	0.19595847%	\$ (4,813,276)	\$ 20,528,426	23.45%	102.74%
12/31/16	0.19530561%	3,173,677	21,180,641	14.98%	98.20%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 1,912,882	\$ 1,912,882	\$ -	\$ 20,528,426	9.32%
12/31/16	1,899,480	1,899,480	-	21,180,641	8.97%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

CITY OF FOND DU LAC, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 6,246,753	\$ 2,862,242	\$ 9,108,995
Accounts receivable	22,331	203,599	225,930
Taxes receivable, net	5,770,759	1,404,000	7,174,759
Special assessment receivable	23,118	-	23,118
Community development loans receivable	5,506,322	-	5,506,322
Due from other governments	240,720	597,200	837,920
Inventories	21,088	-	21,088
Total Assets	<u>\$ 17,831,091</u>	<u>\$ 5,067,041</u>	<u>\$ 22,898,132</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 629,269	\$ 197,792	\$ 827,061
Contracts payable	-	21,955	21,955
Accrued compensation	55,103	-	55,103
Unearned revenue	1,289,565	-	1,289,565
Other	7,511	3,000	10,511
Total Liabilities	<u>1,981,448</u>	<u>222,747</u>	<u>2,204,195</u>
Deferred Inflows of Resources:			
Unearned revenue			
Property taxes levied for subsequent year	4,512,469	1,404,000	5,916,469
Unavailable revenue			
Loans receivable	5,506,322	-	5,506,322
Total Deferred Inflows of Resources	<u>10,018,791</u>	<u>1,404,000</u>	<u>11,422,791</u>
Fund Balances:			
Nonspendable			
Inventories	21,088	-	21,088
Restricted			
Community development projects and loans	2,262,072	-	2,262,072
Committed			
Nonmajor special revenue funds	3,547,692	-	3,547,692
Nonmajor capital project funds	-	3,440,294	3,440,294
Total Fund Balances	<u>5,830,852</u>	<u>3,440,294</u>	<u>9,271,146</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,831,091</u>	<u>\$ 5,067,041</u>	<u>\$ 22,898,132</u>

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
ASSETS							
Cash and investments	\$ 190,144	\$ 1,465	\$ 2,220,510	\$ 267,998	\$ 198,444	\$ 352,936	\$ 214,237
Accounts receivable	3,776	-	-	-	2,186	3,450	8,537
Taxes receivable, net	1,813,752	-	-	-	-	1,608,290	210,120
Special assessment receivable	-	-	-	-	-	23,118	-
Community development loans receivable	-	-	5,506,322	-	-	-	-
Due from other governments	-	7,656	89,484	-	100	-	143,480
Inventories	-	-	-	-	-	21,088	-
Total assets	<u>\$ 2,007,672</u>	<u>\$ 9,121</u>	<u>\$ 7,816,316</u>	<u>\$ 267,998</u>	<u>\$ 200,730</u>	<u>\$ 2,008,882</u>	<u>\$ 576,374</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 88,256	\$ -	\$ 46,922	\$ 968	\$ 7,345	\$ 86,208	\$ 91,951
Accrued compensation	36,711	-	-	-	-	6,202	12,190
Unearned revenue	-	-	-	19	-	1,257,085	32,461
Other	-	-	1,000	-	6,511	-	-
Total liabilities	<u>124,967</u>	<u>-</u>	<u>47,922</u>	<u>987</u>	<u>13,856</u>	<u>1,349,495</u>	<u>136,602</u>
Deferred Inflows of Resources:							
Unearned revenue							
Property taxes levied for subsequent year	1,813,752	-	-	-	-	350,000	210,120
Unavailable revenue							
Loans receivable	-	-	5,506,322	-	-	-	-
Total deferred inflows of resources	<u>1,813,752</u>	<u>-</u>	<u>5,506,322</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>210,120</u>
Fund balances:							
Nonspendable							
Inventories	-	-	-	-	-	21,088	-
Restricted							
Community development projects and loans	-	-	2,262,072	-	-	-	-
Committed							
Subsequent years' expenditures	68,953	9,121	-	267,011	186,874	288,299	229,652
Total fund balances	<u>68,953</u>	<u>9,121</u>	<u>2,262,072</u>	<u>267,011</u>	<u>186,874</u>	<u>309,387</u>	<u>229,652</u>
Total liabilities, deferred inflows resources and fund balances	<u>\$ 2,007,672</u>	<u>\$ 9,121</u>	<u>\$ 7,816,316</u>	<u>\$ 267,998</u>	<u>\$ 200,730</u>	<u>\$ 2,008,882</u>	<u>\$ 576,374</u>

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Haz Mat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Total
ASSETS							
Cash and investments	\$ 90,423	\$ 141,929	\$ 69,835	\$ 2,379,749	\$ 19,083	\$ 100,000	\$ 6,246,753
Accounts receivable	4,382	-	-	-	-	-	22,331
Taxes receivable, net	-	-	-	2,138,597	-	-	5,770,759
Special assessment receivable	-	-	-	-	-	-	23,118
Community development loans receivable	-	-	-	-	-	-	5,506,322
Due from other governments	-	-	-	-	-	-	240,720
Inventories	-	-	-	-	-	-	21,088
Total assets	<u>\$ 94,805</u>	<u>\$ 141,929</u>	<u>\$ 69,835</u>	<u>\$ 4,518,346</u>	<u>\$ 19,083</u>	<u>\$ 100,000</u>	<u>\$ 17,831,091</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,163	\$ -	\$ -	\$ 306,456	\$ -	\$ -	\$ 629,269
Accrued compensation	-	-	-	-	-	-	55,103
Unearned revenue	-	-	-	-	-	-	1,289,565
Other	-	-	-	-	-	-	7,511
Total liabilities	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>306,456</u>	<u>-</u>	<u>-</u>	<u>1,981,448</u>
Deferred Inflows of Resources:							
Unearned revenue							
Property taxes levied for subsequent year	-	-	-	2,138,597	-	-	4,512,469
Unavailable revenue							
Loans receivable	-	-	-	-	-	-	5,506,322
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,138,597</u>	<u>-</u>	<u>-</u>	<u>10,018,791</u>
Fund balances:							
Nonspendable							
Inventories	-	-	-	-	-	-	21,088
Restricted							
Community development projects and loans	-	-	-	-	-	-	2,262,072
Committed							
Subsequent years' expenditures	93,642	141,929	69,835	2,073,293	19,083	100,000	3,547,692
Total fund balances	<u>93,642</u>	<u>141,929</u>	<u>69,835</u>	<u>2,073,293</u>	<u>19,083</u>	<u>100,000</u>	<u>5,830,852</u>
Total liabilities, deferred inflows resources and fund balances	<u>\$ 94,805</u>	<u>\$ 141,929</u>	<u>\$ 69,835</u>	<u>\$ 4,518,346</u>	<u>\$ 19,083</u>	<u>\$ 100,000</u>	<u>\$ 17,831,091</u>

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Total
ASSETS						
Cash and investments	\$ 1,293,765	\$ 544,012	\$ 596,207	\$ 399,294	\$ 28,964	\$ 2,862,242
Accounts receivable	4,885	14,905	-	183,000	809	203,599
Taxes receivable, net	625,000	437,000	342,000	-	-	1,404,000
Due from other governments	597,200	-	-	-	-	597,200
Total assets	<u>\$ 2,520,850</u>	<u>\$ 995,917</u>	<u>\$ 938,207</u>	<u>\$ 582,294</u>	<u>\$ 29,773</u>	<u>\$ 5,067,041</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 122,064	\$ 67,868	\$ 3,769	\$ 4,091	\$ -	\$ 197,792
Contracts payable	-	14,462	5,014	-	2,479	21,955
Other	3,000	-	-	-	-	3,000
Total liabilities	<u>125,064</u>	<u>82,330</u>	<u>8,783</u>	<u>4,091</u>	<u>2,479</u>	<u>222,747</u>
Deferred Inflows of Resources:						
Unavailable revenue - Property taxes levied for subsequent year	<u>625,000</u>	<u>437,000</u>	<u>342,000</u>	<u>-</u>	<u>-</u>	<u>1,404,000</u>
Fund balances:						
Committed						
Future capital improvements	<u>1,770,786</u>	<u>476,587</u>	<u>587,424</u>	<u>578,203</u>	<u>27,294</u>	<u>3,440,294</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,520,850</u>	<u>\$ 995,917</u>	<u>\$ 938,207</u>	<u>\$ 582,294</u>	<u>\$ 29,773</u>	<u>\$ 5,067,041</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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ 3,677,477	\$ 1,426,000	\$ 5,103,477
Other taxes	71,392	-	71,392
Intergovernmental	2,506,178	849,865	3,356,043
Charges for services	1,890,102	-	1,890,102
Investment return	14,658	-	14,658
Miscellaneous	768,124	325,267	1,093,391
Total revenues	<u>8,927,931</u>	<u>2,601,132</u>	<u>11,529,063</u>
EXPENDITURES			
General government	1,500	-	1,500
Public safety	144,728	-	144,728
Public works	3,404,596	-	3,404,596
Culture and recreation	3,170,337	-	3,170,337
Community development	1,138,120	-	1,138,120
Interest and other charges	4,500	-	4,500
Capital outlay	396,089	5,773,272	6,169,361
Total expenditures	<u>8,259,870</u>	<u>5,773,272</u>	<u>14,033,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>668,061</u>	<u>(3,172,140)</u>	<u>(2,504,079)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	1,300,000	2,525,000	3,825,000
Transfers in	379,412	2,240,974	2,620,386
Transfers out	(1,114,473)	(939,378)	(2,053,851)
Total other financing sources (uses)	<u>564,939</u>	<u>3,826,596</u>	<u>4,391,535</u>
Net change in fund balances	1,233,000	654,456	1,887,456
Fund balances - January 1	<u>4,597,852</u>	<u>2,785,838</u>	<u>7,383,690</u>
Fund balances - December 31	<u>\$ 5,830,852</u>	<u>\$ 3,440,294</u>	<u>\$ 9,271,146</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, 2016

