

City of Fond du Lac, WI  
First on the Lake

---



**Comprehensive  
Annual Financial Report  
with Single Audit**

**Year ended December 31, 2017**



# **Comprehensive Annual Financial Report**

**City of Fond du Lac, Wisconsin  
Year Ended December 31, 2017**

**Prepared by:**

## **City of Fond du Lac Comptroller Division**

Tracy C. Salter, Director of Administration

Tricia M. Davi, Deputy Comptroller/Treasurer

Eileen M. Baus, Senior Accountant

## **City of Fond du Lac Printing Division**

Arlene A. Mand, Deputy Elections/Publications

# City of Fond du Lac, Wisconsin

DECEMBER 31, 2017

---

## Table of Contents

### INTRODUCTORY SECTION

Table of Contents	1
Letter of Transmittal	4
Certificate of Achievement	8
Table of Organization	9
List of Principal Officials	10

<b>INDEPENDENT AUDITORS' REPORT</b>	11
-------------------------------------	----

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	14
---	----

### BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements	
Balance Sheet - Governmental Funds	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	35
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	42
Statement of Cash Flows - Proprietary Funds	44
Notes to Basic Financial Statements	48

### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress - Other Postemployment Benefit Plan	78
Schedule of Employer Contributions - Other Postemployment Benefit Plan	79
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	80
Schedule of Contributions - Wisconsin Retirement System	80
Notes to Required Supplementary Information	80

# City of Fond du Lac, Wisconsin

**DECEMBER 31, 2017**

---

## **SUPPLEMENTARY INFORMATION**

Combining Balance Sheet - Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	84
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Special Revenue Fund	87
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - City Grant Programs Special Revenue Fund	88
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Harbor and Boating Facilities Special Revenue Fund	89
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Solid Waste and Recycling Special Revenue Fund	90
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Transit Special Revenue Fund	91
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hazmat Agreement Special Revenue Fund	92
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fuel Pump Maintenance Special Revenue Fund	93
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - TIF Districts Special Revenue Fund	94
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	95
Combining Statement of Net Position - Internal Service Funds	96
Combining Statement of Revenues, Expenses and Change in Net Position - Internal Service Funds	97
Combining Statement of Cash Flows - Internal Service Funds	98
Schedule of Governmental Capital Assets - By Source	100
Schedule of Governmental Capital Assets - By Function and Activity	101
Schedule of Changes in Governmental Capital Assets - By Function and Activity	103

# City of Fond du Lac, Wisconsin

**DECEMBER 31, 2017**

---

## **STATISTICAL SECTION**

Net Position by Component	104
Changes in Net Position	105
Fund Balances, Governmental Funds	107
Changes in Fund Balances, Governmental Funds	108
Assessed and Estimated Actual Value of Taxable Property	109
Principal Taxpayer	110
Property Tax Levies and Collections	111
Property Tax Rates and Tax Levies - Direct and Overlapping Governments	112
Ratio of Outstanding Debt by Type	113
Ratio of General Bonded Debt Outstanding	114
Computation of Legal Debt Margin	115
Computation of Direct and Overlapping Debt	116
Water Utility Revenue Bond Coverage	117
Wastewater Collection & Treatment System Revenue Bond Coverage	118
Demographic and Economic Statistics	119
Principal Employers	120
Full-time Equivalent City Government Employees by Function/Program	121
Operating Indicators by Function/Program	122
Capital Asset Statistics by Function/Program	123

## **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 <i>Government Auditing Standards</i>	124
---	-----

## **FEDERAL AND STATE AWARDS**

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 <i>State Single Audit Guidelines</i>	126
Schedule of Expenditures of Federal Awards	128
Schedule of Expenditures of State Awards	130
Notes to the Schedules of Expenditures of Federal and State Awards	132
Schedule of Findings and Questioned Costs	133
Schedule of Prior Year Audit Findings and Corrective Action Plan	136



# City of Fond du Lac

## First on the Lake

Website: [www.fdl.wi.gov](http://www.fdl.wi.gov)

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

July 30, 2018

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, 2017. 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, 2017 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 43,679.

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 18.9% from the previous year. The average 2017 unemployment rate was 3.0% for the City of Fond du Lac, 2.8% for Fond du Lac County and 3.3% for the State of Wisconsin.

In 2017, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 100 new housing units constructed, of which 57 units were one- and two-family and 43 were multi-family. Commercial and industrial growth continued in 2017 with \$40.5 million in construction of 8 new buildings and 145 additions and alterations.

Total equalized value (estimated fair market value) of real estate and personal property increased by 3.5% to \$2,812,603,900 in 2017 from 2016. Over the past 10 years, the City's equalized value has increased 5%.

Mercury Marine constructed a 17,545 square foot building addition at Plant 17.

The former St. Joseph's School and St. Mary's School were converted into the Parish School Apartments with 43 units between the two sites.

BCI Burke completed an 11,970 square feet warehouse addition along with a parking lot expansion.

ACH Foam completed a 30,068 square feet building addition to their facility in Fox Ridge Industrial Park.

The Hotel Retlaw was purchased by a developer group who will renovate the hotel into a 125-room independent hotel with restaurant, retail, spa, fitness and pool amenities.

Excel Engineering completed two (2) additions to their offices in Ledgeview Business Park for an additional 13,069 square feet of space.

The former Main Exchange at 161 S. Main Street was acquired after being vacant for many years and is being renovated into a new restaurant, The Brick House.

The Combined Building, an underutilized office building, was acquired for conversion into 48 residential units called the Exchange at 104. The development will open in Summer 2018.

The City started construction on the second access road into Fox Ridge Industrial Park. The road will be completed in Summer 2018 and will open up the rest of the industrial park for further development.

Many other changes in 2017 will benefit the overall community. The Downtown Exploratory Committee presented their final recommendations to the City Council to continue reinvestment and redevelopment within the downtown. The Downtown Exploratory Committee has served in advisory capacity to the City Council to explore, study, investigate and recommend if and how downtown Fond du Lac could be better for the benefit of the City's residents, stakeholders and visitors. Their recommendations will help guide both public and private investment in the downtown in the years to come.

### ***Long-term financial planning***

Unassigned fund balance in the general fund (17.7% 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.

### ***Relevant financial policies***

The City's debt policy was successful in ensuring that long-term debt was utilized appropriately and in a fiscally prudent manner by limiting long-term borrowing to capital improvements or other long-term projects which cannot and, appropriately should not, be financed from current revenues and/or funds established for equipment replacement. The City's debt policy guidelines were met by further limiting general obligation debt to 60% or less of the statutory debt limit. (Not to exceed 3% of the equalized value).

In accordance with the capital improvement plan policy, the City prepared and the City Council approved a five-year capital improvement plan which provides comprehensive planning, budget stability and analysis of the long-term capital needs of the City. The plan describes each capital project, estimates the project costs, prioritizes projects, identifies funding, considers alternatives, and estimates the impact on the annual budget

The revenue policy ensures that one-time revenues shall not be used to fund continuous operating costs, except to manage a short-term spike in program costs, such as the phasing of a new or expanded program, making investments that have future payoffs, and to smooth out the impacts of significant state and/or federal funding reductions

### ***Major Initiatives***

The budget for 2017 included a 4.8% 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 2017 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) number twenty two was formed in 2017. It includes an area of which at least 50% of which are blighted as stated in Section 66.1105, Wisconsin Statutes. January 1, 2018 will be the base valuation year from which the increment would be calculated for this district. The first increment would not be received before 2019.

TID number 22 was created for the redevelopment of property at 1 North Main Street, the Hotel Retlaw. The City will borrow or advance funding for this project. The developer will receive \$2.3 million in cash payments that will be repaid through the generation of net increment.

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-second 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 2016 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**

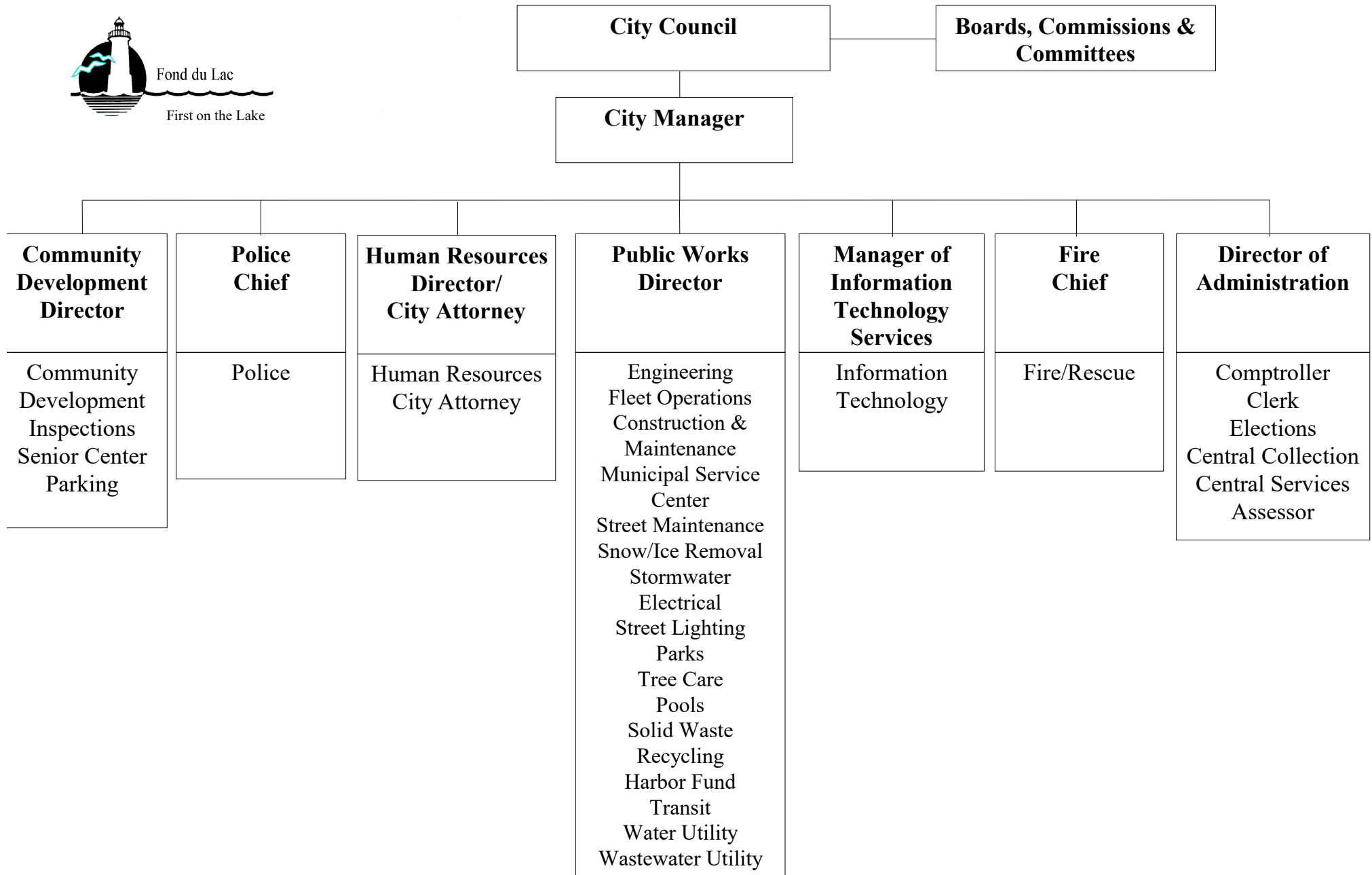
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

# Table of Organization



# CITY OF FOND DU LAC

## List of Principal Officials

December 31, 2017

### Elected Officials

		<u>Term Expires</u>
Karyn A. Merkel	City Council President	April, 2018
Derek TerBeest	City Council Vice-President	April, 2018
Lee Ann Lorrigan	City Council Member	April, 2018
Kay Miller	City Council Member	April, 2018
Catherine A. Block	City Council Member	April, 2019
Gregory G. Giles	City Council Member	April, 2019
Brian T. Kolstad	City Council Member	April, 2019

### 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

THIS PAGE LEFT BLANK INTENTIONALLY

## **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, 2017, 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, 2017, 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.

## **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 14 through 25 and the schedules relating to pensions and other postemployment benefits on pages 78 through 80 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 and state awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 and the schedules of expenditures of federal awards and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **REPORT ON SUMMARIZED FINANCIAL INFORMATION**

We have previously audited the City's 2016 financial statements, and our report dated August 17, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2018, 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.

A handwritten signature in black ink that reads "Schenck SC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Sheboygan, Wisconsin

July 30, 2018

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

---

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, 2017. 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 2017 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, 2017 by \$229.3 million. Of this amount, \$46.7 million is unrestricted net position and may be used to meet City obligations to citizens and creditors.
- City operations created a total net position increase of \$1.7 million (0.07%) over the January 1 net position. The business-type activities had a \$6.0 million increase while the governmental activities had a \$4.3 million decrease.
- The unrestricted net position of the governmental activities was \$22.6 million.
- The unrestricted net position of the business-type activities was \$24.1 million.
- The City's general fund balance decreased by \$598,000. The fund balance was budgeted to decrease by \$2.0 million, resulting in a positive variance of \$1.4 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 2018 adopted budget anticipates using \$422,000 in general fund balance.
- The debt service fund balance decreased \$148,000. The debt service fund was budgeted to have a decrease in fund balance of \$143,000.
- During 2017, the City took several actions involving debt:
  - The City issued tax-exempt general obligation (G.O.) refunding bonds of \$7,050,000 for the redemption (early repayment/early call) of the remaining principal balance of the 2007 General Obligation Promissory Notes. The remaining five years of principal payments were refinanced using the same principal repayment schedule, but a reduced interest rate.
  - Tax exempt G.O. notes of \$5,025,000 were issued to fund the City's 2017 general capital improvements projects not funded by operating revenues or existing financial resources.
- The internal service fund for the self-funded City group health insurance benefits started 2017 with a net position of \$4.1 million and finished with a net position of \$2.8 million. Premium revenues decreased slightly due to fewer participants enrolled in the health plan. Expenditures, primarily medical claims, came in above budget and are responsible for the increase in net position for 2017.
- Other governmental funds had combined increases in fund balances of \$389,000. All nonmajor governmental funds, except for Transit, had positive fund balances at December 31, 2017.
- During 2017, nonmajor capital project funds produced a net \$384,000 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 Storm Sewer and Parks Capital Projects Funds completed capital purchases and construction that were funded and started prior to 2017 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 a very small overall increase in fund balance of \$5,000.
  - The Transit Fund had a decrease in fund balance of \$244,000. \$133,000 was due to payments made to lower the City's outstanding OPEB liability. The remaining decrease was 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 were less than loan project expenditures which contributed to the net decrease in fund balance of \$87,000.
  - The Library Fund had an increase in fund balance of \$126,000 due to favorable budget variances in various expenditure accounts.
  - The Solid Waste and Recycling fund had a decrease in fund balance of \$201,000 due to expenditures for the Recycling program exceeding revenues. In the Solid Waste portion of the fund, revenues matched expenditures.

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

- 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. In 2017, no properties owners were interested in partaking in the program, resulting in an unchanged fund balance of \$100,000.
- A new fund, the Highway 45 Transfer Fund, was created in 2017 to capture State funds given to the City under a jurisdictional transfer agreement. The 2017 fund balance of \$200,000 will be used to offset debt costs of undertaking reconstruction on the transferred roads.
- The thirteen TIF Districts with activity in 2017 had a net fund balance decrease of \$73,000, but reported a \$2.1 million fund balance at the end of the year. The timing of issuing debt in 2016 for TIF 10 and the 2017 completion of Police Memorial Drive connector road created a use of fund balance for the 2017 year. The fund balance for this TIF is sufficient that with the anticipated 2018 increment, borrowing will not be required for the 2018 extension of street within the TID 10 Fox Ridge Business Park.