	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
REVENUES							
Property taxes	\$ 1,778,188	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ 210,120
Other taxes	-	-	-	-	-	-	-
Intergovernmental	820,408	18,940	319,257	-	19,206	149,326	1,133,083
Charges for services	70,141	-	-	228,456	-	1,322,280	265,238
Investment return	-	-	11,902	1,676	38	-	1,042
Miscellaneous	151,724	-	473,549	15,000	57,188	9,127	45,321
Total revenues	<u>2,820,461</u>	<u>18,940</u>	<u>804,708</u>	<u>245,132</u>	<u>76,432</u>	<u>1,930,733</u>	<u>1,654,804</u>
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	-	4,791	-	-	119,964	-	-
Public works	-	-	-	-	-	1,733,990	1,664,505
Culture and recreation	2,990,320	9,124	-	103,267	45,516	-	-
Community development	-	-	196,785	-	3,529	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	394,285	1,804	-	-	-
Total expenditures	<u>2,990,320</u>	<u>13,915</u>	<u>591,070</u>	<u>105,071</u>	<u>169,009</u>	<u>1,733,990</u>	<u>1,664,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,859)</u>	<u>5,025</u>	<u>213,638</u>	<u>140,061</u>	<u>(92,577)</u>	<u>196,743</u>	<u>(9,701)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	-	-	-
Transfers in	135,000	-	99,726	-	-	-	-
Transfers out	-	-	50,274	(43,138)	-	(150,000)	(229,720)
Total other financing sources (uses)	<u>135,000</u>	<u>-</u>	<u>150,000</u>	<u>(43,138)</u>	<u>-</u>	<u>(150,000)</u>	<u>(229,720)</u>
Net change in fund balances	(34,859)	5,025	363,638	96,923	(92,577)	46,743	(239,421)
Fund balances - January 1	<u>103,812</u>	<u>4,096</u>	<u>1,898,434</u>	<u>170,088</u>	<u>279,451</u>	<u>262,644</u>	<u>469,073</u>
Fund balances - December 31	<u>\$ 68,953</u>	<u>\$ 9,121</u>	<u>\$ 2,262,072</u>	<u>\$ 267,011</u>	<u>\$ 186,874</u>	<u>\$ 309,387</u>	<u>\$ 229,652</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, 2016

	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Total
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ 1,239,169	\$ -	\$ -	\$ 3,677,477
Other taxes	-	-	71,392	-	-	-	71,392
Intergovernmental	29,033	-	-	16,925	-	-	2,506,178
Charges for services	3,987	-	-	-	-	-	1,890,102
Investment return	-	-	-	-	-	-	14,658
Miscellaneous	-	16,215	-	-	-	-	768,124
Total revenues	<u>33,020</u>	<u>16,215</u>	<u>71,392</u>	<u>1,256,094</u>	<u>-</u>	<u>-</u>	<u>8,927,931</u>
EXPENDITURES							
General government	-	-	-	1,500	-	-	1,500
Public safety	19,973	-	-	-	-	-	144,728
Public works	-	6,101	-	-	-	-	3,404,596
Culture and recreation	-	-	22,110	-	-	-	3,170,337
Community development	-	-	-	937,806	-	-	1,138,120
Interest and other charges	-	-	-	4,500	-	-	4,500
Capital outlay	-	-	-	-	-	-	396,089
Total expenditures	<u>19,973</u>	<u>6,101</u>	<u>22,110</u>	<u>943,806</u>	<u>-</u>	<u>-</u>	<u>8,259,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,047</u>	<u>10,114</u>	<u>49,282</u>	<u>312,288</u>	<u>-</u>	<u>-</u>	<u>668,061</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	1,300,000	-	-	1,300,000
Transfers in	7,500	-	-	37,186	-	100,000	379,412
Transfers out	-	-	-	(741,889)	-	-	(1,114,473)
Total other financing sources (uses)	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>595,297</u>	<u>-</u>	<u>100,000</u>	<u>564,939</u>
Net change in fund balances	20,547	10,114	49,282	907,585	-	100,000	1,233,000
Fund balances - January 1	<u>73,095</u>	<u>131,815</u>	<u>20,553</u>	<u>1,165,708</u>	<u>19,083</u>	<u>-</u>	<u>4,597,852</u>
Fund balances - December 31	<u>\$ 93,642</u>	<u>\$ 141,929</u>	<u>\$ 69,835</u>	<u>\$ 2,073,293</u>	<u>\$ 19,083</u>	<u>\$ 100,000</u>	<u>\$ 5,830,852</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, 2016

	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Total
REVENUES						
Property taxes	\$ 700,000	\$ 490,000	\$ 236,000	\$ -	\$ -	\$ 1,426,000
Intergovernmental	572,200	90,413	187,252	-	-	849,865
Miscellaneous	142,267	-	-	183,000	-	325,267
Total revenues	<u>1,414,467</u>	<u>580,413</u>	<u>423,252</u>	<u>183,000</u>	<u>-</u>	<u>2,601,132</u>
EXPENDITURES						
Capital outlay	<u>2,519,835</u>	<u>1,263,779</u>	<u>938,002</u>	<u>808,538</u>	<u>243,118</u>	<u>5,773,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,105,368)</u>	<u>(683,366)</u>	<u>(514,750)</u>	<u>(625,538)</u>	<u>(243,118)</u>	<u>(3,172,140)</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	1,098,000	37,500	507,275	882,225	-	2,525,000
Transfers in	971,568	816,502	136,332	56,572	260,000	2,240,974
Transfers out	(394,764)	(400,477)	(95,932)	(48,205)	-	(939,378)
Total other financing sources (uses)	<u>1,674,804</u>	<u>453,525</u>	<u>547,675</u>	<u>890,592</u>	<u>260,000</u>	<u>3,826,596</u>
Net change in fund balances	569,436	(229,841)	32,925	265,054	16,882	654,456
Fund balances - January 1	<u>1,201,350</u>	<u>706,428</u>	<u>554,499</u>	<u>313,149</u>	<u>10,412</u>	<u>2,785,838</u>
Fund balances - December 31	<u>\$ 1,770,786</u>	<u>\$ 476,587</u>	<u>\$ 587,424</u>	<u>\$ 578,203</u>	<u>\$ 27,294</u>	<u>\$ 3,440,294</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, 2016

	Library			City Grant Programs			Harbor & Boating Facilities			Community Projects		
	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	\$ 1,778,188	\$ 1,778,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	819,874	820,408	534	24,000	18,940	(5,060)	-	-	-	-	19,206	19,206
Charges for services	77,000	70,141	(6,859)	-	-	-	213,500	228,456	14,956	-	-	-
Court and parking fines	-	-	-	-	-	-	40	-	(40)	-	-	-
Investment return	-	-	-	-	-	-	3,000	1,676	(1,324)	-	38	38
Miscellaneous	163,241	151,724	(11,517)	-	-	-	-	15,000	15,000	-	57,188	57,188
Total revenues	<u>2,838,303</u>	<u>2,820,461</u>	<u>(17,842)</u>	<u>24,000</u>	<u>18,940</u>	<u>(5,060)</u>	<u>216,540</u>	<u>245,132</u>	<u>28,592</u>	<u>-</u>	<u>76,432</u>	<u>76,432</u>
EXPENDITURES												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	4,791	(4,791)	-	-	-	-	119,964	(119,964)
Public works	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	2,861,865	2,990,320	(128,455)	15,000	9,124	5,876	111,378	103,267	8,111	-	45,516	(45,516)
Community development	-	-	-	-	-	-	-	-	-	-	3,529	(3,529)
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	6,000	1,804	4,196	-	-	-
Total expenditures	<u>2,861,865</u>	<u>2,990,320</u>	<u>(128,455)</u>	<u>15,000</u>	<u>13,915</u>	<u>1,085</u>	<u>117,378</u>	<u>105,071</u>	<u>12,307</u>	<u>-</u>	<u>169,009</u>	<u>(169,009)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,562)</u>	<u>(169,859)</u>	<u>(146,297)</u>	<u>9,000</u>	<u>5,025</u>	<u>(3,975)</u>	<u>99,162</u>	<u>140,061</u>	<u>40,899</u>	<u>-</u>	<u>(92,577)</u>	<u>(92,577)</u>
OTHER FINANCING SOURCES (USES)												
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	135,000	135,000	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(43,138)	(43,138)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,138)</u>	<u>(43,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(23,562)</u>	<u>(34,859)</u>	<u>(11,297)</u>	<u>9,000</u>	<u>5,025</u>	<u>(3,975)</u>	<u>56,024</u>	<u>96,923</u>	<u>40,899</u>	<u>-</u>	<u>(92,577)</u>	<u>(92,577)</u>
Fund balances (deficit) - January 1	<u>103,812</u>	<u>103,812</u>	<u>-</u>	<u>4,096</u>	<u>4,096</u>	<u>-</u>	<u>170,088</u>	<u>170,088</u>	<u>-</u>	<u>279,451</u>	<u>279,451</u>	<u>-</u>
Fund balances (deficit) - December 31	<u>\$ 80,250</u>	<u>\$ 68,953</u>	<u>\$ (11,297)</u>	<u>\$ 13,096</u>	<u>\$ 9,121</u>	<u>\$ (3,975)</u>	<u>\$ 226,112</u>	<u>\$ 267,011</u>	<u>\$ 40,899</u>	<u>\$ 279,451</u>	<u>\$ 186,874</u>	<u>\$ (92,577)</u>