### Overview of the Financial Statement

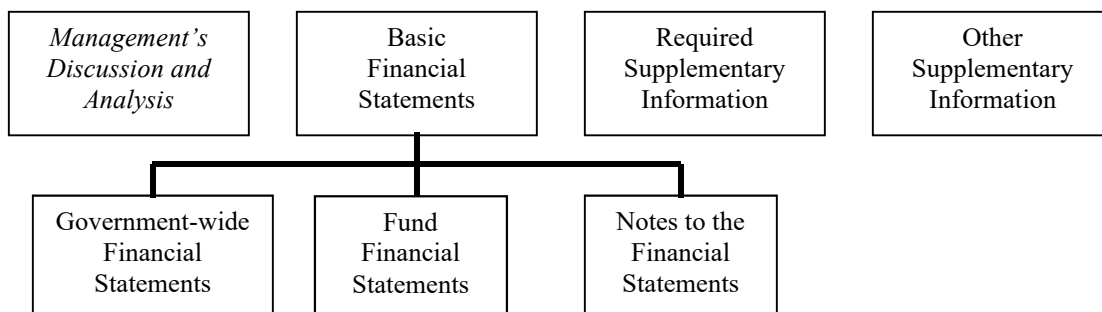
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds. The basic financial 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.

### Components of the Financial Section



# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

---

**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 Treatment and Resource Recovery Facility. 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 benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

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 Treatment and Resource Recovery Facility, 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 \$229,341,876 at the close of 2017.

By far, the largest portion of the City of Fond du Lac's net position, 77.5 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.

#### **Net Position** (in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 103,874	\$ 104,086	\$ 30,014	\$ 29,631	\$ 133,888	\$ 133,717
Capital assets	136,756	138,703	186,104	187,183	322,860	325,886
Total assets	240,630	242,789	216,118	216,814	456,748	459,603
Deferred outflows of resources						
Pension	11,674	16,417	1,067	1,377	12,741	17,794
Non-current liabilities	81,504	83,369	71,117	78,000	152,621	161,369
Current and other liabilities	50,458	51,167	3,229	3,333	53,687	54,500
Total liabilities	131,962	134,536	74,346	81,333	206,308	215,869
Deferred inflows of resources						
Property taxes	28,738	27,186	-	-	28,738	27,186
Pension	4,591	6,163	509	516	5,100	6,679
Total deferred inflows	33,329	33,349	509	516	33,838	33,865
Net position:						
Net investment in						
capital assets	62,209	64,124	115,427	109,794	177,636	173,918
Restricted	2,175	2,262	2,822	5,980	4,997	8,242
Unrestricted	22,629	24,935	24,081	20,568	46,710	45,503
Total net position	\$ 87,013	\$ 91,321	\$ 142,330	\$ 136,342	\$ 229,343	\$ 227,663

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### 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 2017.

#### Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 7,388	\$ 6,894	\$ 25,088	\$ 24,024	\$ 32,476	\$ 30,918
Operating grants and contributions	6,297	6,485	-	-	6,297	6,485
Capital grants and contributions	469	665	-	-	469	665
General revenues:						
Property taxes	26,930	25,147	-	-	26,930	25,147
Other taxes	434	459	-	-	434	459
Grants and contributions not restricted to specific programs	6,819	6,652	-	-	6,819	6,652
Gain on disposal of capital assets	34	88	19	-	53	88
Interest and investment earnings	255	222	317	332	572	554
Miscellaneous	36	11	-	-	36	11
Total revenues	48,662	46,623	25,424	24,356	74,086	70,979
Expenses:						
General government	4,457	4,950	-	-	4,457	4,950
Public safety	21,296	20,557	-	-	21,296	20,557
Public works	17,516	16,618	-	-	17,516	16,618
Culture and recreation	5,829	5,623	-	-	5,829	5,623
Community development	3,002	2,298	-	-	3,002	2,298
Interest and fiscal charges	2,793	2,901	-	-	2,793	2,901
Water	-	-	9,119	8,450	9,119	8,450
Wastewater	-	-	8,394	9,957	8,394	9,957
Total expenses	54,893	52,947	17,513	18,407	72,406	71,354
Increase (decrease) in net position before transfers	(6,231)	(6,324)	7,911	5,949	1,680	(375)
Transfers	1,922	1,897	(1,922)	(1,897)	-	-
Increase (decrease) in net position	(4,309)	(4,427)	5,989	4,052	1,680	(375)
Net position - 1/1	91,322	95,749	136,341	132,289	227,663	228,038
Net position - 12/31	\$ 87,013	\$ 91,322	\$ 142,330	\$ 136,341	\$ 229,343	\$ 227,663

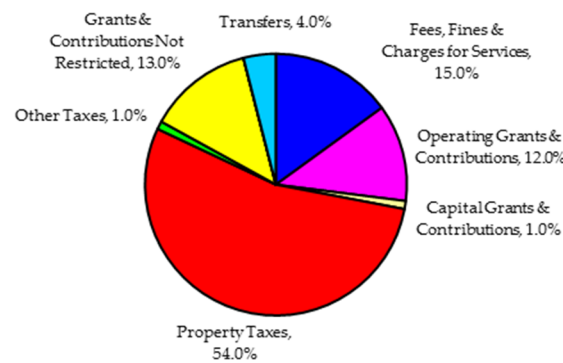
# City of Fond du Lac, Wisconsin

## MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### Governmental activities.

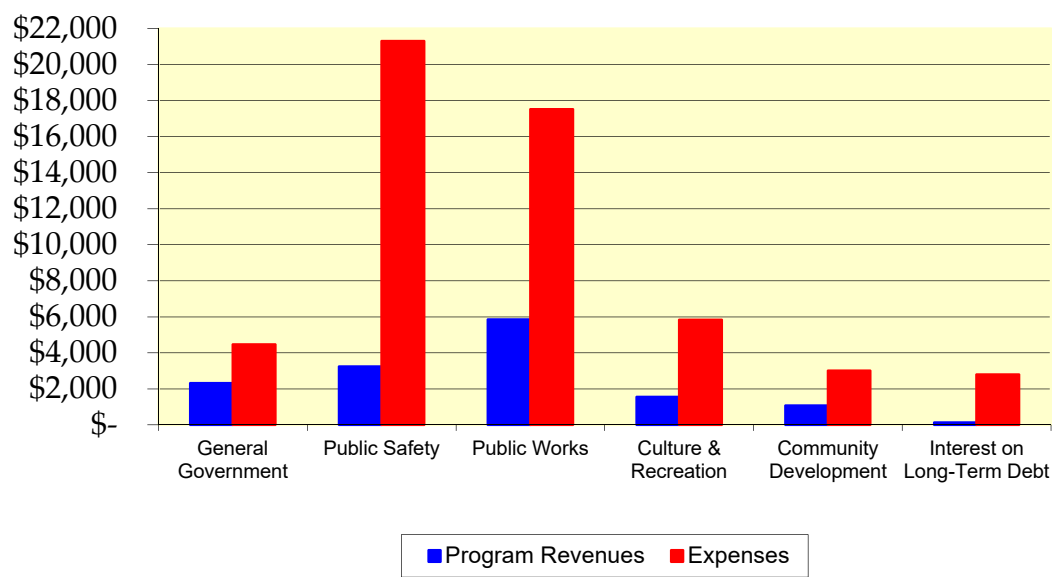
Revenues and transfers for the City’s governmental activities were \$50.6 million. Property taxes are the largest source of governmental activity revenues at \$27 million, or 54 percent. The sources of revenues are shown in the pie graph below:

REVENUES BY SOURCE



The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at \$21.3 million or 39 percent. Public works is the next largest area of expense at \$17.5 million or 32 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.

Program Revenues and Expenses  
(thousands)



# City of Fond du Lac, Wisconsin

## MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

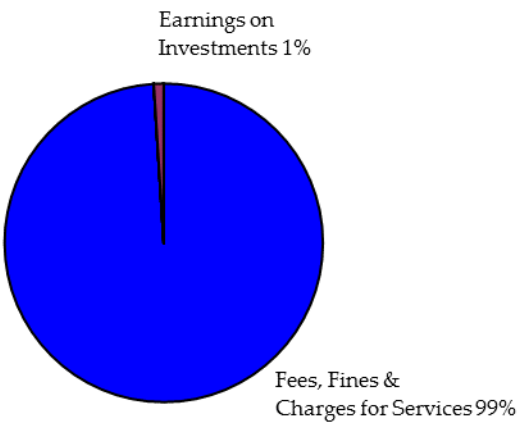
**Business-type activities.**

The business-type activities of the Water and Wastewater utilities increased the City’s net position by \$6.0 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.

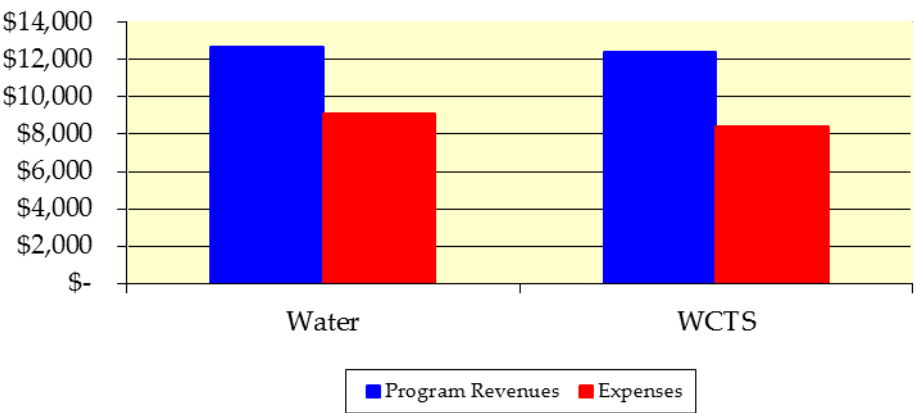
The last Wastewater Utility- rate increase was implemented in 2009.

**REVENUES BY SOURCE**



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

**Program Revenues & Expenses**  
(thousands)



# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

---

### ***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, 2017 represents 17.8 percent of total actual 2017 general fund expenditures and other financing uses, while total fund balance represents 22.5 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2018 budgeted expenditures. Total general fund balance decreased by \$598,000 in 2017, significantly better than the budgeted decrease of \$2.0 million due to favorable budget variances for both revenues and expenditures.

***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 \$6.0 million during 2017 while the unrestricted net position increased \$3.5 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 \$5.6 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 \$1.13 million. The changes between original budget and the final budget were the result of \$765,000 in fund balance assigned and \$365,000 in the roll-over of encumbrances from 2016. 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 2017 budget.

### **General fund revenue and expenditure budget variances-explanation.**

During this year, the net increase in fund balance was \$1.4 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$604,000 positive budget variance.
  - Licenses and permits exceeded budget by \$73,000, due in large part to higher than anticipated building permits, plumbing permits, and plan review fees.
  - Special assessment revenues are recognized when paid. These revenues were \$97,000 lower than estimated in the budget process due to the timing of completing and billing the special assessment projects.
  - Intergovernmental revenues were \$159,000 higher than budgeted. Funding the City received from the State for Expenditure Restraint (\$140,000) and Shared Revenues (\$15,000) programs both exceeded the original budget estimates.
  - A net increase in ambulance billings accounted for \$324,000 of the \$411,000 positive budget variance in Public Charges for Services. This amount is net of the uncollectible accounts and the Medicare regulated write-offs.
  - Other taxes had a positive variance of \$56,000. This includes interest and penalty on delinquent personal property taxes and special assessments and the City share of room taxes.

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

---

- Total expenditures provided for a net \$810,000 favorable budget variance across all general fund divisions.
  - General government had an overall favorable variance of \$13,000.
    - Non-departmental insurance had an unfavorable budget variance of \$140,000 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 \$267,000. Wages and benefits accounted for \$373,000 of the variance, primarily in overtime costs. Favorable fuel prices resulted in \$38,000 in savings when compared to budget. Smaller favorable variances in other operational accounts account for the difference in the final unfavorable variance.
  - Of the \$254,000 savings in the Fire and Rescue operation, \$110,000 was related to wage and benefit costs. Other outside services, information technology services, equipment repair and fuel favorable budget variances account for the balance.
  - The department of public works had a net \$681,000 favorable variance.
    - Engineering experienced a favorable budget variance of \$108,000 due to spending less on outside consultants (\$17,000) and providing more Engineering support to capital improvement projects through expense transfers (\$58,000). Other smaller favorable variances in other Engineering operating accounts account for the balance.
    - 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 \$58,000 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. Fleet and construction and maintenance also had staff vacancies throughout the year, resulting in a combined wage and benefit savings of \$114,000 when compared to budget.
    - Highway maintenance saw a \$154,000 favorable variance due to the delay in some construction projects. These projects were under contract at the end of 2017, and were included in the encumbrance roll-overs.
  - Culture and recreation had a \$66,000 favorable variance.
    - The Fairgrounds pool had a favorable budget variance of \$23,000 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 \$33,000 positive budget variance due to the delay of some maintenance projects. These projects were under contract at the end of 2017, and were included in the encumbrance roll-overs.
  - Community development had a \$63,000 favorable variance.
    - City inspections was under budget \$42,000. The inspection's division had \$27,000 of favorable variance in other outside service costs for demolition work, and smaller favorable variances in other operating accounts.
    - Economic development was under budget \$20,000 due to the delay of some downtown improvement projects that were under contract at the end of 2017 but not yet completed. These amounts were included in the encumbrance roll-overs.

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### *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, 2017, amounts to \$322,860,306 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, and equipment.

#### **Capital Assets** (net of depreciation, in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land and construction in progress	\$ 7,476	\$ 7,507	\$ 3,011	\$ 3,271	\$ 10,487	\$ 10,778
Infrastructure	105,348	107,008	94,843	93,007	200,191	200,015
Buildings and improvements	10,255	10,921	62,577	63,916	72,832	74,837
Land improvements	3,295	3,626	-	-	3,295	3,626
Machinery and equipment	10,382	9,642	25,673	26,989	36,055	36,631
Total	\$ 136,756	\$ 138,704	\$ 186,104	\$ 187,183	\$ 322,860	\$ 325,887

Capital assets net of depreciation decreased by \$3 million, or 1.0 percent. The business-type activities had a net decrease of \$1 million, with a water decrease of \$1.2 million and a wastewater increase of \$200,000. Governmental capital assets, net of depreciation decreased by \$1.9 million due largely to 2017 depreciation expense outpacing capital asset additions.

Major governmental capital activity included street and stormwater infrastructure of \$3.3 million. Construction in progress at the end of the year includes the Public Safety Training Center and financial software upgrades with combined costs incurred of \$804,000. Additions and retirements of large pieces of public works equipment and squad cars are on a normal replacement schedule with no major changes planned.

Major business-type capital asset additions in the Water Utility included \$1.7 million of utility street reconstruction, \$950,000 for the completion of the Well 27 facility. Significant Wastewater projects included \$1.1 million of utility street reconstruction, \$880,000 in manhole/pipe rehabilitation and \$450,000 in plant equipment upgrades. Depreciation expense for 2017 was \$5.9 million which included \$3 million for water and \$2.9 million for wastewater.

Additional information on the City's capital assets can be found in Note 3.C of the Notes to Basic Financial Statements.

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

### Long-term debt.

At the end of the current fiscal year, the City of Fond du Lac had total bonded debt outstanding of \$146,807,376.