(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, 2016

	Solid Waste and Recycling			Transit			HazMat Agreement			Fuel Pump Maintenance		
	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	\$ 450,000	\$ 450,000	\$ -	\$ 210,120	\$ 210,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	122,491	149,326	26,835	1,184,676	1,133,083	(51,593)	31,514	29,033	(2,481)	-	-	-
Charges for services	1,299,800	1,322,280	22,480	253,830	265,238	11,408	-	3,987	3,987	-	-	-
Court and parking fines	-	-	-	-	-	-	-	-	-	-	-	-
Investment return	-	-	-	1,500	1,042	(458)	-	-	-	-	-	-
Miscellaneous	8,000	9,127	1,127	30,000	45,321	15,321	-	-	-	28,000	16,215	(11,785)
Total revenues	1,880,291	1,930,733	50,442	1,680,126	1,654,804	(25,322)	31,514	33,020	1,506	28,000	16,215	(11,785)
EXPENDITURES												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	52,516	19,973	32,543	-	-	-
Public works	1,756,638	1,733,990	22,648	1,643,110	1,664,505	(21,395)	-	-	-	4,000	6,101	(2,101)
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,756,638	1,733,990	22,648	1,643,110	1,664,505	(21,395)	52,516	19,973	32,543	4,000	6,101	(2,101)
Excess (deficiency) of revenues over (under) expenditures	123,653	196,743	73,090	37,016	(9,701)	(46,717)	(21,002)	13,047	34,049	24,000	10,114	(13,886)
OTHER FINANCING SOURCES (USES)												
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	7,500	7,500	-	-	-	-
Transfers out	(150,000)	(150,000)	-	(229,720)	(229,720)	-	-	-	-	-	-	-
Total other financing sources (uses)	(150,000)	(150,000)	-	(229,720)	(229,720)	-	7,500	7,500	-	-	-	-
Net change in fund balances	(26,347)	46,743	73,090	(192,704)	(239,421)	(46,717)	(13,502)	20,547	34,049	24,000	10,114	(13,886)
Fund balances (deficit) - January 1	262,644	262,644	-	469,073	469,073	-	73,095	73,095	-	131,815	131,815	-
Fund balances (deficit) - December 31	\$ 236,297	\$ 309,387	\$ 73,090	\$ 276,369	\$ 229,652	\$ (46,717)	\$ 59,593	\$ 93,642	\$ 34,049	\$ 155,815	\$ 141,929	\$ (13,886)

(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, 2016

	TIF Districts			Residential Development Improv. Program		
	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES						
Property taxes	\$ 1,292,198	\$ 1,239,169	\$ (53,029)	\$ -	\$ -	\$ -
Intergovernmental	11,224	16,925	5,701	-	-	-
Charges for services	-	-	-	-	-	-
Court and parking fines	-	-	-	-	-	-
Investment return	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>1,303,422</u>	<u>1,256,094</u>	<u>(47,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
General government	1,500	1,500	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	2,993,625	937,806	2,055,819	-	-	-
Interest and other charges	-	4,500	(4,500)	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,995,125</u>	<u>943,806</u>	<u>2,051,319</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,691,703)</u>	<u>312,288</u>	<u>2,003,991</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES						
(USES)						
Long-term debt issued	2,000,000	1,300,000	(700,000)	-	-	-
Transfers in	37,186	37,186	-	100,000	100,000	-
Transfers out	<u>(743,632)</u>	<u>(741,889)</u>	<u>1,743</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,293,554</u>	<u>595,297</u>	<u>(698,257)</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	(398,149)	907,585	1,305,734	100,000	100,000	-
Fund balances (deficit) - January 1	<u>1,165,708</u>	<u>1,165,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - December 31	<u>\$ 767,559</u>	<u>\$ 2,073,293</u>	<u>\$ 1,305,734</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget-</u>
REVENUES				
Property taxes	<u>\$ 6,416,593</u>	<u>\$ 6,416,593</u>	<u>\$ 6,416,593</u>	<u>\$ -</u>
EXPENDITURES				
Debt Service				
Principal	6,895,000	6,895,000	6,895,000	-
Interest	2,810,388	2,810,388	2,767,956	42,432
Other	<u>12,000</u>	<u>12,000</u>	<u>12,300</u>	<u>(300)</u>
Total expenditures	<u>9,717,388</u>	<u>9,717,388</u>	<u>9,675,256</u>	<u>42,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,300,795)</u>	<u>(3,300,795)</u>	<u>(3,258,663)</u>	<u>42,132</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	2,355,000	2,355,000	2,275,000	(80,000)
Premium on long-term debt issued	-	-	125,000	125,000
Transfers in	874,270	874,270	874,269	(1)
Transfers out	<u>-</u>	<u>-</u>	<u>(26,425)</u>	<u>(26,425)</u>
Total other financing sources (uses)	<u>3,229,270</u>	<u>3,229,270</u>	<u>3,247,844</u>	<u>18,574</u>
Net change in fund balance	(71,525)	(71,525)	(10,819)	60,706
Fund balance - January 1	<u>41,007</u>	<u>41,007</u>	<u>41,007</u>	<u>-</u>
Fund balance (deficit) - December 31	<u><u>\$ (30,518)</u></u>	<u><u>\$ (30,518)</u></u>	<u><u>\$ 30,188</u></u>	<u><u>\$ 60,706</u></u>

CITY OF FOND DU LAC, WISCONSIN

Combining Statement of Net Position

Internal Service Funds

December 31, 2016

	Health Insurance	Information Technology	Totals
ASSETS			
Cash and investments	\$ 4,545,903	\$ 222,731	\$ 4,768,634
Receivables			
Accounts	21,570	10,700	32,270
Prepaid items	47,072	5,225	52,297
TOTAL ASSETS	4,614,545	238,656	4,853,201
LIABILITIES			
Accounts payable	522,861	34,681	557,542
Accrued and other current liabilities	22,828	10,501	33,329
Long-term obligations			
Due within one year	-	20,106	20,106
TOTAL LIABILITIES	545,689	65,288	610,977
NET POSITION			
Unrestricted	\$ 4,068,856	\$ 173,368	\$ 4,242,224

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Health Insurance	Information Technology	Totals
Operating Revenues			
Charges for services	\$ 4,645,431	\$ 1,448,123	\$ 6,093,554
Operating Expenses			
Personal services	-	511,045	511,045
Contractual services	-	539,492	539,492
Materials and supplies	-	262,722	262,722
Insurance claims and expenses	4,784,241	-	4,784,241
Utilities	-	5,442	5,442
Total Operating Expenses	4,784,241	1,318,701	6,102,942
Income (Loss) Before Transfers	(138,810)	129,422	(9,388)
Transfers out	-	(117,476)	(117,476)
Change in Net Position	(138,810)	11,946	(126,864)
Net Position - January 1	4,207,666	161,422	4,369,088
Net Position - December 31	\$ 4,068,856	\$ 173,368	\$ 4,242,224

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Health Insurance	Information Technology	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 4,655,728	\$ 1,452,810	\$ 6,108,538
Payments to suppliers	(4,770,842)	(509,285)	(5,280,127)
Payments to employees	-	(798,842)	(798,842)
Net Cash Provided (Used) by Operating Activities	<u>(115,114)</u>	<u>144,683</u>	<u>29,569</u>
Cash Flows from Noncapital and Related Financing Activities			
Transfers to other funds	<u>-</u>	<u>(117,476)</u>	<u>(117,476)</u>
Change in Cash and Cash Equivalents	(115,114)	27,207	(87,907)
Cash and Cash Equivalents - January 1	<u>4,661,017</u>	<u>195,524</u>	<u>4,856,541</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 4,545,903</u></u>	<u><u>\$ 222,731</u></u>	<u><u>\$ 4,768,634</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (138,810)	\$ 129,422	\$ (9,388)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities			
Receivables	37,667	(188)	37,479
Due from other governments	-	4,875	4,875
Prepaid items	126,928	(5,225)	121,703
Accounts payable	(136,357)	14,039	(122,318)
Accrued and other liabilities	22,828	2,736	25,564
Accrued compensated absences	-	494	494
Other post-employment benefits	-	(1,470)	(1,470)
Unearned revenue	<u>(27,370)</u>	<u>-</u>	<u>(27,370)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (115,114)</u></u>	<u><u>\$ 144,683</u></u>	<u><u>\$ 29,569</u></u>