### Outstanding Debt - General Obligation and Revenue Bonds (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 55,790	\$ 60,205	\$ -	\$ -	\$ 55,790	\$ 60,205
General obligation notes	20,475	16,470	-	-	20,475	16,470
Revenue bonds	-	-	70,542	77,231	70,542	77,231
Total	\$ 76,265	\$ 76,675	\$ 70,542	\$ 77,231	\$ 146,807	\$ 153,906

The total debt of the City of Fond du Lac decreased \$7.1 million, or 4.6 percent during 2017.

- The City issued tax-exempt general obligation notes of \$5,025,000 to finance the portion of the City's 2017 general capital improvement projects not funded by operating revenues or existing financial resources.
- Tax-exempt general obligation refunding bonds of \$7,050,000 were issued for the redemption (early repayment/early call) of the remaining principal balance of the 2007 General Obligation Promissory Notes. The remaining five years of principal payments were refinanced using the same principal repayment schedule, but a reduced interest rate.

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, 2017 was \$140,630,195, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$76,265,000. The available legal margin for new debt was \$64,365,195.

Additional information on the City's debt may be found in note 3.E. of the Notes to Basic Financial Statements.

### ***Economic Factors and Next Year's budgets and Rates***

- The 2017 unemployment rate for the City of Fond du Lac was 3.0 percent, which is 18.9 percent lower than a year ago. The May 2018 unemployment rate is 2.8 percent, down 14 percent from last May.
- Population in the City of Fond du lac increased slightly from 2016 to 2017.
- The City's total 2017 property tax levy to fund the 2018 budget is up 4.5 percent. The equalized tax rate increased 1.5 percent.

# City of Fond du Lac, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

---

### ***Rates for the City's business-type activities for 2017 are as follows:***

- The water utility had a 6.8 percent 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 2017 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2018.

### ***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, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Totals	
			2017	2016
<b>ASSETS</b>				
Cash and investments	\$ 27,282,775	\$ 8,968,326	\$ 36,251,101	\$ 31,498,626
Receivables				
Taxes and special charges	51,660,121	3,112	51,663,233	51,318,830
Delinquent taxes	613,659	-	613,659	713,588
Accounts	963,229	6,032,794	6,996,023	6,904,718
Special assessments	400,950	892,455	1,293,405	1,210,861
Loans	5,525,428	-	5,525,428	5,506,322
Other	-	281	281	281
Internal balances	(371,515)	371,515	-	-
Due from other governments	16,995,292	6,840,334	23,835,626	28,980,614
Inventories and prepaid items	803,837	595,016	1,398,853	1,527,796
Other noncurrent assets	-	76,138	76,138	76,138
Restricted assets				
Cash and investments	-	6,233,897	6,233,897	5,979,656
Capital assets, nondepreciable	7,476,422	3,011,484	10,487,906	10,777,421
Capital assets, depreciable, net	129,279,674	183,092,726	312,372,400	315,108,754
Total assets	240,629,872	216,118,078	456,747,950	459,603,605
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	11,674,123	1,066,569	12,740,692	17,794,001
<b>LIABILITIES</b>				
Accounts payable	2,179,837	793,529	2,973,366	2,693,391
Accrued and other current liabilities	1,417,734	1,875,781	3,293,515	3,667,719
Due to other governments	44,264,807	-	44,264,807	44,679,600
Accrued interest payable	756,945	472,570	1,229,515	1,542,282
Special deposits	487,223	1,600	488,823	449,321
Unearned revenues	1,352,025	85,959	1,437,984	1,467,603
Long-term obligations				
Due within one year	7,980,804	7,007,504	14,988,308	13,993,147
Due in more than one year	70,564,944	63,770,619	134,335,563	142,389,906
Net pension liability	1,493,518	122,978	1,616,496	3,173,677
Other postemployment benefits	1,464,645	215,506	1,680,151	1,812,630
Total liabilities	131,962,482	74,346,046	206,308,528	215,869,276
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	28,737,678	-	28,737,678	27,185,796
Pension related amounts	4,591,271	509,289	5,100,560	6,678,953
Total deferred inflows of resources	33,328,949	509,289	33,838,238	33,864,749
<b>NET POSITION</b>				
Net investment in capital assets	62,208,570	115,427,437	177,636,007	173,918,091
Restricted	2,174,764	2,822,277	4,997,041	8,241,728
Unrestricted	22,629,230	24,079,598	46,708,828	45,503,762
Total net position	\$ 87,012,564	\$ 142,329,312	\$ 229,341,876	\$ 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, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 4,457,171	\$ 2,304,418	\$ 2,385	\$ -
Public safety				
Police	10,961,595	180,661	493,740	-
Fire and rescue	10,333,308	1,941,549	627,939	-
Public works	17,515,777	1,900,004	3,473,686	469,051
Culture and recreation	5,829,457	540,277	1,019,996	-
Community and development	3,002,089	387,496	679,747	-
Interest and fiscal charges	2,793,449	133,849	-	-
Total governmental activities	<u>54,892,846</u>	<u>7,388,254</u>	<u>6,297,493</u>	<u>469,051</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water utility	9,119,285	12,690,954	-	-
Wastewater utility	<u>8,394,201</u>	<u>12,396,642</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>17,513,486</u>	<u>25,087,596</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 72,406,332</u>	<u>\$ 32,475,850</u>	<u>\$ 6,297,493</u>	<u>\$ 469,051</u>
General revenues				
Taxes				
Property taxes				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
<b>Change in net position</b>				
<b>Net position - January 1</b>				
<b>Net position - December 31</b>				

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

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>	
		<b>2017</b>	<b>2016</b>
\$ (2,150,368)	\$ -	\$ (2,150,368)	\$ (2,473,175)
(10,287,194)	-	(10,287,194)	(9,670,329)
(7,763,820)	-	(7,763,820)	(7,964,544)
(11,673,036)	-	(11,673,036)	(10,289,777)
(4,269,184)	-	(4,269,184)	(3,948,204)
(1,934,846)	-	(1,934,846)	(1,712,319)
(2,659,600)	-	(2,659,600)	(2,900,767)
<u>(40,738,048)</u>	<u>-</u>	<u>(40,738,048)</u>	<u>(38,959,115)</u>
-	3,571,669	3,571,669	4,155,398
-	4,002,441	4,002,441	1,456,695
<u>-</u>	<u>7,574,110</u>	<u>7,574,110</u>	<u>5,612,093</u>
<u>(40,738,048)</u>	<u>7,574,110</u>	<u>(33,163,938)</u>	<u>(33,347,022)</u>
26,929,681	-	26,929,681	25,147,399
433,384	-	433,384	458,974
6,818,710	-	6,818,710	6,651,626
254,756	316,698	571,454	554,190
35,985	-	35,985	10,931
34,385	18,634	53,019	149,902
<u>1,921,794</u>	<u>(1,921,794)</u>	<u>-</u>	<u>-</u>
<u>36,428,695</u>	<u>(1,586,462)</u>	<u>34,842,233</u>	<u>32,973,022</u>
(4,309,353)	5,987,648	1,678,295	(374,000)
<u>91,321,917</u>	<u>136,341,664</u>	<u>227,663,581</u>	<u>228,037,581</u>
<u>\$ 87,012,564</u>	<u>\$ 142,329,312</u>	<u>\$ 229,341,876</u>	<u>\$ 227,663,581</u>

# City of Fond du Lac, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

### WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	General	Debt Service	Other Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 13,631,430	\$ -	\$ 9,919,945
Receivables			
Taxes and special charges	36,749,175	7,705,067	7,205,879
Delinquent taxes	613,659	-	-
Accounts	829,561	-	111,029
Special assessments	378,726	-	22,224
Loans	-	-	5,525,428
Due from other funds	747,199	-	-
Due from other governments	15,531,284	-	1,461,508
Inventories and prepaid items	791,799	-	10,543
	<u>\$ 69,272,833</u>	<u>\$ 7,705,067</u>	<u>\$ 24,256,556</u>
Total assets			
	<u>\$ 69,272,833</u>	<u>\$ 7,705,067</u>	<u>\$ 24,256,556</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 395,231	\$ -	\$ 1,129,176
Accrued and other current liabilities	1,330,950	-	57,280
Due to other funds	-	118,272	628,927
Due to other governments	44,264,807	-	-
Special deposits	475,077	-	12,016
Unearned revenues	49,717	-	1,299,702
	<u>46,515,782</u>	<u>118,272</u>	<u>3,127,101</u>
Total liabilities			
	<u>46,515,782</u>	<u>118,272</u>	<u>3,127,101</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	15,089,179	7,705,067	5,943,432
Loans receivable	-	-	5,525,427
Special assessments	396,690	-	-
	<u>15,485,869</u>	<u>7,705,067</u>	<u>11,468,859</u>
Total deferred inflows of resources			
	<u>15,485,869</u>	<u>7,705,067</u>	<u>11,468,859</u>
Fund balances			
Nonspendable	791,799	-	10,543
Restricted	-	-	2,174,764
Committed	313,300	-	7,489,633
Assigned	422,359	-	-
Unassigned	5,743,724	(118,272)	(14,344)
	<u>7,271,182</u>	<u>(118,272)</u>	<u>9,660,596</u>
Total fund balances			
	<u>7,271,182</u>	<u>(118,272)</u>	<u>9,660,596</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,272,833</u>	<u>\$ 7,705,067</u>	<u>\$ 24,256,556</u>

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

---

Totals	
2017	2016
\$ 23,551,375	\$ 18,486,139
51,660,121	51,315,718
613,659	713,588
940,590	1,010,208
400,950	329,613
5,525,428	5,506,322
747,199	-
16,992,792	21,499,495
802,342	864,542
<u>\$ 101,234,456</u>	<u>\$ 99,725,625</u>

\$ 1,524,407	\$ 1,318,137
1,388,230	1,424,921
747,199	-
44,264,807	44,679,600
487,093	740,246
1,349,419	1,379,038
<u>49,761,155</u>	<u>49,541,942</u>

28,737,678	27,185,796
5,525,427	5,506,322
396,690	321,268
<u>34,659,795</u>	<u>33,013,386</u>

802,342	864,542
2,174,764	2,292,260
7,802,933	7,249,286
422,359	866,644
5,611,108	5,897,565
<u>16,813,506</u>	<u>17,170,297</u>
<u>\$ 101,234,456</u>	<u>\$ 99,725,625</u>

THIS PAGE LEFT BLANK INTENTIONALLY

# City of Fond du Lac, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

### WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 16,813,506	\$ 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 current financial resources and therefore are not reported in the funds.	136,756,096	138,703,527
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	5,922,117	5,827,590
Net position of the internal service fund is reported in the statement of net position as governmental activities	3,047,402	4,242,224
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	11,674,123	16,417,326
Deferred inflows related to pensions	(4,591,271)	(6,162,558)
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	(371,515)	(492,655)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(76,265,000)	(76,675,000)
Debt premium	(682,526)	(504,188)
Compensated absences	(1,575,260)	(1,644,745)
Net pension liability	(1,493,518)	(2,928,299)
Other postemployment benefit	(1,464,645)	(1,597,124)
Accrued interest on long-term obligations	<u>(756,945)</u>	<u>(1,034,478)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 26)	<u>\$ 87,012,564</u>	<u>\$ 91,321,917</u>

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

# City of Fond du Lac, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Debt Service	Other Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 14,699,438	\$ 6,919,810	\$ 5,743,817
Special assessments	269,051	-	-
Intergovernmental	9,733,039	-	3,315,795
Licenses and permits	1,540,425	-	-
Fines and forfeits	350,905	-	-
Public charges for services	2,731,762	-	1,919,285
Intergovernmental charges for services	6,388	-	-
Miscellaneous	424,052	-	751,879
Total revenues	29,755,060	6,919,810	11,730,776
<b>EXPENDITURES</b>			
Current			
General government	3,453,380	-	10,657
Public safety	18,966,113	-	115,022
Public works	6,298,621	-	3,886,346
Culture and recreation	1,832,960	-	2,983,183
Community and development	1,132,557	-	231,733
Debt service			
Principal	-	5,435,000	-
Interest and fiscal charges	-	3,014,359	4,150
Capital outlay	-	-	8,813,385
Total expenditures	31,683,631	8,449,359	16,044,476
Deficiency of revenues under expenditures	(1,928,571)	(1,529,549)	(4,313,700)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	7,050,000	5,025,000
Premium on debt issued	-	255,564	-
Payment to current noteholder	-	(7,050,000)	-
Proceeds from sale of capital assets	14,227	-	28,491
Transfers in	1,952,399	1,125,525	2,107,895
Transfers out	(635,836)	-	(2,458,236)
Total other financing sources (uses)	1,330,790	1,381,089	4,703,150
<b>Net change in fund balances</b>	(597,781)	(148,460)	389,450
<b>Fund balances - January 1</b>	7,868,963	30,188	9,271,146
<b>Fund balances - December 31</b>	\$ 7,271,182	\$ (118,272)	\$ 9,660,596

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

---

Totals	
2017	2016
\$ 27,363,065	\$ 25,606,373
269,051	477,806
13,048,834	12,985,438
1,540,425	1,643,086
350,905	340,309
4,651,047	4,401,524
6,388	-
1,175,931	1,469,201
<u>48,405,646</u>	<u>46,923,737</u>
3,464,037	3,633,660
19,081,135	18,388,065
10,184,967	9,503,060
4,816,143	4,944,540
1,364,290	2,202,852
5,435,000	6,895,000
3,018,509	2,784,756
8,813,385	6,169,361
<u>56,177,466</u>	<u>54,521,294</u>
<u>(7,771,820)</u>	<u>(7,597,557)</u>
12,075,000	6,100,000
255,564	125,000
(7,050,000)	-
42,718	-
5,185,819	5,419,914
(3,094,072)	(3,405,412)
<u>7,415,029</u>	<u>8,239,502</u>
(356,791)	641,945
<u>17,170,297</u>	<u>16,528,352</u>
<u>\$ 16,813,506</u>	<u>\$ 17,170,297</u>

# City of Fond du Lac, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	2017	2016
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ (356,791)	\$ 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 those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	5,705,319	4,244,339
Depreciation expense reported in the statement of activities	(7,644,418)	(7,330,053)
Net book value of disposals	(8,332)	(70,715)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	94,527	(289,845)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(12,075,000)	(6,100,000)
Premium on debt issued	(255,564)	(125,000)
Principal repaid	12,485,000	6,895,000
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 the governmental funds:		
Accrued interest on long-term debt	277,533	(179,311)
Amortization of premiums, discounts and loss on advance refunding	77,226	58,800
Compensated absences	69,485	(135,285)
Net pension liability	1,434,781	(7,462,933)
Deferred outflows of resources related to pensions	(4,743,203)	11,581,616
Deferred inflows of resources related to pensions	1,571,287	(6,162,558)
Other postemployment benefits	132,479	140,706
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(1,073,682)	(133,321)
Change in net position of governmental activities as reported in the statement of activities (see pages 27 - 28)	<u>\$ (4,309,353)</u>	<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 AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
<b>REVENUES</b>					
Taxes	\$ 14,673,084	\$ 14,673,084	\$ 14,699,438	\$ 26,354	\$ 14,014,911
Special assessments	366,000	366,000	269,051	(96,949)	477,806
Intergovernmental	9,574,478	9,574,478	9,733,039	158,561	9,629,395
Licenses and permits	1,467,130	1,467,130	1,540,425	73,295	1,643,086
Fines and forfeits	370,000	370,000	350,905	(19,095)	340,309
Public charges for services	2,321,027	2,321,027	2,731,762	410,735	2,511,422
Intergovernmental charges for services	20,000	20,000	6,388	(13,612)	-
Miscellaneous	359,138	359,138	424,052	64,914	339,891
Total revenues	29,150,857	29,150,857	29,755,060	604,203	28,956,820
<b>EXPENDITURES</b>					
General Government					
City council	101,334	101,334	94,052	7,282	89,595
City manager	212,086	212,086	209,410	2,676	210,534
Clerk	390,005	393,005	373,682	19,323	252,000
Central services	-	-	-	-	114,796
Elections	64,239	64,239	47,492	16,747	103,638
Board of review	3,700	3,700	1,106	2,594	1,142
Comptrollers	638,254	630,539	589,136	41,403	565,473
Central collections	108,183	105,183	99,877	5,306	114,026
Assessment	327,960	332,860	332,835	25	333,641
Attorney	285,743	246,093	242,027	4,066	235,361
Human resources	303,124	350,874	350,540	334	371,157
Animal control	111,280	111,280	110,181	1,099	109,090
Delinquent accounts	25,000	25,000	(26,600)	51,600	(9,712)
Non-departmental insurance	130,025	890,025	1,029,642	(139,617)	1,141,419
Total general government	2,700,933	3,466,218	3,453,380	12,838	3,632,160

*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 AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget			Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final	Actual		
Public Safety					
Police	10,222,116	10,227,523	10,494,679	(267,156)	9,830,656
Parking enforcement	-	-	-	-	18,569
Fire	8,725,246	8,725,246	8,471,434	253,812	8,394,112
Total public safety	18,947,362	18,952,769	18,966,113	(13,344)	18,243,337
Public Works					
Engineering	869,771	891,399	783,580	107,819	777,330
Fleet operations	647,147	579,147	497,428	81,719	522,698
Construction and maintenance	1,608,715	1,563,715	1,511,782	51,933	1,672,273
Municipal service center	579,833	433,663	375,297	58,366	422,620
Highway maintenance	668,237	933,796	779,985	153,811	460,737
Snow and ice removal	158,100	336,100	335,464	636	235,122
Stormwater maintenance	444,878	414,878	391,465	23,413	400,772
Parking facilities	313,648	313,648	242,925	70,723	316,894
Electrical	384,989	454,089	352,945	101,144	341,418
Street lights	433,800	382,856	351,323	31,533	399,907
Trees	516,528	676,528	676,427	101	548,693
Total public works	6,625,646	6,979,819	6,298,621	681,198	6,098,464
Culture and Recreation					
Parks	1,284,326	1,296,506	1,295,991	515	1,260,039
Fairgrounds pool	234,304	222,304	199,188	23,116	190,003
Taylor pool	98,135	98,135	88,703	9,432	100,279
Senior center	282,181	282,181	249,078	33,103	223,882
Total culture and recreation	1,898,946	1,899,126	1,832,960	66,166	1,774,203
Community and Development					
Community development	356,897	382,481	382,134	347	365,795
Inspections	615,925	590,925	548,676	42,249	546,273
Economic development	222,000	222,000	201,747	20,253	152,664
Total community and development	1,194,822	1,195,406	1,132,557	62,849	1,064,732

*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 AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Budget</b>			<b>Variance Final Budget - Positive (Negative)</b>	<b>2016 Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
Total Expenditures	31,367,709	32,493,338	31,683,631	809,707	30,812,896
Deficiency of revenues under expenditures	(2,216,852)	(3,342,481)	(1,928,571)	1,413,910	(1,856,076)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	2,500	2,500	14,227	11,727	21,261
Transfers in	1,977,294	1,977,294	1,952,399	(24,895)	1,925,259
Transfers out	(634,686)	(634,686)	(635,836)	(1,150)	(1,325,136)
Total other financing sources (uses)	1,345,108	1,345,108	1,330,790	(14,318)	621,384
<b>Net change in fund balance</b>	(871,744)	(1,997,373)	(597,781)	1,399,592	(1,234,692)
<b>Fund balance - January 1</b>	7,868,963	7,868,963	7,868,963	-	9,103,655
<b>Fund balance - December 31</b>	<u>\$ 6,997,219</u>	<u>\$ 5,871,590</u>	<u>\$ 7,271,182</u>	<u>\$ 1,399,592</u>	<u>\$ 7,868,963</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, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Enterprise Funds		Totals	
	Water Utility	Wastewater Utility	2017	2016
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 1,381,743	\$ 7,586,583	\$ 8,968,326	\$ 8,243,852
Receivables				
Taxes and special charges	3,112	-	3,112	3,112
Customer accounts	3,420,145	2,612,649	6,032,794	5,862,240
Special assessments	566,126	326,329	892,455	881,248
Other	-	281	281	281
Due from other governments	31,786	-	31,786	-
Inventories and prepaid items	593,883	1,133	595,016	610,957
Total current assets	5,996,795	10,526,975	16,523,770	15,601,690
Noncurrent assets				
Restricted assets				
Cash and investments	4,267,344	1,966,553	6,233,897	5,979,656
Due from other governments	-	6,808,548	6,808,548	7,481,119
Total noncurrent assets	4,267,344	8,775,101	13,042,445	13,460,775
Other assets				
Non-utility property	76,138	-	76,138	76,138
Capital assets				
Nondepreciable	387,830	2,623,654	3,011,484	3,270,797
Depreciable, net	78,627,534	104,465,192	183,092,726	183,911,851
Total capital assets	79,015,364	107,088,846	186,104,210	187,182,648
Total assets	89,355,641	126,390,922	215,746,563	216,321,251
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	465,946	600,623	1,066,569	1,376,675

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

---

**Governmental Activities -  
Internal Service Funds**

<b>2017</b>	<b>2016</b>
\$ 3,731,399	\$ 4,768,634
-	-
22,640	32,270
-	-
-	-
2,500	-
1,495	52,297
<u>3,758,034</u>	<u>4,853,201</u>
-	-
<u>-</u>	<u>-</u>
-	-
<u>-</u>	<u>-</u>
-	-
<u>-</u>	<u>-</u>
-	-
<u>-</u>	<u>-</u>
3,758,034	4,853,201
<u>-</u>	<u>-</u>

# City of Fond du Lac, Wisconsin

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Enterprise Funds	
	Water Utility	Wastewater Utility
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 446,783	\$ 346,746
Accrued and other current liabilities	1,831,618	44,163
Accrued interest payable	352,535	120,035
Special deposits	1,600	-
Unearned revenue	65,567	20,392
Compensated absences	39,160	62,190
Current portion of long-term debt	-	3,494,534
Payable from restricted assets		
Current portion of long-term debt	3,411,620	-
Total current liabilities	6,148,883	4,088,060
Long-term obligations, less current portion		
Revenue bonds	36,765,988	26,893,951
Debt premium	110,680	-
Net pension liability	54,209	68,769
Other postemployment benefits	109,401	106,105
Total long-term liabilities	37,040,278	27,068,825
Total liabilities	43,189,161	31,156,885
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related amounts	224,497	284,792
<b>NET POSITION</b>		
Net investment in capital assets	38,727,076	76,700,361
Restricted	855,724	1,966,553
Unrestricted	6,825,129	16,882,954
Total net position	\$ 46,407,929	\$ 95,549,868

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net position of business-type activities as reported on the Statement of Net Position (see page 26)

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

---

Totals		Governmental Activities - Internal Service Funds	
2017	2016	2017	2016
\$ 793,529	\$ 817,712	\$ 655,430	\$ 557,542
1,875,781	1,921,149	32,240	33,329
472,570	507,804	-	-
1,600	-	-	-
85,959	85,959	-	-
101,350	150,118	22,962	20,106
3,494,534	3,413,631	-	-
<u>3,411,620</u>	<u>3,298,490</u>	<u>-</u>	<u>-</u>
<u>10,236,943</u>	<u>10,194,863</u>	<u>710,632</u>	<u>610,977</u>
63,659,939	70,518,661	-	-
110,680	158,114	-	-
122,978	245,378	-	-
<u>215,506</u>	<u>215,506</u>	<u>-</u>	<u>-</u>
<u>64,109,103</u>	<u>71,137,659</u>	<u>-</u>	<u>-</u>
<u>74,346,046</u>	<u>81,332,522</u>	<u>710,632</u>	<u>610,977</u>
<u>509,289</u>	<u>516,395</u>	<u>-</u>	<u>-</u>
115,427,437	109,793,752	-	-
2,822,277	5,979,656	-	-
<u>23,708,083</u>	<u>20,075,601</u>	<u>3,047,402</u>	<u>4,242,224</u>
141,957,797	135,849,009	<u>\$ 3,047,402</u>	<u>\$ 4,242,224</u>
371,515	492,655		
<u>\$ 142,329,312</u>	<u>\$ 136,341,664</u>		

# City of Fond du Lac, Wisconsin

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

### PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Funds	
	Water Utility	Wastewater Utility
<b>OPERATING REVENUES</b>		
Charges for services	\$ 12,320,764	\$ 12,316,452
Other	352,344	81,693
Total operating revenues	12,673,108	12,398,145
<b>OPERATING EXPENSES</b>		
Personal services	1,129,728	1,893,499
Contractual services	751,891	1,847,460
Materials and supplies	1,564,654	1,191,268
Utilities	578,943	513,034
Insurance claims and expenses	-	-
Depreciation	2,953,783	2,904,280
Taxes	7,367	-
Total operating expenses	6,986,366	8,349,541
Operating income (loss)	5,686,742	4,048,604
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	57,545	259,672
Gain on disposal of capital assets	-	18,634
Interest and fiscal charges	(1,309,264)	(747,175)
Merchandising and jobbing	15,824	-
Total nonoperating revenues (expenses)	(1,235,895)	(468,869)
Income (loss) before contributions and transfers	4,450,847	3,579,735
Capital contributions	-	-
Transfers out	(1,921,794)	-
<b>Change in net position</b>	2,529,053	3,579,735
<b>Net position - January 1</b>	43,878,876	91,970,133
<b>Net position - December 31</b>	<u>\$ 46,407,929</u>	<u>\$ 95,549,868</u>

Change in net position, per above

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities as reported on the Statement of Activities (see pages 27 - 28)

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

Totals		Governmental Activities - Internal Service Funds	
2017	2016	2017	2016
\$ 24,637,216	\$ 23,620,272	\$ 6,542,641	\$ 6,093,554
434,037	403,159	-	-
25,071,253	24,023,431	6,542,641	6,093,554
3,023,227	3,354,199	512,357	511,045
2,599,351	3,383,148	525,364	539,492
2,755,922	2,459,251	238,761	262,722
1,091,977	1,168,937	6,359	5,442
-	-	6,285,003	4,784,241
5,858,063	5,829,025	-	-
7,367	11,867	-	-
15,335,907	16,206,427	7,567,844	6,102,942
9,735,346	7,817,004	(1,025,203)	(9,388)
317,217	332,697	-	-
18,634	-	334	-
(2,056,439)	(2,213,331)	-	-
15,824	5,784	-	-
(1,704,764)	(1,874,850)	334	-
8,030,582	5,942,154	(1,024,869)	(9,388)
-	1,030	-	-
(1,921,794)	(1,897,026)	(169,953)	(117,476)
6,108,788	4,046,158	(1,194,822)	(126,864)
135,849,009	131,802,851	4,242,224	4,369,088
\$ 141,957,797	\$ 135,849,009	\$ 3,047,402	\$ 4,242,224
6,108,788	4,046,158		
371,515	492,655		
\$ 6,480,303	\$ 4,538,813		

# City of Fond du Lac, Wisconsin

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Funds	
	Water Utility	Wastewater Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 12,232,311	\$ 12,906,747
Cash received from other	352,344	81,693
Cash paid for employee wages and benefits	(1,898,535)	(1,753,074)
Cash paid to suppliers	(1,709,420)	(3,688,295)
Net cash provided (used) by operating activities	8,976,700	7,547,071
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Nonoperating revenue	15,824	-
Intergovernmental revenues	(31,611)	-
Transfer in (out)	(1,921,794)	-
Net cash used by noncapital financing activities	(1,937,581)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(2,842,048)	(5,028,621)
Capital contributions	-	995
Sale of capital assets	821,909	1,926,869
Principal paid on long-term debt	(3,251,058)	(3,413,631)
Interest paid on long-term debt	(1,378,449)	(760,658)
Net cash provided (used) by capital and related financing activities	(6,649,646)	(7,275,046)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	57,545	259,672
<b>Change in cash and cash equivalents</b>	447,018	531,697
<b>Cash and cash equivalents - January 1</b>	5,202,069	9,021,439
<b>Cash and cash equivalents - December 31</b>	<u>\$ 5,649,087</u>	<u>\$ 9,553,136</u>

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

---

Totals		Governmental Activities - Internal Service Funds	
2017	2016	2017	2016
\$ 25,139,058	\$ 24,407,774	\$ 6,596,843	\$ 6,108,538
434,037	403,159	-	-
(3,651,609)	(3,271,262)	(510,590)	(798,842)
<u>(5,397,715)</u>	<u>(6,555,440)</u>	<u>(6,953,869)</u>	<u>(5,280,127)</u>
16,523,771	14,984,231	(867,616)	29,569
15,824	-	-	-
(31,611)	-	-	-
<u>(1,921,794)</u>	<u>(1,897,026)</u>	<u>(169,953)</u>	<u>(117,476)</u>
<u>(1,937,581)</u>	<u>(1,897,026)</u>	<u>(169,953)</u>	<u>(117,476)</u>
(7,870,669)	(5,998,709)	-	-
995	1,030	-	-
2,748,778	(71,177)	334	-
(6,664,689)	(6,497,107)	-	-
<u>(2,139,107)</u>	<u>(2,268,118)</u>	<u>-</u>	<u>-</u>
<u>(13,924,692)</u>	<u>(14,834,081)</u>	<u>334</u>	<u>-</u>
317,217	332,859	-	-
978,715	(1,414,017)	(1,037,235)	(87,907)
<u>14,223,508</u>	<u>15,637,525</u>	<u>4,768,634</u>	<u>4,856,541</u>
<u>\$ 15,202,223</u>	<u>\$ 14,223,508</u>	<u>\$ 3,731,399</u>	<u>\$ 4,768,634</u>

# City of Fond du Lac, Wisconsin

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Funds	
	Water Utility	Wastewater Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 5,686,742	\$ 4,048,604
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	2,953,783	2,904,280
Depreciation charged to operating accounts	348,698	-
Merchandising and jobbing	-	-
Change in liability (asset) and deferred outflows and inflows of resources	139,776	163,224
Pension	(55,204)	(67,196)
Other postemployment benefits	-	-
Change in operating assets and liabilities		
Accounts receivables	(88,278)	(82,276)
Due from other governments	(175)	672,571
Inventories and prepaid items	17,074	(1,133)
Accounts payable	15,189	(39,372)
Contract payable	-	-
Accrued and other current liabilities	(9,017)	(34,751)
Other	-	-
Unearned revenue	-	-
Compensated absences	(31,888)	(16,880)
Net cash provided (used) by operating activities	<u>\$ 8,976,700</u>	<u>\$ 7,547,071</u>
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents in current assets	\$ 1,381,743	\$ 7,586,583
Cash and cash equivalents in restricted assets	<u>4,267,344</u>	<u>1,966,553</u>
Total cash and cash equivalents	<u>\$ 5,649,087</u>	<u>\$ 9,553,136</u>
Noncash capital and related financing activities		
None		

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

---

Totals		Governmental Activities - Internal Service Funds	
2017	2016	2017	2016
\$ 9,735,346	\$ 7,817,004	\$ (1,025,203)	\$ (9,388)
5,858,063	5,829,025	-	-
348,698	295,895	-	-
-	5,784		
303,000	40,945	-	-
(122,400)	-	-	-
-	(11,027)	-	-
(170,554)	(7,709)	9,630	37,479
672,396	795,724	(2,500)	4,875
15,941	(126,053)	50,802	121,703
(24,183)	57,519	97,888	(122,318)
-	188,092	-	-
(43,768)	59,964	(1,089)	26,058
-	46,526	-	-
-	(513)	-	(27,370)
(48,768)	(6,945)	2,856	(1,470)
<u>\$ 16,523,771</u>	<u>\$ 14,984,231</u>	<u>\$ (867,616)</u>	<u>\$ 29,569</u>
\$ 8,968,326	\$ 8,243,852	\$ 3,731,399	\$ 4,768,634
6,233,897	5,979,656	-	-
<u>\$ 15,202,223</u>	<u>\$ 14,223,508</u>	<u>\$ 3,731,399</u>	<u>\$ 4,768,634</u>

THIS PAGE LEFT BLANK INTENTIONALLY

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### NOTE 1: 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:

#### A. REPORTING ENTITY

The City 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 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 in GASB Statement No. 61.