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets - By Source
December 31, 2016

	<u>2016</u>
Governmental capital assets:	
Land	\$ 6,405,170
Buildings	27,294,538
Improvements other than buildings	10,459,768
Equipment	24,646,690
Infrastructure	202,426,041
Construction in progress	<u>1,101,454</u>
Total governmental capital assets	<u><u>\$ 272,333,661</u></u>
Investments in governmental capital assets by source:	
Capital projects funds - General obligation bonds/notes	\$ 241,663,177
General fund revenues	11,472,106
Gifts	572,069
Private development	3,458,365
City owned	67,750
Non-cash transactions	86,922
Special revenue funds	8,771,996
Federal grants	5,480,797
State grants	<u>760,478</u>
Total governmental funds capital assets	<u><u>\$ 272,333,661</u></u>

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets by Function and Activity
December 31, 2016

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 1,761,263	\$ 3,210,881	\$ 511,684	\$ 2,409,868	\$ -	\$ 716,430	\$ 8,610,126
Public safety							
Police protection	377,000	2,835,841	-	2,289,662	-	-	5,502,503
Fire protection	454,342	3,162,444	23,541	4,535,800	-	-	8,176,127
Ambulance	-	-	-	1,323,180	-	-	1,323,180
Public works	223,605	5,517,314	147,586	9,556,661	202,426,041	385,024	218,256,231
Culture & Recreation	1,576,749	2,217,999	8,897,683	1,341,576	-	-	14,034,007
Library	19,200	5,049,106	-	181,980	-	-	5,250,286
Transit	-	485,272	127,484	2,927,480	-	-	3,540,236
Parking	1,993,011	4,815,681	751,790	80,483	-	-	7,640,965
Total governmental capital assets	<u>\$ 6,405,170</u>	<u>\$ 27,294,538</u>	<u>\$ 10,459,768</u>	<u>\$ 24,646,690</u>	<u>\$ 202,426,041</u>	<u>\$ 1,101,454</u>	<u>\$ 272,333,661</u>

CITY OF FOND DU LAC, WISCONSIN
Schedule of Changes in Governmental Capital Assets - By Function and Activity
For the Year Ended December 31, 2016

	Balance December 31, 2015	2016 Additions and Transfers	2016 Deductions and Transfers	Balance December 31, 2016
General government	\$ 8,335,816	\$ 907,121	\$ 632,811	\$ 8,610,126
Public safety				
Police protection	5,405,790	434,756	338,043	5,502,503
Fire protection	8,275,187	167,390	266,450	8,176,127
Ambulance	1,178,593	144,587	-	1,323,180
Public works	216,245,599	2,530,944	520,312	218,256,231
Culture and recreation	13,279,897	885,423	131,313	14,034,007
Library	5,250,286	-	-	5,250,286
Transit	3,673,233	62,977	195,974	3,540,236
Parking	<u>7,640,965</u>	<u>-</u>	<u>-</u>	<u>7,640,965</u>
Total governmental capital assets	<u>\$ 269,285,366</u>	<u>\$ 5,133,198</u>	<u>\$ 2,084,903</u>	<u>\$ 272,333,661</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.	88 - 92
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	93 - 96
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.	97 - 102
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.	103 -104
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.	105 - 107

City of Fond du Lac, Wisconsin

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 106,473,954	\$ 104,098,121	\$ 95,685,038	\$ 98,081,195	\$ 95,930,395	\$ 81,618,359	\$ 76,912,015	\$ 71,413,644	\$ 66,751,968	\$ 64,124,339
Restricted	3,701,801	4,580,770	4,085,076	2,126,824	2,217,656	1,443,920	1,406,998	1,899,422	11,309,785	2,262,072
Unrestricted	19,258,033	17,773,361	19,697,434	12,357,734	5,647,742	14,581,825	16,351,636	16,833,015	17,686,779	24,935,506
Total government activities net assets	\$ 129,433,788	\$ 126,452,252	\$ 119,467,548	\$ 112,565,753	\$ 103,795,793	\$ 97,644,104	\$ 94,670,649	\$ 90,146,081	\$ 95,748,532	\$ 91,321,917
Business-type activities										
Invested in capital assets, net of related debt	\$ 68,077,271	\$ 66,483,919	\$ 65,864,910	\$ 65,677,207	\$ 67,300,385	\$ 80,275,705	\$ 90,430,362	\$ 98,116,652	\$ 103,316,344	\$ 109,793,752
Restricted	8,192,121	9,580,648	14,131,694	14,316,382	10,376,924	8,393,145	6,452,250	6,230,592	7,056,462	5,979,656
Unrestricted	7,663,590	13,513,824	24,545,964	27,668,488	35,301,494	29,752,670	25,931,756	22,650,707	21,916,243	20,568,256
Total business-type activities net assets	\$ 83,932,982	\$ 89,578,391	\$ 104,542,568	\$ 107,662,077	\$ 112,978,803	\$ 118,421,520	\$ 122,814,368	\$ 126,997,951	\$ 132,289,049	\$ 136,341,664
Primary government										
Invested in capital assets, net of related debt	\$ 174,551,225	\$ 170,582,040	\$ 161,549,948	\$ 163,758,402	\$ 163,230,780	\$ 161,894,064	\$ 167,342,377	\$ 169,530,296	\$ 170,068,312	\$ 173,918,091
Restricted	11,893,922	14,161,418	18,216,770	16,443,206	12,594,580	9,837,065	7,859,248	8,130,014	18,366,247	8,241,728
Unrestricted	26,921,623	31,287,185	44,243,398	40,026,222	40,949,236	44,334,495	42,283,392	39,483,722	39,603,022	45,503,762
Total primary government	\$ 213,366,770	\$ 216,030,643	\$ 224,010,116	\$ 220,227,830	\$ 216,774,596	\$ 216,065,624	\$ 217,485,017	\$ 217,144,032	\$ 228,037,581	\$ 227,663,581

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
General government	\$ 2,833,948	\$ 2,814,325	\$ 2,914,420	\$ 3,304,979	\$ 3,016,950	\$ 2,660,933	\$ 2,419,911	\$ 2,563,667	\$ 4,034,444	\$ 4,949,836
Public safety										
Police	8,398,117	9,133,179	9,000,024	9,461,405	10,039,871	10,333,412	9,326,591	9,144,237	9,629,937	10,270,290
Fire	4,383,733	4,811,381	4,759,846	5,032,647	4,899,980	4,658,458	4,824,058	4,728,724	5,080,753	6,549,180
Ambulance	3,737,590	4,218,163	3,926,524	4,025,495	4,937,905	4,920,467	3,401,988	3,563,137	3,621,032	3,737,207
Public works	11,951,185	13,404,462	13,726,304	12,477,656	12,905,660	15,441,486	16,542,771	17,214,323	15,748,791	16,618,135
Culture and recreation	4,972,988	5,288,562	5,487,129	5,380,792	5,640,176	5,376,808	6,006,310	6,402,639	6,091,789	5,623,319
Community development	5,879,691	5,675,255	6,222,465	5,080,481	10,715,615	5,242,287	2,095,011	3,289,740	2,727,994	2,298,011
Interest on long-term debt	2,151,306	2,681,123	2,897,520	3,591,877	3,729,586	3,357,936	3,218,799	3,123,404	2,674,934	2,900,767
Total governmental activities expenses	<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>	<u>47,835,439</u>	<u>50,029,871</u>	<u>49,609,674</u>	<u>52,946,745</u>
Business-type activities										
Water	6,567,412	6,784,438	8,952,958	8,873,799	8,585,366	8,977,193	8,452,508	8,734,239	8,394,123	8,450,320
Wastewater	5,818,120	8,082,591	8,811,583	8,865,809	9,176,950	9,102,462	9,379,421	9,762,358	9,279,524	9,957,259
Total business-type activities	<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>	<u>17,831,929</u>	<u>18,496,597</u>	<u>17,673,647</u>	<u>18,407,579</u>
Total primary government expenses	<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>	<u>\$ 65,667,368</u>	<u>\$ 68,526,468</u>	<u>\$ 67,283,321</u>	<u>\$ 71,354,324</u>
Program Revenues										
Governmental activities:										
Fees, fines and charges for services:										
General government	\$ 971,074	\$ 934,277	\$ 960,688	\$ 1,233,397	\$ 1,069,724	\$ 994,003	\$ 1,288,711	\$ 1,192,847	\$ 2,221,332	\$ 2,495,323
Public safety										
Police	214,356	171,602	148,394	139,424	141,226	109,655	126,566	92,561	161,408	178,203
Fire	13,015	20,280	15,585	20,539	15,148	19,287	17,511	21,492	21,621	47,624
Ambulance	1,914,063	2,309,403	1,921,153	2,026,810	2,586,201	2,774,201	1,638,447	1,537,855	1,674,800	1,618,564
Public works	77,967	91,387	51,321	161,744	168,178	419,502	1,802,173	1,697,518	1,294,954	1,708,605
Culture and recreation	480,882	481,240	480,903	532,432	468,079	531,292	478,373	459,396	547,380	579,350
Community development	1,110,255	1,190,361	1,204,156	1,133,562	1,406,663	1,272,075	1,327,924	1,894,294	922,074	266,434
Operating grants and contributions	7,630,860	8,376,196	7,387,543	5,848,654	6,171,946	5,567,122	609,096	5,726,793	6,159,199	6,484,854
Capital grants and contributions	1,627,396	1,286,360	1,337,995	1,300,464	4,793,415	3,505,575	1,003,855	968,788	105,428	665,058
Total governmental activities program revenue	<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>15,192,712</u>	<u>8,292,656</u>	<u>13,591,544</u>	<u>13,108,196</u>	<u>14,044,015</u>

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities										
Charges for services:										
Water	6,366,839	9,467,849	9,790,165	11,652,164	12,690,230	12,395,916	12,084,957	12,315,152	12,119,334	12,611,440
Wastewater	8,993,893	9,493,569	10,382,485	9,817,874	11,058,697	12,036,787	11,544,534	11,704,905	11,716,802	11,412,924
Capital grants and contributions	81,021	410,635	12,662,614	159,758	20,588	8,283	-	-	-	1,030
Total business-type activities program revenue	<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>	<u>23,629,491</u>	<u>24,020,057</u>	<u>23,836,136</u>	<u>24,025,394</u>
Total primary government program revenue	<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>\$ 39,633,698</u>	<u>\$ 31,922,147</u>	<u>\$ 37,611,601</u>	<u>\$ 36,944,332</u>	<u>\$ 38,069,409</u>
Net (Expense)/Revenue										
Governmental activities	\$ (30,268,690)	\$ (33,165,344)	\$ (35,426,494)	\$ (35,958,306)	\$ (39,065,163)	\$ (36,799,075)	\$ (34,061,783)	\$ (36,438,327)	\$ (36,501,478)	\$ (38,902,730)
Business-type activities	<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>	<u>5,797,562</u>	<u>5,523,460</u>	<u>6,162,489</u>	<u>5,617,815</u>
Total primary government net expense	<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>\$ (30,437,744)</u>	<u>\$ (28,264,221)</u>	<u>\$ (30,914,867)</u>	<u>\$ (30,338,989)</u>	<u>\$ (33,284,915)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 19,427,161	\$ 19,983,470	\$ 20,229,326	\$ 20,033,237	\$ 20,859,387	\$ 21,140,460	\$ 21,478,702	\$ 22,270,692	\$ 23,836,592	\$ 25,147,399
Other taxes	171,395	146,544	176,958	196,919	246,540	354,692	377,172	321,744	445,272	458,974
Grants and contributions not restricted to specific programs	7,736,267	7,803,266	7,996,190	7,294,988	7,228,574	7,432,593	7,801,227	7,073,021	6,587,921	6,651,626
Gain on disposal of capital assets	-	-	-	-	-	-	-	30,725	33,887	87,795
Earnings on investments	1,923,391	1,528,254	434,415	261,771	538,307	229,992	(111,182)	418,826	193,223	222,364
Miscellaneous	-	-	-	-	-	196	11,239	12,665	20,491	10,931
Transfers	667,887	722,274	877,398	1,269,596	1,422,395	1,497,592	1,631,170	1,786,086	1,857,027	1,897,026
Total governmental activities	<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>	<u>31,188,328</u>	<u>31,913,759</u>	<u>32,974,413</u>	<u>34,476,115</u>
Business-type activities:										
Investment earnings	2,603,956	1,861,833	770,306	498,917	708,559	561,116	201,006	440,630	321,961	331,826
Gain on disposal of capital assets	-	826	546	-	23,363	17,862	25,450	5,579	-	-
Transfers	(667,887)	(722,274)	(877,398)	(1,269,596)	(1,422,395)	(1,497,592)	(1,631,170)	(1,786,086)	(1,857,027)	(1,897,026)
Total business-type activities	<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>	<u>(1,404,714)</u>	<u>(1,339,877)</u>	<u>(1,535,066)</u>	<u>(1,565,200)</u>
Total primary government	<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>	<u>\$ 29,783,614</u>	<u>\$ 30,573,882</u>	<u>\$ 31,439,347</u>	<u>\$ 32,910,915</u>
Changes in Net Position										
Governmental activities	\$ (342,589)	\$ (2,981,536)	\$ (5,712,207)	\$ (6,901,795)	\$ (8,769,960)	\$ (6,143,550)	\$ (2,873,455)	\$ (4,524,568)	\$ (3,527,065)	\$ (4,426,615)
Business-type activities	<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>	<u>4,392,848</u>	<u>4,183,583</u>	<u>4,627,423</u>	<u>4,052,615</u>
Total primary government	<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>\$ (700,833)</u>	<u>\$ 1,519,393</u>	<u>\$ (340,985)</u>	<u>\$ 1,100,358</u>	<u>\$ (374,000)</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	\$ 2,556,790	\$ 2,358,384	\$ 2,249,429	\$ 1,772,134	\$ 1,107,100	\$ 658,355	\$ 657,434	\$ 788,600	\$ 822,550	\$ 843,454
Committed	53,115	353,587	592,917	962,169	876,223	83,300	110,500	129,700	160,900	261,300
Assigned	147,345	312,681	275,838	192,985	260,398	1,013,681	726,392	1,034,438	1,043,484	866,644
Unassigned	4,236,897	4,317,152	4,385,152	4,641,479	5,060,576	5,574,625	6,977,905	6,803,731	7,076,721	5,897,565
Total general fund	<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>	<u>\$ 8,472,231</u>	<u>\$ 8,756,469</u>	<u>\$ 9,103,655</u>	<u>\$ 7,868,963</u>
All other governmental funds										
Nonspendable	\$ 53,371	\$ 41,803	\$ 37,381	\$ 30,052	\$ 41,160	\$ 35,553	\$ 23,541	\$ 16,531	\$ 19,321	\$ 21,088
Restricted, reported in:										
Debt service fund	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819	375,374	164,368	176,731	41,007	30,188
Community development grant fund	1,766,788	1,754,933	1,640,008	1,613,589	1,023,837	1,068,546	1,242,630	1,722,691	1,898,434	2,262,072
Committed	10,201,926	8,727,028	10,318,067	14,354,173	9,749,261	8,995,906	6,622,491	5,356,621	5,465,935	6,987,986
Unassigned	-	-	(52,076)	(238,462)	(388,023)	-	(8,693)	(19,639)	-	-
Total all other governmental funds	<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>	<u>\$ 8,044,337</u>	<u>\$ 7,252,935</u>	<u>\$ 7,424,697</u>	<u>\$ 9,301,334</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Property taxes	\$ 19,427,161	\$ 19,983,470	\$ 20,229,326	\$ 20,033,237	\$ 20,859,387	\$ 21,140,460	\$ 21,478,702	\$ 22,270,692	\$ 23,836,592	\$ 25,147,399
Other taxes	171,395	146,544	176,958	196,919	246,540	354,692	377,172	321,744	445,272	458,974
Licenses and permits	1,084,835	1,138,145	1,147,849	1,234,646	1,209,983	1,219,945	1,584,967	1,502,338	1,575,530	1,643,086
Intergovernmental	13,917,398	14,302,252	13,999,108	14,444,821	17,190,473	15,208,721	13,095,315	12,809,625	12,464,374	12,985,438
Charges for services	3,283,043	3,580,348	3,166,985	3,277,855	3,864,344	4,181,498	4,190,901	4,057,457	4,267,404	4,401,524
Court and parking fines	412,033	440,903	463,420	453,954	429,803	396,288	403,259	353,427	315,075	340,309
Special assessments	819,254	766,582	633,167	359,422	218,540	352,627	310,994	365,625	105,428	477,806
Investment earnings	1,882,463	1,501,709	408,409	232,934	500,637	191,142	(145,521)	382,470	193,223	222,364
Miscellaneous	2,094,300	2,137,901	2,107,539	1,355,857	1,140,772	1,442,526	2,231,646	1,862,085	1,363,851	1,246,837
Total revenues	<u>43,091,882</u>	<u>43,997,854</u>	<u>42,332,761</u>	<u>41,589,645</u>	<u>45,660,479</u>	<u>44,487,899</u>	<u>43,527,435</u>	<u>43,925,463</u>	<u>44,566,749</u>	<u>46,923,737</u>
EXPENDITURES										
Current:										
General government	2,260,811	2,469,837	2,513,658	2,666,406	2,761,850	2,728,069	2,576,287	2,864,927	2,895,749	3,633,660
Public safety	15,555,215	16,749,212	16,977,423	17,636,588	18,764,003	19,792,977	17,595,580	17,906,887	17,625,723	18,388,065
Public works	6,640,655	7,440,021	7,245,428	7,257,838	7,696,054	7,199,147	8,987,449	9,297,529	9,009,131	9,503,060
Culture and recreation	4,406,245	4,530,666	4,554,243	4,822,958	4,786,149	4,635,061	4,854,418	4,771,827	4,758,803	4,944,540
Community development	3,413,893	3,506,176	3,578,074	3,455,705	5,391,401	4,386,330	1,795,548	2,354,789	2,651,454	2,202,852
Other	342,537	13,989	882,528	443,019	112,592	8,401	82,258	7,025	8,400	12,300
Debt service:										
Principal	7,850,683	3,796,664	2,904,936	5,556,926	1,634,528	9,588,675	7,907,613	3,881,976	11,050,000	6,895,000
Interest and other charges	2,612,083	2,635,376	2,628,258	3,078,799	3,471,383	3,377,101	3,348,985	3,021,170	2,970,803	2,772,456
Capital outlay	8,213,852	10,204,882	8,967,963	8,739,564	10,664,148	6,938,086	8,468,176	6,286,421	5,228,945	6,169,361
Total expenditures	<u>51,295,974</u>	<u>51,346,823</u>	<u>50,252,511</u>	<u>53,657,803</u>	<u>55,282,108</u>	<u>58,653,847</u>	<u>55,616,314</u>	<u>50,392,551</u>	<u>56,199,008</u>	<u>54,521,294</u>
Excess (deficiency) of revenues over expenditures	<u>(8,204,092)</u>	<u>(7,348,969)</u>	<u>(7,919,750)</u>	<u>(12,068,158)</u>	<u>(9,621,629)</u>	<u>(14,165,948)</u>	<u>(12,088,879)</u>	<u>(6,467,088)</u>	<u>(11,632,259)</u>	<u>(7,597,557)</u>
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	13,210,000	-	3,125,000	21,165,000	11,075,000	13,125,000	8,860,000	1,055,000	7,275,000	2,275,000
Long-term debt issued	5,922,477	6,355,000	7,900,000	9,674,718	1,500,000	3,855,000	3,190,000	3,040,000	2,800,000	3,825,000
Premium on long-term debt issued	527,584	-	77,806	34,517	121,705	63,626	376,520	30,338	132,350	125,000
Payment to refunding escrow agent	(10,875,000)	-	(2,975,000)	(18,152,522)	(11,090,063)	(5,432,281)	(3,257,783)	-	-	-
Transfers in	10,258,837	8,717,019	6,720,570	12,086,536	11,281,514	8,205,781	5,923,448	4,799,342	4,152,677	5,419,914
Transfers out	(9,590,950)	(7,994,745)	(5,843,172)	(10,816,940)	(9,859,119)	(6,708,189)	(4,292,278)	(2,964,756)	(2,208,818)	(3,405,412)
Total other financing sources (uses)	<u>9,452,948</u>	<u>7,077,274</u>	<u>9,005,204</u>	<u>13,991,309</u>	<u>3,029,037</u>	<u>13,108,937</u>	<u>10,799,907</u>	<u>5,959,924</u>	<u>12,151,209</u>	<u>8,239,502</u>
Net change in fund balances	<u>\$ 1,248,856</u>	<u>\$ (271,695)</u>	<u>\$ 1,085,454</u>	<u>\$ 1,923,151</u>	<u>\$ (6,592,592)</u>	<u>\$ (1,057,011)</u>	<u>\$ (1,288,972)</u>	<u>\$ (507,164)</u>	<u>\$ 518,950</u>	<u>\$ 641,945</u>
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	23.20%	14.63%	12.53%	18.21%	10.32%	23.49%	23.02%	14.43%	26.65%	19.23%