#### B. RELATED ORGANIZATION

The City's officials are also responsible for appointing the members of the boards 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 all of the members of the following related organization:

The Housing Authority of the City of Fond du Lac (the "Authority") - The 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 Authority are appointed by the City Council, there is no financial interdependency with the City nor does the City have any significant influence over the Authority's operations. The City does not provide funding for the Authority. Additionally, the City does not hold title to any of the Authority's assets, nor does it have any right to the Authority's surpluses. The City has no legal obligation to fund the Authority's programs should grant funding no longer be available.

#### C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

The City reports the following major governmental funds:

### **General Fund**

This is the City's primary 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 government funds.

The City reports the following major enterprise funds:

### **Water Utility Fund**

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

### **Wastewater Utility Fund**

This fund accounts for all activities necessary to provide sewer services to residential, commercial, and industrial customers of 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 City reports the following fund type:

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

## **D. 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 accruals include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

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 proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs 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.

### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE**

#### **1. 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 at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

#### **2. Property Taxes and Special Charges/Receivable**

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City 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. Tax settlements with each of the taxing units occurs fifteen day after each installment due date with the final settlement with the County on August 15.

#### **3. Accounts Receivable**

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

#### **4. Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### 5. **Loans Receivable**

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

### 6. **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".

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

### 7. **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 to indicate that they do not represent spendable available financial resources.

### 8. **Prepaid Items**

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

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

### 9. **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 a 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.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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

Assets	Governmental Activities	Business-type Activities
	Years	
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	-

### 10. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or 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.

### 11. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

### 12. 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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.

### 13. 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, 2017

---

### 14. 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. 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. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

#### *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 is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

### F. 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.

### G. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### H. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

## NOTE 2: STEWARDSHIP AND COMPLIANCE

### A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. 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.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, debt service fund and special revenue funds, except for the Community Development Block Grant, Community Projects, Special Events, Property Insurance Deductible, Residential Development Improvement Program and Highway 45 Transfer Special Revenue Funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. 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.
3. During the year, formal budgetary integration is employed as a management control device for all funds adopting a budget.
4. 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, 2017.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2017 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General	
General government	
Assessment	\$ 127
Non-departmental insurance	139,617
Public safety	
Police	267,156
Special revenue	
Harbor & boating facilities	
Culture and recreation	15,360
Solid waste & recycling	
Public works	106,287
Transit	
Public works	198,755
Fuel pump maintenance	
Public works	128
Debt service	
Interest and fiscal charges	261,318

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

### C. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2017:

<u>Funds</u>	<u>Deficit Fund Balance</u>
Debt service	\$ 118,272
Special revenue	
Transit	14,344

The City anticipates funding the above deficits from future revenues of the funds.

### D. 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 2017 and 2018 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 2017 budget was 1.78%. The actual limit for the City for the 2018 budget was 1.94%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. 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 on 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 \$42,484,998 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 15,411
Deposits with financial institutions	10,533,097
Investments	31,936,490
	<u>\$ 42,484,998</u>

Government-wide statement of net position	
Cash and investments	\$ 36,251,101
Restricted cash and investments	6,233,897
	<u>\$ 42,484,998</u>

#### Fair Value Measurements

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. The City has the following fair value measurements as of December 31, 2017:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasury securities	\$ -	\$ 8,652,261	\$ -
Federal Farm Credit Bank	-	3,983,664	-
Fond du Lac Area Foundation	-	-	82,363
Federal Home Loan Bank	-	2,746,852	-
Freddie Mac	-	5,291,387	-
Fannie Mae	-	5,356,770	-
	<u>\$ -</u>	<u>\$ 26,030,934</u>	<u>\$ 82,363</u>

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

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

Investment Type	Valuation Method
U.S Treasury securities	Institutional bond quotes - evaluations based on various market and industry inputs
Federal Farm Credit Bank	Institutional bond quotes - evaluations based on various market and industry inputs
Fond du Lac Area Foundation	Net asset value
Federal Home Loan Bank	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Freddie Mac	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Fannie Mae	Mortgage backed securities pricing - evaluations based on various market and industry inputs

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

### Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for 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. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. 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. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$10,865,902 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 agent in the City's name.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### 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 investment 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 the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
U.S. Treasury securities	\$ 8,652,261	\$ 8,652,261	\$ -	\$ -	\$ -
Federal Farm Credit Bank	3,983,664	-	3,983,664	-	-
Fond du Lac Area Foundation	82,363	-	-	-	82,363
Federal Home Loan Bank	2,746,852	-	2,746,852	-	-
Freddie Mac	5,291,387	-	5,291,387	-	-
Fannie Mae	5,356,770	-	5,356,770	-	-
Wisconsin local government investment pool	5,823,193	-	-	-	5,823,193
Totals	<u>\$31,936,490</u>	<u>\$ 8,652,261</u>	<u>\$17,378,673</u>	<u>\$ -</u>	<u>\$ 5,905,556</u>

### 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 Farm Credit Bank	Bonds	\$ 3,983,664	12%
Federal Home Loan Bank	Bonds	2,746,852	9%
Freddie Mac	Bonds	5,291,387	17%
Fannie Mae	Bonds	5,356,770	17%

### 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.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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 securities	\$ 8,652,261	\$ 3,390,050	\$ 3,974,297	\$ 1,287,914	\$ -
Federal Farm Credit Bank	3,983,664	1,999,420	1,984,244	-	-
Fond du Lac Area Foundation	82,363	82,363	-	-	-
Federal Home Loan Bank	2,746,852	2,746,852	-	-	-
Freddie Mac	5,291,387	4,003,688	-	1,287,699	-
Fannie Mae	5,356,770	998,360	3,368,786	989,624	-
Wisconsin local government investment pool	5,823,193	5,823,193	-	-	-
Totals	<u>\$ 31,936,490</u>	<u>\$ 19,043,926</u>	<u>\$ 9,327,327</u>	<u>\$ 3,565,237</u>	<u>\$ -</u>

### Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Highly Sensitive Investments	Fair Value at Year End
Federal Farm Credit Bank	\$ 3,983,664
Federal Home Loan Bank	2,746,852
Freddie Mac	5,291,387
Fannie Mae	5,356,770

### Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$5,823,193 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, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

### B. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$6,233,897 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise		
Water utility		
Bond redemption	<u>\$ 4,267,344</u>	T to be used to meet debt service requirements
Wastewater utility		
Equipment replacement	<u>1,966,553</u>	T to be used for future equipment replacement needs
Total	<u>\$ 6,233,897</u>	

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 6,405,170	\$ 257,714	\$ -	\$ 6,662,884
Construction in progress	1,101,454	813,538	1,101,454	813,538
Total capital assets, nondepreciable	<u>7,506,624</u>	<u>1,071,252</u>	<u>1,101,454</u>	<u>7,476,422</u>
Capital assets, depreciable:				
Land improvements	10,459,768	57,027	-	10,516,795
Buildings and improvements	27,294,538	25,784	-	27,320,322
Machinery and equipment	24,646,690	2,341,893	658,308	26,330,275
Infrastructure	202,426,041	3,310,817	-	205,736,858
Subtotals	<u>264,827,037</u>	<u>5,735,521</u>	<u>658,308</u>	<u>269,904,250</u>
Less accumulated depreciation for:				
Land improvements	6,834,142	388,171	-	7,222,313
Buildings and improvements	16,373,603	691,992	-	17,065,595
Machinery and equipment	15,004,220	1,593,752	649,976	15,947,996
Infrastructure	95,418,169	4,970,503	-	100,388,672
Subtotals	<u>133,630,134</u>	<u>7,644,418</u>	<u>649,976</u>	<u>140,624,576</u>
Total capital assets, depreciable, net	<u>131,196,903</u>	<u>(1,908,897)</u>	<u>8,332</u>	<u>129,279,674</u>
Governmental activities capital assets, net	<u>\$ 138,703,527</u>	<u>\$ (837,645)</u>	<u>\$ 1,109,786</u>	<u>136,756,096</u>
Less: Capital related debt				73,865,000
Less: Debt premium				<u>682,526</u>
Net investment in capital assets				<u>\$ 62,208,570</u>

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 387,830	\$ -	\$ -	\$ 387,830
Construction in progress	2,882,967	2,595,616	2,854,929	2,623,654
Total capital assets, nondepreciable	<u>3,270,797</u>	<u>2,595,616</u>	<u>2,854,929</u>	<u>3,011,484</u>
Capital assets, depreciable:				
Buildings and improvements	88,185,065	950,894	-	89,135,959
Machinery and equipment	44,693,791	526,913	67,644	45,153,060
Improvements other than buildings	120,852,997	3,785,046	79,950	124,558,093
Subtotals	<u>253,731,853</u>	<u>5,262,853</u>	<u>147,594</u>	<u>258,847,112</u>
Less accumulated depreciation for:				
Buildings and improvements	24,269,357	2,289,908	-	26,559,265
Machinery and equipment	17,705,107	1,904,876	129,432	19,480,551
Improvements other than buildings	27,845,538	2,011,977	142,945	29,714,570
Subtotals	<u>69,820,002</u>	<u>6,206,761</u>	<u>272,377</u>	<u>75,754,386</u>
Total capital assets, depreciable, net	<u>183,911,851</u>	<u>(943,908)</u>	<u>(124,783)</u>	<u>183,092,726</u>
Business-type activities capital assets, net	<u>\$ 187,182,648</u>	<u>\$ 1,651,708</u>	<u>\$ 2,730,146</u>	<u>186,104,210</u>
Less: Capital related debt				70,542,376
Less: Debt premium				<u>134,397</u>
Net investment in capital assets				<u>\$ 115,427,437</u>

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

Governmental activities	
General government	\$ 205,634
Public safety	
Police	326,432
Fire and rescue	484,256
Public works	5,859,096
Culture and recreation	648,607
Community development	120,393
Total depreciation expense - governmental activities	<u>\$ 7,644,418</u>
Business-type activities	
Water utility	\$ 2,953,783
Water utility charged to operating accounts	348,698
Wastewater utility	2,904,280
Total depreciation expense - business-type activities	<u>\$ 6,206,761</u>

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2017 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 747,199	\$ -
Special revenue		
Transit	-	628,927
Debt service	-	118,272
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 747,199</u>	<u>\$ 747,199</u>

Interfund transfers for the year ended December 31, 2017 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,952,399	\$ 635,836
Debt service	1,125,525	-
Special revenue		
Solid waste and recycling	-	150,000
Transit	-	60,520
HazMat Agreement	7,500	-
TIF Districts	37,186	1,011,177
Residential development improvement program	100,000	-
Capital projects		
General capital projects	1,077,190	487,970
Streets	628,854	295,859
Storm sewers	112,580	179,047
Parks	144,585	273,663
Enterprise		
Water utility	-	1,921,794
Internal service		
Information technology	-	169,953
	<u>\$ 5,185,819</u>	<u>\$ 5,185,819</u>

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 1,921,794
Transfers to debt service for debt retirement	1,125,525
To move revenues from funds that are required to collect them to fund that is allowed to expend them	175,291
To reimburse capital project funds for project costs	1,963,209
	<u>\$ 5,185,819</u>

### E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 60,205,000	\$ 7,050,000	\$ 11,465,000	\$ 55,790,000	\$ 4,890,000
Notes	16,470,000	5,025,000	1,020,000	20,475,000	1,420,000
Total general obligation debt	<u>76,675,000</u>	<u>12,075,000</u>	<u>12,485,000</u>	<u>76,265,000</u>	<u>6,310,000</u>
Debt premium	504,188	255,564	77,226	682,526	102,577
Compensated absences	<u>1,664,851</u>	<u>1,707,138</u>	<u>1,773,767</u>	<u>1,598,222</u>	<u>1,568,227</u>
Governmental activities Long-term obligations	<u>\$ 78,844,039</u>	<u>\$ 14,037,702</u>	<u>\$ 14,335,993</u>	<u>\$ 78,545,748</u>	<u>\$ 7,980,804</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 77,230,781	\$ -	\$ 6,688,405	\$ 70,542,376	\$ 6,882,437
Debt premium	158,115	-	23,718	134,397	23,717
Compensated absences	<u>150,118</u>	<u>101,350</u>	<u>150,118</u>	<u>101,350</u>	<u>101,350</u>
Business-type activities Long-term obligations	<u>\$ 77,539,014</u>	<u>\$ 101,350</u>	<u>\$ 6,862,241</u>	<u>\$ 70,778,123</u>	<u>\$ 7,007,504</u>

Total interest paid during the year on long-term debt totaled \$3,369,168.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance 12/31/17</b>
2007 TIF #10 refunding notes	2/1/07	4/1/21	4.25%	\$ 1,730,000	\$ 605,000
2009 Capital improvement refunding bonds	7/1/09	5/1/23	5.00%	3,125,000	1,875,000
2010 Capital improvement refunding bonds	3/24/10	3/1/25	3.96%	10,665,000	9,065,000
2010 Capital improvement refunding bonds	8/25/10	4/1/21	3.05%	2,700,000	1,900,000
2011 Capital improvement refunding bonds	2/15/11	2/1/26	4.65%	5,700,000	4,400,000
2011 Capital improvement refunding bonds	2/15/11	2/1/21	3.68%	5,375,000	2,375,000
2011 Capital improvement project notes	2/15/11	2/1/21	4.14%	1,500,000	1,150,000
2012 Refunding bonds	5/23/12	9/1/32	3.72%	7,650,000	7,275,000
2012 Refunding bonds	5/23/12	9/1/27	3.40%	5,475,000	4,825,000
2012 Capital improvement project notes	9/26/12	9/1/22	2.57%	2,800,000	2,175,000
2013 Refunding bonds	2/27/13	4/1/24	2.67%	3,975,000	3,050,000
2013 Refunding bonds	2/27/13	4/1/32	3.79%	1,800,000	1,500,000
2013 Refunding bonds	2/27/13	3/1/23	2.39%	3,085,000	2,400,000
2013 Capital improvement project notes	2/27/13	4/1/22	2.43%	3,190,000	2,600,000
2014 Capital improvement project notes	2/5/14	9/2/23	2.45%	2,000,000	1,750,000
2014 Taxable bonds	7/9/14	6/1/28	4.04%	1,055,000	875,000
2014 TIF #18 taxable notes	7/9/14	6/1/24	3.75%	1,040,000	970,000
2015 Refunding bonds	3/11/15	3/1/30	2.90%	7,275,000	6,975,000
2015 Capital improvement project notes	3/11/15	3/1/25	2.53%	2,800,000	2,600,000
2016 Refunding bonds	3/9/16	3/1/28	2.74%	2,275,000	2,225,000
2016 Capital improvement project notes	3/9/16	3/1/26	2.32%	2,525,000	1,200,000
2016 TIF #10 notes	3/9/16	3/1/26	2.60%	1,300,000	2,400,000
2017 G.O. promissory notes	3/22/17	3/1/27	2.00 - 3.00%	5,025,000	5,025,000
2017 Refunding bonds	9/27/17	4/1/22	2.00%	7,050,000	7,050,000
Total outstanding general obligation debt					<u>\$ 76,265,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$76,265,000 on December 31, 2017 are detailed below:

<b>Year Ended</b>	<b>Governmental Activities</b>		
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 6,310,000	\$ 2,551,583	\$ 8,861,583
2019	6,670,000	2,264,961	8,934,961
2020	7,070,000	2,063,955	9,133,955
2021	8,240,000	1,819,774	10,059,774
2022	10,575,000	1,551,081	12,126,081
2023 - 2027	28,780,000	3,961,025	32,741,025
2028 - 2032	8,620,000	652,231	9,272,231
	<u>\$ 76,265,000</u>	<u>\$ 14,864,610</u>	<u>\$ 91,129,610</u>

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

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2017 was \$64,365,195 as follows:

Equalized valuation of the City	\$ 2,812,603,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	140,630,195
Net outstanding general obligation debt applicable to debt limitation	76,265,000
Legal margin for new debt	<u>\$ 64,365,195</u>

### Current Refunding

During 2017 the City currently refunded a general obligation bond issue from 2007. The City issued \$7,050,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 5 years by \$543,433 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$522,647.

### Revenue Bonds

Revenue bonds outstanding on December 31, 2017 totaled \$70,542,376 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
2005 Sewerage system revenue bonds	12/14/05	5/1/25	2.37%	\$ 59,000,000	\$ 30,388,485
2008 Waterworks system revenue bonds	4/23/08	5/1/27	2.37%	21,753,247	12,674,026
2010 Waterworks system revenue bonds	3/24/10	5/1/29	2.20%	10,990,743	7,454,865
2010 Waterworks system revenue bonds	2/10/10	9/1/29	4.21%	11,650,000	9,875,000
2011 Waterworks system revenue bonds	9/14/11	9/1/29	4.03%	6,025,000	3,900,000
2013 Waterworks system revenue bonds	10/1/13	9/1/23	3.05%	4,325,000	2,200,000
2014 Waterworks system revenue bonds	7/9/14	9/1/23	4.00%	5,275,000	4,050,000
Total outstanding revenue bonds					<u>\$ 70,542,376</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$70,542,376 on December 31, 2017 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 6,882,437	\$ 1,948,050	\$ 8,830,487
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	7,662,232	1,195,914	8,858,146
2023 - 2027	29,376,392	3,054,850	32,431,242
2028 - 2029	4,781,478	275,258	5,056,736
	<u>\$ 70,542,376</u>	<u>\$ 11,211,375</u>	<u>\$ 81,753,751</u>

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### Utility Revenues Pledged

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 with the systems. The bonds are payable solely from 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 \$48,395,924. Principal and interest paid for the current year and total customer net revenues were \$4,629,507 and \$8,640,525, respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$33,357,827. Principal and interest paid for the current year and total customer net revenues were \$4,174,289 and \$6,952,884, respectively.

### F. 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, 2017, there were 11 series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable was undertermined.

### G. PENSION PLAN

#### 1. 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.

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

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.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

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.

### 2. 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	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
2016	0.5	(5)

### 3. 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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remained 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 ending December 31, 2016, the WRS recognized \$1,874,921 in contributions from the City.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Contribution rates for the reporting period are:

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

#### 4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a liability of \$1,616,496 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the City's proportion was 0.19611985%, which was an increase of 0.00081424% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$4,190,694.

At December 31, 2017, 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	\$ 616,370	\$ 5,083,740
Net differences between projected and actual earnings on pension plan investments	8,046,404	-
Changes in assumptions	1,690,109	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,580	16,820
Employer contributions subsequent to the measurement date	2,298,229	-
Total	<u>\$ 12,740,692</u>	<u>\$ 5,100,560</u>

\$2,298,229 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, 2018. 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,	Expense
2017	\$ 2,174,815
2018	2,174,816
2019	1,476,180
2020	(486,518)
2021	2,610
Total	<u>\$ 5,341,903</u>

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### 5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2015
Measurement date of net pension liability:	December 31, 2016
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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global equities	50%	45%	8.3%	5.4%
Fixed income	24.5%	37%	4.2%	1.4%
Inflation sensitive assets	15.5%	20%	4.3%	1.5%
Real estate	8%	7%	6.5%	3.6%
Private equity/debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
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%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**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 3.78%. 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 21,266,039	\$ 1,616,496	\$ (13,514,542)

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

**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>.

### 6. Payables to the Pension Plan

At December 31, 2017, the City reported a payable of \$445,622 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

### H. OTHER POSTEMPLOYMENT 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 this plan.

**Annual OPEB Cost and Net OPEB Obligation.** The City's other postemployment 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	\$ 222,833
Interest on net OPEB	72,890
Adjustment to annual required contribution	(124,167)
Annual OPEB cost (expense)	171,556
Contributions made	(304,035)
Change in net OPEB obligation	(132,479)
OPEB obligation - beginning of year	1,812,630
OPEB obligation - end of year	\$ 1,680,151

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 include (a) 3.60% discount rate, and (b) projected salary increases as 1.5%.

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 percent of payroll. The remaining amortization period at December 31, 2017 is 21 years, and the remaining amount is \$1,680,151.

**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 2017 and the previous two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/17	\$ 171,556	177.22%	\$ 1,680,151
12/31/16	176,104	187.00%	1,812,630
12/31/15	416,325	109.00%	1,965,833

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

**Funded Status and Funding Progress.** The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
1/1/16	\$ -	\$ 1,809,030	\$ 1,809,030	0.00%	\$ 21,762,784	8.31%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in 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 include a rate of 3.60% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 9.4% for medical and dental, reduced by decrements to an ultimate rate of 6.5% for medical and dental after nine years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2017 was 21 years.

### I. FUND EQUITY

#### Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2017, nonspendable fund balances were as follows:

General Fund	
Nonspendable	
Inventories and prepaids	\$ 791,799
Special Revenue Funds	
Nonspendable	
Solid waste and recycling	
Inventories and prepaids	10,543
Total Nonspendable Fund Balance	\$ 802,342

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance was as follows:

#### Special Revenue Funds

##### Restricted for

Community development block grant

Community development projects and loans \$ 2,174,764

### Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2017, governmental fund balance was committed as follows:

#### General Fund

##### Committed for

Public site fee \$ 313,300

#### Special Revenue Funds

##### Committed for

Library	194,466
City grant programs	17,515
Harbor & boating facilities	363,999
Community projects	175,782
Solid waste and recycling	97,912
HazMat agreement	123,321
Fuel pump maintenance	156,393
Special events	122,846
TIF districts	2,000,012
Property insurance deductible	12,310
Residential development improvement program	200,000
Highway 45 transfer	200,000
Total special revenue funds committed	<u>3,664,556</u>

#### Capital Projects Funds

##### Committed for

General capital projects	2,427,073
Streets	499,493
Storm sewers	483,075
Parks	356,256
Special assessments	59,180
Total capital improvements funds committed	<u>3,825,077</u>

Total Committed Fund Balance	<u><u>\$ 7,802,933</u></u>
------------------------------	----------------------------

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund	
Assigned for subsequent years budget	<u>\$ 422,359</u>

### Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 15% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2018 General Fund Expenditures	\$ 32,577,055
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	<u>\$ 4,886,558</u>

The City's unassigned general fund balance of \$5,743,724 is below the minimum fund balance amount.

### Net Position

The City reports restricted net position at December 31, 2017 as follows:

Governmental activities	
Restricted for	
Community development projects and loans	<u>\$ 2,174,764</u>
Business-type activities	
Restricted for	
Bond redemption	855,724
Equipment replacement	<u>1,966,553</u>
Total business-type activities restricted net position	<u>2,822,277</u>
Total restricted net position	<u>\$ 4,997,041</u>

## NOTE 4: OTHER INFORMATION

### A. TAX INCREMENTAL FINANCING DISTRICTS

The City has established separate special revenue funds for its Tax Incremental Districts (TIDs) which 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 the Districts were "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 eligible project costs to be incurred up to five years prior to the maximum termination date. The City's Districts are still eligible to incur project costs.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	<b>Termination Year</b>
TID No. 8	2019
TID No. 10	2027
TID No. 12	2035
TID No. 13	2030
TID No. 14	2037
TID No. 15	2038
TID No. 16	2039
TID No. 17	2032
TID No. 18	2041
TID No. 19	2042
TID No. 20	2044
TID No. 21	2044
TID No. 22	2044

### **B. TAX ABATEMENTS**

The City has created tax incremental financing districts (the "Districts") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the Districts, the City entered into agreements with developers for a 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, 2017, the City abated property taxes totaling \$255,580 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$38,864 to a developer for a residential apartment housing project within the District.
- ▶ A property tax abatement of \$159,428 to a developer for a residential apartment housing project within the District.
- ▶ A property tax abatement of \$17,994 to a developer for a residential housing project within the District.
- ▶ A property tax abatement of \$39,294 to a developer for a residential housing project within the District.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage.

The City is also 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, 2017, that reserve was \$2,845,831. The accounts payable of \$615,378 reported in the fund at December 31, 2017 is based on 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 funds reported liability amount for 2017 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2017	\$ 522,861	\$ 5,338,678	\$ 5,246,161	\$ 615,378
2016	659,218	4,060,749	4,197,106	522,861

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.

### D. CONTINGENCIES

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 the 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.

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.

# City of Fond du Lac, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

### **E. SUBSEQUENT EVENT**

On March 28, 2018, the City issued \$9,025,000 of general obligation notes, series 2018A and \$3,800,000 general obligation promissory notes, series 2018B. The series 2018A notes were issued to fund various capital improvements throughout the City as noted in the Capital Improvement Plan, with principal on the notes payable annually through 2018 at interest rates ranging from 2.00% - 3.50%. The series 2018B notes were issues to fund street improvements and reconstruction of the Highway 45 jurisdictional transfer project, with the principal due in 2021 and interest payable annually at 3.00%.

In April of 2018, the City approved the issuance of \$3,131,186 sewerage system revenue bonds, series 2018 for construction projects related to the City's sewerage system.

### **F. UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment 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 OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

# City of Fond du Lac, Wisconsin

## SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

Actual Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(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	52.08%
2010	-	8,821,561	0.00%	8,821,561	20,712,000	42.59%
2012	-	6,332,156	0.00%	6,332,156	21,036,395	30.10%
2014	-	4,245,582	0.00%	4,245,582	19,719,206	21.53%
2016	-	1,809,030	0.00%	1,809,030	21,762,784	8.31%

See notes to required supplementary information.

# City of Fond du Lac, Wisconsin

## SCHEDULE OF EMPLOYER CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFIT PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

---

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 307,932	\$ 860,429	35.79%
2009	347,705	873,439	39.81%
2010	514,082	1,001,557	51.33%
2011	360,180	1,001,558	35.96%
2012	645,573	718,033	89.91%
2013	398,490	822,896	48.43%
2014	580,607	459,138	126.46%
2015	455,035	459,559	99.02%
2016	329,307	221,054	148.97%
2017	304,035	222,833	136.44%

*See notes to required 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-Employee Payroll (plan year)</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%
12/31/17	0.19611985%	1,616,496	21,155,154	7.64%	99.12%

## 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-Employee Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/15	\$ 1,899,480	\$ 1,899,480	\$ -	\$ 21,180,641	8.97%
12/31/16	1,874,921	1,874,921	-	21,155,154	8.86%
12/31/17	2,298,229	2,298,229	-	21,892,997	10.50%

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms or assumptions 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.

THIS PAGE LEFT BLANK INTENTIONALLY

## **SUPPLEMENTARY INFORMATION**

# City of Fond du Lac, Wisconsin

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	Special Revenue						
	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
<b>ASSETS</b>							
Cash and investments	\$ 265,639	\$ 10,132	\$ 1,953,128	\$ 366,667	\$ 194,837	\$ 158,709	\$ -
Receivables							
Taxes and special charges	1,850,027	-	-	-	-	1,562,447	210,120
Accounts	1,418	-	-	-	1,165	4,567	901
Special assessments	-	-	-	-	-	22,224	-
Loans	-	-	5,525,428	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	7,383	559,735	-	-	-	737,560
Inventories and prepaid items	-	-	-	-	-	10,543	-
Total assets	<u>\$ 2,117,084</u>	<u>\$ 17,515</u>	<u>\$ 8,038,291</u>	<u>\$ 366,667</u>	<u>\$ 196,002</u>	<u>\$ 1,758,490</u>	<u>\$ 948,581</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Accounts payable	36,831	\$ -	\$ 337,100	\$ 858	\$ 8,204	\$ 82,556	\$ 75,945
Accrued and other current liabilities	35,760	-	1,000	-	-	5,227	12,293
Due to other funds	-	-	-	-	-	-	628,927
Special deposits	-	-	-	-	12,016	-	-
Unearned revenues	-	-	-	1,810	-	1,262,252	35,640
Total liabilities	<u>72,591</u>	<u>-</u>	<u>338,100</u>	<u>2,668</u>	<u>20,220</u>	<u>1,350,035</u>	<u>752,805</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	1,850,027	-	-	-	-	300,000	210,120
Loans receivable	-	-	5,525,427	-	-	-	-
Total deferred inflows of resources	<u>1,850,027</u>	<u>-</u>	<u>5,525,427</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>210,120</u>
Fund balances							
Nonspendable	-	-	-	-	-	10,543	-
Restricted	-	-	2,174,764	-	-	-	-
Committed	194,466	17,515	-	363,999	175,782	97,912	-
Unassigned	-	-	-	-	-	-	(14,344)
Total fund balances	<u>194,466</u>	<u>17,515</u>	<u>2,174,764</u>	<u>363,999</u>	<u>175,782</u>	<u>108,455</u>	<u>(14,344)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,117,084</u>	<u>\$ 17,515</u>	<u>\$ 8,038,291</u>	<u>\$ 366,667</u>	<u>\$ 196,002</u>	<u>\$ 1,758,490</u>	<u>\$ 948,581</u>

# City of Fond du Lac, Wisconsin

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	<b>HazMat Agreement</b>	<b>Fuel Pump Maintenance</b>	<b>Special Events</b>	<b>TIF Districts</b>	<b>Property Insurance Deductible</b>	<b>Residential Development Improvement Program</b>	<b>Highway 45 Transfer</b>
<b>ASSETS</b>							
Cash and investments	\$ 129,460	\$ 156,393	\$ 122,846	\$ 2,455,852	\$ 12,310	\$ 200,000	\$ 100,000
Receivables							
Taxes and special charges	-	-	-	2,573,160	-	-	-
Accounts	2,721	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	8,030	-	-	-	-	-	100,000
Inventories and prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 140,211</u>	<u>\$ 156,393</u>	<u>\$ 122,846</u>	<u>\$ 5,029,012</u>	<u>\$ 12,310</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 16,890	\$ -	\$ -	\$ 455,840	\$ -	\$ -	\$ -
Accrued and other current liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Special deposits	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	<u>16,890</u>	<u>-</u>	<u>-</u>	<u>455,840</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	-	-	-	2,573,160	-	-	-
Loans receivable	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,573,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	123,321	156,393	122,846	2,000,012	12,310	200,000	200,000
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>123,321</u>	<u>156,393</u>	<u>122,846</u>	<u>2,000,012</u>	<u>12,310</u>	<u>200,000</u>	<u>200,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 140,211</u>	<u>\$ 156,393</u>	<u>\$ 122,846</u>	<u>\$ 5,029,012</u>	<u>\$ 12,310</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