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
2016	\$ 2,510,489,800	\$ 128,642,400	\$ 2,639,132,200	\$ 9.244	\$ 2,716,586,500	97.14
2015	2,510,001,500	128,040,160	2,638,041,660	8.891	2,662,872,500	99.06
2014	2,522,732,900	123,894,340	2,646,627,240	8.219	2,565,745,100	103.14
2013	2,514,207,500	126,052,990	2,640,260,490	7.979	2,563,349,900	103.05
2012	2,491,291,200	124,925,480	2,616,216,680	7.929	2,643,226,500	98.98
2011	2,481,796,900	123,207,470	2,605,004,370	7.858	2,696,593,500	96.60
2010	2,443,319,300	122,162,520	2,565,481,820	7.699	2,736,857,700	93.74
2009	2,426,900,000	123,431,680	2,550,331,680	7.471	2,674,717,400	95.35
2008	2,386,851,900	110,286,160	2,497,138,060	7.568	2,560,199,300	97.54
2007	2,349,237,900	107,222,780	2,456,460,680	7.527	2,431,370,400	101.03

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

City of Fond du Lac, Wisconsin

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

2016

Name	Type of Business	Assessed ^a Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 54,470,605	2.03%
Agnesian Healthcare Inc	Hospital/Health Care Facility	42,700,363	1.59%
John Mark Apt. Complexes	Multi-family housing	24,903,095	0.93%
Grande Cheese Company	Cheese production	24,015,298	0.89%
McNeilus Steen Inc	Warehouse	16,433,004	0.61%
Simon Properties	Retail Shopping Mall	17,193,574	0.64%
Aurora Medical Group	Medical Clinic	15,986,318	0.59%
Eagle Fond du Lac LLC	Warehouse	15,939,368	0.59%
Walmart	Retail/Grocery	14,446,619	0.54%
JF Ahern	Metal Fabrication	12,421,950	0.46%
Principal Taxpayers Total		238,510,194	8.87%
All Other		2,449,903,406	91.13%
Total		\$ 2,688,413,600	100.00%

2007

Name	Type of Business	Assessed ^b Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 30,002,010	1.20%
John Mark Apt. Complexes	Apartments	26,690,570	1.07%
Agnesian Healthcare Inc	Hospital/Health Care Facility	25,676,620	1.03%
VH Enterprises	Warehousing	20,172,710	0.81%
Fond du Lac LLC	Warehousing	19,515,000	0.78%
Simon Properties	Shopping Mall	18,829,540	0.75%
Aurora Medical Group	Health Care Facility	15,483,100	0.62%
Wal-Mart	Retail Shopping Facility	14,601,890	0.58%
BASM LLC	Real Estate/Construction	13,093,460	0.52%
Charter Cable Partners	Cable Television	12,678,810	0.51%
Principal Taxpayers Total		196,743,710	7.88%
All Other		2,300,394,350	92.12%
Total		\$ 2,497,138,060	100.00%

Sources:

^a 2015 City Assessment Roll.

^b 2006 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
2016	\$	25,243,083	\$	25,233,390	99.962 %
2015		23,836,590		23,088,712	96.862
2014		21,751,481		20,699,779	95.165
2013		21,067,332		21,054,905	99.941
2012		20,744,450		20,728,027	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

Notes:

¹ Fiscal year is the year in which the tax is collected. The 2016 fiscal year consists of the 2015 tax bills due in 2016 and used to finance the 2016 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.

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																							
2016	\$	9.244	38.0%	\$	9.969	41.0%	\$	0.678	2.8%	\$	5.979	24.6%	\$	0.171	0.7%	\$	26.041	\$	1.710	7.0%	\$	24.331	100.0%
2015		8.891	37.6		9.525	40.3		0.672	2.8		5.903	25.0		0.169	0.7		25.160		1.523	6.4		23.637	100.0
2014		8.219	34.4		9.771	40.9		1.521	6.4		5.684	23.8		0.164	0.7		25.359		1.482	6.2		23.877	100.0
2013		7.979	34.4		9.456	40.8		1.496	6.5		5.549	23.9		0.165	0.7		24.645		1.473	6.4		23.172	100.0
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
Tax Levies												Total											
2016	\$	25,243,083		\$	25,118,585		\$	1,753,880		\$	15,463,386		\$	451,906		\$	68,030,840						
2015		23,836,590			23,855,726			1,726,281			15,172,847			440,853			65,032,297						
2014		21,751,481			25,183,570			4,025,570			15,042,270			435,422			66,438,313						
2013		21,067,332			24,344,422			3,949,154			14,649,892			435,016			64,445,816						
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						

Notes:

¹Fiscal year is the year in which the tax is collected. The 2016 fiscal year consists of the 2015 tax bills due in 2016 and used to finance the 2016 budget.

Notes:
¹Fiscal year is the year in which the tax is collected. The 2016 fiscal year consists of the 2015 tax bills due in 2016 and used to finance the 2016 budget.

City of Fond du Lac, Wisconsin

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Percentage of Personal Income ²	Per Capita ²
	General Obligation Bonds	General Obligation Notes	Capital Leases ¹	Revenue Bond Debt	General Obligation Bonds	Total Primary Government		
2016	\$ 60,599,603	\$ 16,579,585	\$ -	\$ 77,388,896	\$ -	\$ 154,568,084	N/A	3,563
2015	61,905,892	16,002,096	-	83,909,719	-	161,817,707	2.8%	3,723
2014	64,720,584	14,077,312	-	90,291,918	-	169,089,814	2.6	3,919
2013	65,761,317	12,805,000	26,976	100,407,579	-	179,000,872	2.3	4,153
2012	61,190,000	14,055,000	69,589	107,747,843	-	183,062,432	2.2	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

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

N/A = Not Available.

¹ Capital Leases are not bonded debt.

² See the Schedule of Demographic and Economic Statistics on page 103 for personal income and population data.