# City of Fond du Lac, Wisconsin

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	Capital Projects					Totals	
	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	2017	2016
<b>ASSETS</b>							
Cash and investments	\$ 2,409,766	\$ 483,310	\$ 493,228	\$ 346,104	\$ 61,564	\$ 9,919,945	\$ 9,108,995
Receivables							
Taxes and special charges	675,125	335,000	-	-	-	7,205,879	7,174,759
Accounts	-	50,257	-	50,000	-	111,029	225,930
Special assessments	-	-	-	-	-	22,224	23,118
Loans	-	-	-	-	-	5,525,428	5,506,322
Due from other funds	-	-	-	-	-	-	597,200
Due from other governments	48,800	-	-	-	-	1,461,508	240,720
Inventories and prepaid items	-	-	-	-	-	10,543	21,088
Total assets	<u>\$ 3,133,691</u>	<u>\$ 868,567</u>	<u>\$ 493,228</u>	<u>\$ 396,104</u>	<u>\$ 61,564</u>	<u>\$ 24,256,556</u>	<u>\$ 22,898,132</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 28,493	\$ 34,074	\$ 10,153	\$ 39,848	\$ 2,384	\$ 1,129,176	\$ 859,527
Accrued and other current liabilities	3,000	-	-	-	-	57,280	55,103
Due to other funds	-	-	-	-	-	628,927	-
Special deposits	-	-	-	-	-	12,016	-
Unearned revenues	-	-	-	-	-	1,299,702	1,289,565
Total liabilities	<u>31,493</u>	<u>34,074</u>	<u>10,153</u>	<u>39,848</u>	<u>2,384</u>	<u>3,127,101</u>	<u>2,204,195</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	675,125	335,000	-	-	-	5,943,432	5,916,469
Loans receivable	-	-	-	-	-	5,525,427	5,506,322
Total deferred inflows of resources	<u>675,125</u>	<u>335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,468,859</u>	<u>11,422,791</u>
Fund balances							
Nonspendable	-	-	-	-	-	10,543	21,088
Restricted	-	-	-	-	-	2,174,764	2,262,072
Committed	2,427,073	499,493	483,075	356,256	59,180	7,489,633	6,987,986
Unassigned	-	-	-	-	-	(14,344)	-
Total fund balances	<u>2,427,073</u>	<u>499,493</u>	<u>483,075</u>	<u>356,256</u>	<u>59,180</u>	<u>9,660,596</u>	<u>9,271,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,133,691</u>	<u>\$ 868,567</u>	<u>\$ 493,228</u>	<u>\$ 396,104</u>	<u>\$ 61,564</u>	<u>\$ 24,256,556</u>	<u>\$ 22,898,132</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, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Special Revenue						
	Library	City Grant Programs	Community Development	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
<b>REVENUES</b>							
Taxes	\$ 1,813,752	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ 210,120
Intergovernmental	820,921	19,105	676,372	-	28,878	156,416	1,282,679
Public charges for services	69,438	-	-	225,553	-	1,324,130	273,436
Miscellaneous	185,195	-	386,697	3,024	83,531	14,663	36,303
Total revenues	<u>2,889,306</u>	<u>19,105</u>	<u>1,063,069</u>	<u>228,577</u>	<u>112,409</u>	<u>1,845,209</u>	<u>1,802,538</u>
<b>EXPENDITURES</b>							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	565	-	-	74,301	-	-
Public works	-	-	-	-	-	1,896,141	1,986,077
Culture and recreation	2,763,793	10,146	-	131,589	47,737	-	-
Conservation and development	-	-	213,624	-	1,463	-	-
Debt service							
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	-	936,753	-	-	-	-
Total expenditures	<u>2,763,793</u>	<u>10,711</u>	<u>1,150,377</u>	<u>131,589</u>	<u>123,501</u>	<u>1,896,141</u>	<u>1,986,077</u>
Excess of revenues over (under) expenditures	<u>125,513</u>	<u>8,394</u>	<u>(87,308)</u>	<u>96,988</u>	<u>(11,092)</u>	<u>(50,932)</u>	<u>(183,539)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	63
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(150,000)	(60,520)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(60,457)</u>
<b>Net change in fund balances</b>	<u>125,513</u>	<u>8,394</u>	<u>(87,308)</u>	<u>96,988</u>	<u>(11,092)</u>	<u>(200,932)</u>	<u>(243,996)</u>
<b>Fund balances - January 1</b>	<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>
<b>Fund balances - December 31</b>	<u>\$ 194,466</u>	<u>\$ 17,515</u>	<u>\$ 2,174,764</u>	<u>\$ 363,999</u>	<u>\$ 175,782</u>	<u>\$ 108,455</u>	<u>\$ (14,344)</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, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Highway 45 Transfer
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ 82,929	\$ 1,883,016	\$ -	\$ -	\$ -
Intergovernmental	58,835	-	-	58,931	2,385	-	200,000
Public charges for services	3,500	-	-	-	-	-	-
Miscellaneous	-	18,592	-	3,375	-	-	-
Total revenues	62,335	18,592	82,929	1,945,322	2,385	-	200,000
<b>EXPENDITURES</b>							
Current							
General government	-	-	-	1,499	9,158	-	-
Public safety	40,156	-	-	-	-	-	-
Public works	-	4,128	-	-	-	-	-
Culture and recreation	-	-	29,918	-	-	-	-
Conservation and development	-	-	-	16,646	-	-	-
Debt service							
Interest and fiscal charges	-	-	-	4,150	-	-	-
Capital outlay	-	-	-	1,022,317	-	-	-
Total expenditures	40,156	4,128	29,918	1,044,612	9,158	-	-
Excess of revenues over (under) expenditures	22,179	14,464	53,011	900,710	(6,773)	-	200,000
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	7,500	-	-	37,186	-	100,000	-
Transfers out	-	-	-	(1,011,177)	-	-	-
Total other financing sources (uses)	7,500	-	-	(973,991)	-	100,000	-
<b>Net change in fund balances</b>	29,679	14,464	53,011	(73,281)	(6,773)	100,000	200,000
<b>Fund balances - January 1</b>	93,642	141,929	69,835	2,073,293	19,083	100,000	-
<b>Fund balances - December 31</b>	\$ 123,321	\$ 156,393	\$ 122,846	\$ 2,000,012	\$ 12,310	\$ 200,000	\$ 200,000

# 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, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Capital Projects					Totals	
	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	2017	2016
<b>REVENUES</b>							
Taxes	\$ 625,000	\$ 437,000	\$ 342,000	\$ -	\$ -	\$ 5,743,817	\$ 5,174,869
Intergovernmental	11,273	-	-	-	-	3,315,795	3,356,043
Public charges for services	-	-	23,228	-	-	1,919,285	1,890,102
Miscellaneous	20,499	-	-	-	-	751,879	1,108,049
Total revenues	656,772	437,000	365,228	-	-	11,730,776	11,529,063
<b>EXPENDITURES</b>							
Current							
General government	-	-	-	-	-	10,657	1,500
Public safety	-	-	-	-	-	115,022	144,728
Public works	-	-	-	-	-	3,886,346	3,404,596
Culture and recreation	-	-	-	-	-	2,983,183	3,170,337
Conservation and development	-	-	-	-	-	231,733	1,138,120
Debt service							
Interest and fiscal charges	-	-	-	-	-	4,150	4,500
Capital outlay	2,604,383	2,651,089	1,083,860	281,869	233,114	8,813,385	6,169,361
Total expenditures	2,604,383	2,651,089	1,083,860	281,869	233,114	16,044,476	14,033,142
Excess of revenues over (under) expenditures	(1,947,611)	(2,214,089)	(718,632)	(281,869)	(233,114)	(4,313,700)	(2,504,079)
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	1,986,250	1,904,000	680,750	189,000	265,000	5,025,000	3,825,000
Proceeds from sale of capital assets	28,428	-	-	-	-	28,491	-
Transfers in	1,077,190	628,854	112,580	144,585	-	2,107,895	2,620,386
Transfers out	(487,970)	(295,859)	(179,047)	(273,663)	-	(2,458,236)	(2,053,851)
Total other financing sources (uses)	2,603,898	2,236,995	614,283	59,922	265,000	4,703,150	4,391,535
<b>Net change in fund balances</b>	656,287	22,906	(104,349)	(221,947)	31,886	389,450	1,887,456
<b>Fund balances - January 1</b>	1,770,786	476,587	587,424	578,203	27,294	9,271,146	7,383,690
<b>Fund balances - December 31</b>	<u>\$ 2,427,073</u>	<u>\$ 499,493</u>	<u>\$ 483,075</u>	<u>\$ 356,256</u>	<u>\$ 59,180</u>	<u>\$ 9,660,596</u>	<u>\$ 9,271,146</u>

# City of Fond du Lac, Wisconsin

## LIBRARY SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 1,813,752	\$ 1,813,752	\$ 1,813,752	\$ -
Intergovernmental	819,874	819,874	820,921	1,047
Public charges for services	77,000	77,000	69,438	(7,562)
Miscellaneous	165,698	165,698	185,195	19,497
Total revenues	2,876,324	2,876,324	2,889,306	12,982
<b>EXPENDITURES</b>				
Current				
Culture and recreation	2,876,584	2,876,584	2,763,793	112,791
<b>Net change in fund balance</b>	(260)	(260)	125,513	125,773
<b>Fund balance - January 1</b>	68,953	68,953	68,953	-
<b>Fund balance - December 31</b>	<u>\$ 68,693</u>	<u>\$ 68,693</u>	<u>\$ 194,466</u>	<u>\$ 125,773</u>

# City of Fond du Lac, Wisconsin

## CITY GRANT PROGRAMS SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 19,105	\$ (4,895)
<b>EXPENDITURES</b>				
Current				
Public safety	5,000	5,000	565	4,435
Culture and recreation	15,000	15,000	10,146	4,854
Total expenditures	20,000	20,000	10,711	9,289
<b>Net change in fund balance</b>	4,000	4,000	8,394	4,394
<b>Fund balance - January 1</b>	9,121	9,121	9,121	-
<b>Fund balance - December 31</b>	<u>\$ 13,121</u>	<u>\$ 13,121</u>	<u>\$ 17,515</u>	<u>\$ 4,394</u>

# City of Fond du Lac, Wisconsin

## HARBOR & BOATING FACILITIES SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeits	\$ 40	\$ 40	\$ -	\$ (40)
Public charges for services	225,500	225,500	225,553	53
Miscellaneous	1,800	1,800	3,024	1,224
Total revenues	227,340	227,340	228,577	1,237
<b>EXPENDITURES</b>				
Current				
Culture and recreation	114,265	116,229	131,589	(15,360)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	124,265	126,229	131,589	(5,360)
<b>Net change in fund balance</b>	103,075	101,111	96,988	(4,123)
<b>Fund balance - January 1</b>	267,011	267,011	267,011	-
<b>Fund balance - December 31</b>	<u>\$ 370,086</u>	<u>\$ 368,122</u>	<u>\$ 363,999</u>	<u>\$ (4,123)</u>

# City of Fond du Lac, Wisconsin

## SOLID WASTE & RECYCLING SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Intergovernmental	157,041	157,041	156,416	(625)
Public charges for services	1,318,741	1,318,741	1,324,130	5,389
Miscellaneous	5,000	5,000	14,663	9,663
Total revenues	1,830,782	1,830,782	1,845,209	14,427
<b>EXPENDITURES</b>				
Current				
Public works	1,789,854	1,789,854	1,896,141	(106,287)
Excess of revenues over (under) expenditures	40,928	40,928	(50,932)	(91,860)
<b>OTHER FINANCING USES</b>				
Transfers out	(150,000)	(150,000)	(150,000)	-
<b>Net change in fund balance</b>	(109,072)	(109,072)	(200,932)	(91,860)
<b>Fund balance - January 1</b>	309,387	309,387	309,387	-
<b>Fund balance - December 31</b>	<u>\$ 200,315</u>	<u>\$ 200,315</u>	<u>\$ 108,455</u>	<u>\$ (91,860)</u>

# City of Fond du Lac, Wisconsin

## TRANSIT SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 210,120	\$ 210,120	\$ 210,120	\$ -
Intergovernmental	1,136,800	1,136,800	1,282,679	145,879
Public charges for services	285,528	285,528	273,436	(12,092)
Miscellaneous	31,500	31,500	36,303	4,803
Total revenues	1,663,948	1,663,948	1,802,538	138,590
<b>EXPENDITURES</b>				
Current				
Public works	1,787,322	1,787,322	1,986,077	(198,755)
Deficiency of revenues under expenditures	(123,374)	(123,374)	(183,539)	(60,165)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	63	63
Transfers out	(60,520)	(60,520)	(60,520)	-
Total other financing sources (uses)	(60,520)	(60,520)	(60,457)	63
<b>Net change in fund balance</b>	(183,894)	(183,894)	(243,996)	(60,102)
<b>Fund balance - January 1</b>	229,652	229,652	229,652	-
<b>Fund balance - December 31</b>	<u>\$ 45,758</u>	<u>\$ 45,758</u>	<u>\$ (14,344)</u>	<u>\$ (60,102)</u>

# City of Fond du Lac, Wisconsin

## HAZMAT AGREEMENT SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 31,514	\$ 31,514	\$ 58,835	\$ 27,321
Public charges for services	-	-	3,500	3,500
Total revenues	31,514	31,514	62,335	30,821
<b>EXPENDITURES</b>				
Current				
Public safety	55,774	55,774	40,156	15,618
Excess of revenues over (under) expenditures	(24,260)	(24,260)	22,179	46,439
<b>OTHER FINANCING SOURCES</b>				
Transfers in	7,500	7,500	7,500	-
<b>Net change in fund balance</b>	(16,760)	(16,760)	29,679	46,439
<b>Fund balance - January 1</b>	93,642	93,642	93,642	-
<b>Fund balance - December 31</b>	<u>\$ 76,882</u>	<u>\$ 76,882</u>	<u>\$ 123,321</u>	<u>\$ 46,439</u>

# City of Fond du Lac, Wisconsin

## FUEL PUMP MAINTENANCE SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 18,592	\$ (3,408)
<b>EXPENDITURES</b>				
Current				
Public works	4,000	4,000	4,128	(128)
<b>Net change in fund balance</b>	18,000	18,000	14,464	(3,536)
<b>Fund balance - January 1</b>	141,929	141,929	141,929	-
<b>Fund balance - December 31</b>	<u>\$ 159,929</u>	<u>\$ 159,929</u>	<u>\$ 156,393</u>	<u>\$ (3,536)</u>

# City of Fond du Lac, Wisconsin

## TIF DISTRICTS SPECIAL REVENUE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 2,161,296	\$ 2,161,296	\$ 1,883,016	\$ (278,280)
Intergovernmental	41,058	41,058	58,931	17,873
Miscellaneous	-	-	3,375	3,375
Total revenues	2,202,354	2,202,354	1,945,322	(257,032)
<b>EXPENDITURES</b>				
Current				
General government	32,291	32,291	1,499	30,792
Conservation and development	94,651	94,651	16,646	78,005
Debt service				
Interest and fiscal charges	4,150	4,150	4,150	-
Capital outlay	3,000,000	3,001,783	1,022,317	1,979,466
Total expenditures	3,131,092	3,132,875	1,044,612	2,088,263
Excess of revenues over (under) expenditures	(928,738)	(930,521)	900,710	1,831,231
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	1,750,000	1,750,000	-	(1,750,000)
Transfers in	37,054	37,054	37,186	132
Transfers out	(980,572)	(980,572)	(1,011,177)	(30,605)
Total other financing sources (uses)	806,482	806,482	(973,991)	(1,780,473)
<b>Net change in fund balance</b>	(122,256)	(124,039)	(73,281)	50,758
<b>Fund balance - January 1</b>	2,073,293	2,073,293	2,073,293	-
<b>Fund balance - December 31</b>	<u>\$ 1,951,037</u>	<u>\$ 1,949,254</u>	<u>\$ 2,000,012</u>	<u>\$ 50,758</u>