City of Fond du Lac, Wisconsin

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Population^a	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Value¹	Percentage of Equalized Value¹	Per Capita²
2016	43,381	77,179,188	30,188	\$ 77,209,376	2.93%	2.84%	\$ 1,779.80
2015	43,461	77,907,988	41,007	77,948,995	2.95	2.93	1,793.54
2014	43,151	78,797,896	176,731	78,974,627	2.98	3.08	1,830.19
2013	43,100	78,566,317	164,368	78,730,685	2.98	3.07	1,826.70
2012	43,100	75,245,000	375,374	74,869,626	2.86	2.83	1,737.11
2011	43,075	65,597,477	1,193,819	64,403,658	2.47	2.39	1,495.15
2010	43,021	65,347,477	2,126,824	63,220,653	2.43	2.34	1,469.53
2009	43,600	67,802,477	4,085,076	63,717,401	2.28	2.33	1,461.41
2008	43,460	62,657,413	4,580,770	58,076,643	2.28	2.17	1,336.32
2007	43,270	60,084,110	3,701,801	56,382,309	2.26	2.20	1,303.03

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 93 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 103.

City of Fond du Lac, Wisconsin

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value ^a	\$ 2,497,138,060	\$ 2,550,331,680	\$ 2,565,481,820	\$ 2,605,004,370	\$ 2,616,216,680	\$ 2,640,260,490	\$ 2,646,627,240	\$ 2,609,822,220	\$ 2,638,041,660	\$ 2,688,413,600
Equalized Value ^a	2,560,199,300	2,674,717,400	2,736,857,700	2,696,593,500	2,643,226,500	2,563,349,900	2,565,745,100	2,597,744,000	2,662,872,500	2,716,586,500
Debt Limit Five Percent of Equalized Value ¹	128,009,965	133,735,870	136,842,885	134,829,675	132,161,325	128,167,495	128,287,255	129,887,200	133,143,625	135,829,325
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	22,075,000	21,325,000	23,775,000	44,140,000	49,015,000	61,190,000	65,400,000	64,395,000	61,545,000	60,205,000
General Obligation Notes	38,009,110	41,332,413	44,027,477	21,207,477	16,582,477	14,055,000	12,805,000	14,050,000	15,925,000	16,470,000
Total Debt	60,084,110	62,657,413	67,802,477	65,347,477	65,597,477	75,245,000	78,205,000	78,445,000	77,470,000	76,675,000
Deduct:										
Debt Service Fund Balance	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819	375,374	164,368	176,731	41,007	30,188
Total Amount of Debt Applicable to Debt Limit	56,382,309	58,076,643	63,717,401	63,220,653	64,403,658	74,869,626	78,040,632	78,268,269	77,428,993	76,644,812
Legal Debt Margin	\$ 71,627,656	\$ 75,659,227	\$ 73,125,484	\$ 71,609,022	\$ 67,757,667	\$ 53,297,869	\$ 50,246,623	\$ 51,618,931	\$ 55,714,632	\$ 59,184,513
Percent of Legal Debt Limit Available	56.0%	56.6%	53.4%	53.1%	51.3%	41.6%	39.2%	39.7%	41.8%	43.6%

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, 2016

	Net Debt Outstanding	Percentage Applicable to City of Fond du Lac¹	City of Fond du Lac Share of Debt
Direct Debt:			
City of Fond du Lac	\$ 77,179,188	100.0 %	<u>\$ 77,179,188</u>
Overlapping Debt:			
Fond du Lac County	59,610,000	37.6	22,413,360
Moraine Park Technical College	28,612,801	10.6	3,032,957
Fond du Lac School District	19,735,000	72.7	14,347,345
School District of North Fond du Lac	1,423,000	13.8	<u>196,374</u>
Total - overlapping debt			<u>39,990,036</u>
TOTAL			<u><u>\$ 117,169,224</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	
2016	\$ 12,610,507	\$ 4,119,707	\$ 66,938	\$ 8,557,738	\$ 3,162,506	\$ 1,427,493	\$ 4,589,999	1.86
2015	12,096,367	4,044,784	73,545	8,125,128	3,101,081	1,519,336	4,620,417	1.76
2014	12,285,466	4,318,788	123,401	8,090,079	3,190,481	1,606,172	4,796,653	1.69
2013	12,078,425	4,231,224	11,770	7,858,971	2,905,684	1,883,516	4,789,200	1.64
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

Notes:

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

² Principal payments are shown net of debt principal refundings.

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	
2016	\$ 11,412,924	\$ 6,245,828	\$ 271,543	\$ 5,438,639	\$ 3,334,601	\$ 840,625	\$ 4,175,226	1.30
2015	11,716,802	5,528,095	271,383	6,460,090	3,257,401	918,740	4,176,141	1.55
2014	11,704,905	5,852,095	352,494	6,205,304	3,481,988	1,166,946	4,648,934	1.33
2013	11,544,534	5,492,001	160,213	6,212,746	3,833,320	1,269,777	5,103,097	1.22
2012	12,036,787	5,158,954	400,536	7,278,369	3,905,580	1,370,716	5,276,296	1.38
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

Notes:

¹ Operating expenses do not include depreciation.

² Includes principal and interest of revenue bonds only.

³ Principal payments are shown net of refinancings and additional payments for the early retirement of 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
2016	43,381	N/A	N/A	N/A	36.9	3.1	7,319	494
2015	43,461	\$ 50,193	\$ 4,462,797	\$ 43,764	36.9	3.9	7,310	493
2014	43,151	48,080	4,318,062	42,434	36.9	5.3	7,463	454
2013	43,100	46,620	4,160,801	40,873	36.9	7.4	7,462	485
2012	43,100	45,730	4,018,578	39,459	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

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

2016			2007		
Name	Employees ^a	Percentage of Total City Employment ¹	Name	Employees ^a	Percentage of Total City Employment ¹
Agnesian Health Care	3,317	6.91%	Mercury Marine	2,689	5.53%
Mercury Marine	3,100	6.46%	Agnesian Healthcare Inc	2,800	5.76%
Fond du Lac County	850	1.77%	Fond du Lac County	975	2.01%
Fond du Lac School District	840	1.75%	Fond du Lac School District	800	1.65%
Moraine Park Technical College	422	0.88%	J.F. Ahern Co.	650	1.34%
Marian University	421	0.88%	Moraine Park Technical College	420	0.86%
Taycheedah Correctional Facility	398	0.83%	Giddings & Lewis	370	0.76%
Brenner Tank Inc	362	0.75%	Brenner Tank, Inc.	347	0.71%
City of Fond du Lac	311	0.65%	City of Fond du Lac	327	0.67%
Total	10,021	20.88%	Total	9,378	19.30%

Notes:

¹ Wisconsin's WorkNet Current Employment Statistics

Sources:

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

City of Fond du Lac, Wisconsin

**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
2016	20.4	148.8	69.1	12.4	10.8	261.5
2015	20.3	147.3	68.2	12.4	11.0	259.2
2014	20.7	147.3	69.2	12.4	12.0	261.6
2013	21.0	146.8	68.8	12.0	12.5	261.1
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

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.
In 2013 Information Technology Services, 4 FTE's were moved from General Government to
an internal service fund.

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Governmental Activities:										
Community Development										
Building Permits Issued	3,885	4,845	3,663	3,591	2,941	2,981	3,133	3,157	2,655	1,683
Total Valuation of Building Permits	\$ 65,553,150	\$ 54,655,768	\$ 38,448,200	\$ 36,156,303	\$ 41,464,109	\$ 54,434,778	\$ 67,375,043	\$ 51,921,182	\$ 85,143,513	\$ 40,960,146
New site plans reviewed	35	26	15	11	19	28	30	26	17	32
Rezoning/special use permits applied for	21	14	12	13	13	19	14	9	14	18
Variances applied for	50	42	48	38	39	26	37	16	14	15
New lots/parcels created	12	27	11	14	6	4	2	4	2	2
Housing Code Enforcement-complaints filed	497	418	477	397	418	414	402	410	415	458
Housing Code Enforcement-violations cured	962	718	809	648	739	648	664	610	645	542
Housing rehabilitation value of loans approved	\$ 620,670	\$ 557,250	\$ 460,771	\$ 351,044	\$ 325,501	\$ 220,798	\$ 258,800	\$ 286,300	\$ 172,099	\$ 142,179
Downtown parking revenue	\$ 307,295	\$ 322,799	\$ 328,505	\$ 318,828	\$ 338,259	\$ 320,560	\$ 298,400	\$ 276,667	\$ 288,452	\$ 296,981
Downtown parking violations-tickets issued	5,556	6,463	6,235	6,107	6,217	3,877	4,351	2,670	1,873	n/a
Transit ridership	146,657	159,735	167,049	157,314	181,002	171,119	212,327	200,473	206,139	209,119
Transit farebox revenue	\$ 198,614	\$ 200,422	\$ 234,057	\$ 221,752	\$ 287,350	\$ 133,065	\$ 252,248	\$ 249,664	\$ 246,530	\$ 256,947
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	195,178	209,757	203,479	191,694	209,759	221,833	197,213	198,829	204,418	209,864
Circulation	772,506	799,490	835,262	851,842	859,012	826,121	766,425	779,448	709,154	680,674
Senior Center number of visits	45,325	45,378	47,039	46,562	49,237	53,616	52,508	47,728	51,948	63,359
Senior Center volunteer hours worked	17,758	17,387	16,189	16,608	17,411	18,876	17,812	17,058	21,052	18,114
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	14,060	14,103	14,152	14,239	14,214	14,238	14,275	14,202	14,246	14,299
Commercial	1,367	1,383	1,380	1,384	1,385	1,380	1,381	1,199	1,204	1,216
Industrial	56	58	57	55	56	54	56	53	53	51
Multifamily								297	301	303
Public	73	72	71	70	72	74	43	77	75	76
Gallons of Water Sold:										
Residential	668,406,614	631,339,055	613,009,263	590,568,073	587,827,244	596,156,554	566,336,950	546,756,404	530,939,376	533,054,675
Commercial	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590	269,906,076	274,917,758	270,144,688
Industrial	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496	290,630,912	279,349,576	258,905,382
Multifamily								83,877,728	81,969,580	79,575,225
Public	78,298,628	71,582,613	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905	63,676,492	68,326,060	64,287,608
Plant Capacity (gallons/day)	14,925,000	7,274,000	8,410,000	5,664,000	6,061,000	6,946,000	6,063,000	6,606,000	5,956,000	6,622,000
Wastewater Collection & Treatment System										
Average No. of Customers:										
Residential	14,060	14,103	14,152	14,239	14,214	14,238	14,275	14,202	14,246	14,299
Commercial	1,367	1,383	1,380	1,384	1,385	1,380	1,381	1,199	1,204	1,216
Industrial	56	58	57	55	56	54	56	53	53	51
Multifamily								297	301	303
Public	73	72	71	70	72	74	43	77	75	76
System Usage in Gallons										
Residential	668,406,614	631,339,055	613,009,263	590,568,073	587,827,244	596,156,554	566,366,950	546,756,404	530,939,376	533,054,675
Commercial	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590	269,906,076	274,917,758	270,144,688
Industrial	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496	290,630,912	279,349,576	258,905,382
Multifamily								83,877,728	81,969,580	79,575,225
Public	78,298,628	71,582,613	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905	63,676,492	68,326,060	64,287,608

Notes: N/A = Not Available

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Function/Program</u>										
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	72	74	74	75	75	74	73	73	73	73
Fire and EMS Protection										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Firefighting Force	65	65	65	65	65	65	65	65	65	65
Firefighting Vehicles	6	6	6	6	6	6	6	6	6	6
Ambulances	4	5	5	5	5	5	5	5	5	5
Public Works										
Miles of Streets	169	169	170	171	171	168	171	171	171	171
Miles of Storm Sewers	166	166	169	171	173	175	175	175	175	175
Recreation and Culture										
Playgrounds	15	15	15	15	15	15	15	15	15	16
City Parks	21	21	21	21	21	21	21	21	21	22
Acres of City Park Land	520	520	520	520	520	520	520	520	520	530
Indoor Skating Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Skating Facility	1	1	1	1	1	1	1	1	1	2
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	18	18
Business-type activities:										
Water Utility										
Miles of Mains	211	220	220	220	220	220	220	221	223	223
Hydrants	1,773	1,803	1,817	1,826	1,824	1,827	1,829	1,833	1,830	1,836
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	194	194	204	197	197	197	197	198	198	198

**ADDITIONAL
INDEPENDENT
AUDITORS' REPORT FOR
BASIC FINANCIAL
STATEMENTS**

**INDEPENDENT AUDITORS' 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**

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Fond du Lac, Wisconsin's basic financial statements, and have issued our report thereon dated August 17, 2017.

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 from 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
August 17, 2017

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES***

To the City Council
City of Fond du Lac, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the 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) 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 the City of Fond du Lac, Wisconsin's major federal and state programs for the year ended December 31, 2016. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance 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 the 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 the City of Fond du Lac, Wisconsin's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the 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, 2016.

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 the 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 the Uniform Guidance 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 the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
August 17, 2017

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended December 31, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	Cash/ Receivable at January 1, 2016	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2016	Subrecipient Payments
<u>U. S. Department of Housing and Urban Development</u>							
Community Development Block Grant - State Administered CDBG Cluster							
Community Development Block Grant	14.228	--	\$ 341,741	\$ 631,509	\$ 551,510	\$ 261,742	\$ -
Community Development Block Grant-Revolved Loan Funds/Program Income	14.228	--	-	99,726	99,726	-	-
Total Community Development Block Grant - State Administered CDBG Cluster and U. S. Department of Housing and Urban Development			341,741	731,235	651,236	261,742	-
<u>U. S. Department of Transportation</u>							
Passed through State Department of Transportation:							
Federal Transit Cluster							
Operating Assistance - 2015	20.507	--	672,346	672,346	-	-	-
Operating Assistance - 2016	20.507	WI-206-025-00	-	563,437	563,437	-	-
Total Federal Transit Cluster and U. S. Department of Transportation			672,346	1,235,783	563,437	-	-
<u>U.S. Department of Justice</u>							
Edward Byrne Memorial Justice Assistance Grant-2015	16.738	2015-DJ-BX-0927	8,573	16,073	7,500	-	-
Edward Byrne Memorial Justice Assistance Grant-2016	16.738	2016-DJ-BX-0980	-	-	-	-	-
Passed through Wisconsin Dept of Admin-Office of Justice Assistance							
Bulletproof Vest Partnership Program	16.607	--	-	3,474	3,474	-	-
Total U.S. Department of Justice			8,573	19,547	10,974	-	-
<u>U.S. Department of Homeland Security</u>							
Passed through Wisconsin Dept of Military Affairs							
Homeland Security Grant Program	97.067	--	(4,650)	-	4,650	-	-
<u>U.S. Department of Agriculture</u>							
Passed through Wisconsin Dept of Natural Resources							
US Forest Service Great Lakes Restoration Initiative	10.675	--	-	-	10,000	10,000	-
TOTAL FEDERAL AWARDS			\$ 1,018,010	\$ 1,986,565	\$ 1,240,297	\$ 271,742	\$ -

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended December 31, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	Cash/ Receivable at January 1, 2016	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2016	Subrecipient Payments
<u>Wisconsin Department of Administration</u>							
Office of Justice Assistance Grant-Beat Patrol	--	2016-BP-01-11593	\$ -	\$ 121,434	\$ 121,434	\$ -	\$ -
<u>Wisconsin Department of Military Affairs</u>							
Computer and Hazmat Equipment	465.367	--	4,129	16,516	12,387	-	-
<u>Wisconsin Department of Health & Family Services</u>							
EMS-FAP Grant	435.167	--	(2,211)	9,815	4,791	(7,235)	-
<u>Wisconsin Department of Natural Resources</u>							
Recreational Boating Facilities	370.573	RBF-1452	-	60,188	60,188	-	-
All-Terrain Vehicle Trail	370.577	ATV-3260	2,792	4,261	1,469	-	-
All-Terrain Vehicle Trail	370.577	ATV-3261	6,908	6,908	-	-	-
All-Terrain Vehicle Trail	370.577	ATV-3405	-	-	7,656	7,656	-
Total Wisconsin Department of Natural Resources			9,700	71,357	69,313	7,656	-
<u>Wisconsin Department of Transportation</u>							
Operating Assistance Grant - 2014	395.104	--	46,248	-	-	46,248	-
Operating Assistance Grant - 2015	395.104	--	53,078	-	-	53,078	-
Operating Assistance Grant - 2016	395.104	--	-	393,768	437,520	43,752	-
Total Wisconsin Department of Transportation			99,326	393,768	437,520	143,078	-
TOTAL STATE AWARDS			\$ 110,944	\$ 612,890	\$ 645,445	\$ 143,499	\$ -
TOTAL FEDERAL AND STATE AWARDS			\$ 1,128,954	\$ 2,599,455	\$ 1,885,742	\$ 415,241	\$ -

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, 2016

NOTE A - BASIS OF PRESENTATION

In accordance with audit requirements issued by the Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, supplementary 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 2016 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.

The City has not elected to charge a de minimis rate of 10% of modified total costs.

Federal Programs: The City of Fond du Lac qualifies as a low risk auditee in accordance with 2 CFR section 200.520 of Uniform Guidance. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 20% 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 \$250,000 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, 2016

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 and State 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 Uniform Guidance? No

Any audit findings disclosed that are required to be reported in accordance
with the *State Single Audit Guidelines*? No

Identification of major federal program:

CFDA Number	Name of Federal Program
20.507	Mass Transit Operating Assistance

Identification of major state programs:

State ID Number	Name of State Program
395.104	Transit Operating Assistance

Audit threshold used to determine between Federal Type A and Type B programs: \$750,000

Audit threshold used to determine between State Type A and Type B programs \$250,000

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, 2016.

Section III - Federal Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under Uniform Guidance and the *State Single Audit Guidelines* for the year ended December 31, 2016.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2016

Prior Year Audit Findings

There were no findings or questioned costs for federal and state awards for the year ended December 31, 2016.

Corrective Action Plan

No corrective action plan is required.