# City of Fond du Lac, Wisconsin

## DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 6,919,810	\$ 6,919,810	\$ 6,919,810	\$ -
<b>EXPENDITURES</b>				
Debt service				
Principal	5,435,000	5,435,000	5,435,000	-
Interest and fiscal charges	2,753,041	2,753,041	3,014,359	(261,318)
Total expenditures	8,188,041	8,188,041	8,449,359	(261,318)
Deficiency of revenues under expenditures	(1,268,231)	(1,268,231)	(1,529,549)	(261,318)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	7,050,000	7,050,000
Premium on debt issued	-	-	255,564	255,564
Payment to current noteholder	-	-	(7,050,000)	(7,050,000)
Transfers in	1,125,525	1,125,525	1,125,525	-
Total other financing sources (uses)	1,125,525	1,125,525	1,381,089	255,564
<b>Net change in fund balance</b>	(142,706)	(142,706)	(148,460)	(5,754)
<b>Fund balance - January 1</b>	30,188	30,188	30,188	-
<b>Fund balance - December 31</b>	<u>\$ (112,518)</u>	<u>\$ (112,518)</u>	<u>\$ (118,272)</u>	<u>\$ (5,754)</u>

# City of Fond du Lac, Wisconsin

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2017

	Health Insurance	Information Technology	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 3,464,367	\$ 267,032	\$ 3,731,399
Receivables			
Accounts	19,670	2,970	22,640
Due from other governments	-	2,500	2,500
Inventories and prepaid items	-	1,495	1,495
Total assets	<u>3,484,037</u>	<u>273,997</u>	<u>3,758,034</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	615,378	40,052	655,430
Accrued and other current liabilities	22,828	9,412	32,240
Compensated absences	-	22,962	22,962
Total liabilities	<u>638,206</u>	<u>72,426</u>	<u>710,632</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ 2,845,831</u>	<u>\$ 201,571</u>	<u>\$ 3,047,402</u>

# 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, 2017

	Health Insurance	Information Technology	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 5,061,978	\$ 1,480,663	\$ 6,542,641
<b>OPERATING EXPENSES</b>			
Personal services	-	512,357	512,357
Contractual services	-	525,364	525,364
Materials and supplies	-	238,761	238,761
Utilities	-	6,359	6,359
Insurance claims and expenses	6,285,003	-	6,285,003
Total operating expenses	6,285,003	1,282,841	7,567,844
<b>Operating income (loss)</b>	(1,223,025)	197,822	(1,025,203)
<b>NONOPERATING REVENUES</b>			
Gain on disposal of capital assets	-	334	334
Income (loss) before transfers	(1,223,025)	198,156	(1,024,869)
Transfers out	-	(169,953)	(169,953)
<b>Change in net position</b>	(1,223,025)	28,203	(1,194,822)
<b>Net position - January 1</b>	4,068,856	173,368	4,242,224
<b>Net position - December 31</b>	<u>\$ 2,845,831</u>	<u>\$ 201,571</u>	<u>\$ 3,047,402</u>

# City of Fond du Lac, Wisconsin

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Health Insurance	Information Technology	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 5,110,950	\$ 1,485,893	\$ 6,596,843
Cash paid for employee wages and benefits	-	(510,590)	(510,590)
Cash paid to suppliers	(6,192,486)	(761,383)	(6,953,869)
Net cash provided (used) by operating activities	(1,081,536)	213,920	(867,616)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer in (out)	-	(169,953)	(169,953)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Sale of capital assets	-	334	334
<b>Change in cash and cash equivalents</b>	(1,081,536)	44,301	(1,037,235)
<b>Cash and cash equivalents - January 1</b>	4,545,903	222,731	4,768,634
<b>Cash and cash equivalents - December 31</b>	<u>\$ 3,464,367</u>	<u>\$ 267,032</u>	<u>\$ 3,731,399</u>

# City of Fond du Lac, Wisconsin

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Health Insurance	Information Technology	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (1,223,025)	\$ 197,822	\$ (1,025,203)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Change in operating assets and liabilities			
Accounts receivables	1,900	7,730	9,630
Due from other governments	-	(2,500)	(2,500)
Inventories and prepaid items	47,072	3,730	50,802
Accounts payable	92,517	5,371	97,888
Accrued and other current liabilities	-	(1,089)	(1,089)
Compensated absences	-	2,856	2,856
Net cash provided (used) by operating activities	<u>\$ (1,081,536)</u>	<u>\$ 213,920</u>	<u>\$ (867,616)</u>
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents in current assets	<u>\$ 3,464,367</u>	<u>\$ 267,032</u>	<u>\$ 3,731,399</u>
Noncash capital and related financing activities			
None			

THIS PAGE LEFT BLANK INTENTIONALLY

# CITY OF FOND DU LAC, WISCONSIN

## Schedule of Governmental Capital Assets - By Source December 31, 2017

	<u>2017</u>
Governmental capital assets:	
Land	\$ 6,662,884
Buildings and improvements	27,320,322
Land improvements	10,516,795
Machinery and equipment	26,330,275
Infrastructure	205,736,858
Construction in progress	813,538
	<hr/>
Total governmental capital assets	<u>\$ 277,380,672</u>
Investments in governmental capital assets by source:	
Capital projects funds - General obligation bonds/notes	\$ 242,427,991
General fund revenues	15,659,829
Gifts	605,091
Private development	3,458,365
City owned	67,750
Non-cash transactions	86,922
Special revenue funds	8,783,068
Federal grants	5,531,178
State grants	760,478
	<hr/>
Total governmental funds capital assets	<u>\$ 277,380,672</u>

# CITY OF FOND DU LAC, WISCONSIN

## Schedule of Governmental Capital Assets - By Function and Activity December 31, 2017

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Land Improvements</u>	<u>Machinery and Equipment</u>
General government	\$ 1,761,263	\$ 3,210,881	\$ 511,684	\$ 2,693,843
Public safety				
Police protection	377,000	2,861,625	-	2,504,130
Fire protection	712,056	3,162,444	23,541	4,602,869
Ambulance	-	-	-	1,323,180
Public works	223,605	5,517,314	147,586	10,546,127
Culture and Recreation	1,576,749	2,217,999	8,954,710	1,589,186
Library	19,200	5,049,106	-	-
Transit	-	485,272	127,484	2,990,457
Parking	<u>1,993,011</u>	<u>4,815,681</u>	<u>751,790</u>	<u>80,483</u>
Total governmental capital assets	<u>\$ 6,662,884</u>	<u>\$ 27,320,322</u>	<u>\$ 10,516,795</u>	<u>\$ 26,330,275</u>

---

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ 750,042	\$ 8,927,713
-	-	5,742,755
-	52,424	8,553,334
-	11,072	1,334,252
205,736,858	-	222,171,490
-	-	14,338,644
-	-	5,068,306
-	-	3,603,213
-	-	7,640,965
<u>\$ 205,736,858</u>	<u>\$ 813,538</u>	<u>\$ 277,380,672</u>

# CITY OF FOND DU LAC, WISCONSIN

## Schedule of Changes in Governmental Capital Assets - By Function and Activity For the Year Ended December 31, 2017

	Balance December 31, 2016	2017 Additions and Transfers	2017 Deductions and Transfers	Balance December 31, 2017
General government	\$ 8,610,126	\$ 1,034,019	\$ 716,432	\$ 8,927,713
Public safety				
Police protection	5,502,503	386,309	146,057	5,742,755
Fire protection	8,176,127	403,492	26,285	8,553,334
Ambulance	1,323,180	11,072	-	1,334,252
Public works	218,256,231	4,725,796	810,537	222,171,490
Culture and recreation	14,034,007	304,637	-	14,338,644
Library	5,250,286	-	181,980	5,068,306
Transit	3,540,236	62,977	-	3,603,213
Parking	7,640,965	-	-	7,640,965
Total governmental capital assets	<u>\$ 272,333,661</u>	<u>\$ 6,928,302</u>	<u>\$ 1,881,291</u>	<u>\$ 277,380,672</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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	104 - 108
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	109 - 112
<b>Debt Capacity</b> 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.	113 - 118
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	119 - 120
<b>Operating Information</b> 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.	121 - 123

# City of Fond du Lac, Wisconsin

## NET POSITION BY COMPONENT Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 62,208,570
Restricted	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	2,174,764
Unrestricted	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	22,629,230
Total government activities net assets	\$ 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	\$ 87,012,564
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 115,427,437
Restricted	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	2,822,277
Unrestricted	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	24,079,598
Total business-type activities net assets	\$ 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	\$ 142,329,312
Primary government										
Invested in capital assets, net of related debt	\$ 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	\$ 177,636,007
Restricted	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	4,997,041
Unrestricted	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	46,708,828
Total primary government	\$ 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	\$ 229,341,876

# City of Fond du Lac, Wisconsin

## CHANGES IN NET POSITION Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities										
General government	\$ 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	\$ 4,457,171
Public safety										
Police	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	10,961,595
Fire	9,029,544	8,686,370	9,058,142	9,837,885	9,578,925	8,226,046	8,291,861	8,701,785	10,286,387	10,333,308
Public works	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	17,515,777
Culture and recreation	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	5,829,457
Community development	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	3,002,089
Interest on long-term debt	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	2,793,449
Total governmental activities expenses	<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>	<u>54,892,846</u>
Business-type activities										
Water	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	9,119,285
Wastewater	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	8,394,201
Total business-type activities	<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>	<u>17,513,486</u>
Total primary government expenses	<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>	<u>\$ 72,406,332</u>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines and charges for services:										
General government	\$ 934,277	\$ 960,688	\$ 1,233,397	\$ 1,069,724	\$ 994,003	\$ 1,288,711	\$ 1,192,847	\$ 2,221,332	\$ 2,495,323	\$ 2,304,418
Public safety										
Police	171,602	148,394	139,424	141,226	109,655	126,566	92,561	161,408	178,203	180,661
Fire	2,329,683	1,936,738	2,047,349	2,601,349	2,793,488	1,655,958	1,559,347	1,696,421	1,666,188	1,941,549
Public works	91,387	51,321	161,744	168,178	419,502	1,802,173	1,697,518	1,294,954	1,708,605	1,900,004
Culture and recreation	481,240	480,903	532,432	468,079	531,292	478,373	459,396	547,380	579,350	540,277
Community development	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	387,496
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	133,849
Operating grants and contributions	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	6,297,493
Capital grants and contributions	1,286,360	1,337,995	1,300,464	4,793,415	3,505,575	1,003,855	968,788	105,428	665,058	469,051
Total governmental activities program revenue	<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>	<u>14,154,798</u>
Business-type activities										
Charges for services:										
Water	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	12,690,954
Wastewater	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	12,396,642
Capital grants and contributions	410,635	12,662,614	159,758	20,588	8,283	-	-	-	1,030	-
Total business-type activities program revenue	<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>	<u>25,087,596</u>
Total primary government program revenue	<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>	<u>\$ 39,242,394</u>

# City of Fond du Lac, Wisconsin

## CHANGES IN NET POSITION Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (40,738,048)
Business-type activities	4,505,024	15,070,723	3,890,188	6,007,199	6,361,331	5,797,562	5,523,460	6,162,489	5,617,815	7,574,110
Total primary government net expense	<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>	<u>\$ (33,163,938)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 26,929,681
Other taxes	146,544	176,958	196,919	246,540	354,692	377,172	321,744	445,272	458,974	433,384
Grants and contributions not restricted to specific programs	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	6,818,710
Gain on disposal of capital assets	-	-	-	-	-	-	30,725	33,887	87,795	34,385
Earnings on investments	1,528,254	434,415	261,771	538,307	229,992	(111,182)	418,826	193,223	222,364	254,756
Miscellaneous	-	-	-	-	196	11,239	12,665	20,491	10,931	35,985
Transfers	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	1,921,794
Total governmental activities	<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>	<u>36,428,695</u>
Business-type activities:										
Investment earnings	1,861,833	770,306	498,917	708,559	561,116	201,006	440,630	321,961	331,826	316,698
Gain on disposal of capital assets	826	546	-	23,363	17,862	25,450	5,579	-	-	18,634
Transfers	(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)	(1,921,794)
Total business-type activities	<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>	<u>(1,586,462)</u>
Total primary government	<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>	<u>\$ 34,842,233</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ (2,981,536)	\$ (5,712,207)	\$ (6,901,795)	\$ (8,769,960)	\$ (6,143,550)	\$ (2,873,455)	\$ (2,873,455)	\$ (4,524,568)	\$ (3,527,065)	\$ (4,309,353)
Business-type activities	5,645,409	14,964,177	3,119,509	5,316,726	5,442,717	4,392,848	4,392,848	4,183,583	4,627,423	5,987,648
Total primary government	<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>\$ 1,519,393</u>	<u>\$ (340,985)</u>	<u>\$ 1,100,358</u>	<u>\$ 1,678,295</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ 2,358,384	\$ 2,249,429	\$ 1,772,134	\$ 1,107,100	\$ 658,355	\$ 657,434	\$ 788,600	\$ 822,550	\$ 843,454	\$ 791,799
Committed	353,587	592,917	962,169	876,223	83,300	110,500	129,700	160,900	261,300	313,300
Assigned	312,681	275,838	192,985	260,398	1,013,681	726,392	1,034,438	1,043,484	866,644	422,359
Unassigned	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	5,743,724
Total general fund	<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>	<u>\$ 7,271,182</u>
All other governmental funds										
Nonspendable	\$ 41,803	\$ 37,381	\$ 30,052	\$ 41,160	\$ 35,553	\$ 23,541	\$ 16,531	\$ 19,321	\$ 21,088	\$ 10,543
Restricted, reported in:										
Debt service fund	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	1,754,933	1,640,008	1,613,589	1,023,837	1,068,546	1,242,630	1,722,691	1,898,434	2,262,072	2,174,764
Committed	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	7,489,633
Unassigned	-	(52,076)	(238,462)	(388,023)	-	(8,693)	(19,639)	-	-	(132,616)
Total all other governmental funds	<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>	<u>\$ 9,542,324</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Property taxes	\$ 20,130,014	\$ 20,406,284	\$ 20,230,156	\$ 21,105,927	\$ 21,495,152	\$ 21,855,874	\$ 22,592,436	\$ 24,281,864	\$ 25,606,373	\$ 27,363,065
Licenses and permits	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	1,540,425
Intergovernmental	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	13,048,834
Charges for services	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	4,657,435
Court and parking fines	440,903	463,420	453,954	429,803	396,288	403,259	353,427	315,075	340,309	350,905
Special assessments	766,582	633,167	359,422	218,540	352,627	310,994	365,625	105,428	477,806	269,051
Miscellaneous	3,639,610	2,515,948	1,588,791	1,641,409	1,633,668	2,086,125	2,244,555	1,557,074	1,469,201	1,175,931
Total revenues	43,997,854	42,332,761	41,589,645	45,660,479	44,487,899	43,527,435	43,925,463	44,566,749	46,923,737	48,405,646
<b>EXPENDITURES</b>										
Current:										
General government	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	3,464,037
Public safety	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	19,081,135
Public works	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	10,184,967
Culture and recreation	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	4,816,143
Community development	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	1,364,290
Other	13,989	882,528	443,019	112,592	8,401	82,258	7,025	8,400	12,300	-
Debt service:										
Principal	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	5,435,000
Interest and other charges	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	3,018,509
Capital outlay	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	8,813,385
Total expenditures	51,346,823	50,252,511	53,657,803	55,282,108	58,653,847	55,616,314	50,392,551	56,199,008	54,521,294	56,177,466
Excess (deficiency) of revenues over expenditures	(7,348,969)	(7,919,750)	(12,068,158)	(9,621,629)	(14,165,948)	(12,088,879)	(6,467,088)	(11,632,259)	(7,597,557)	(7,771,820)
<b>OTHER FINANCING SOURCES (USES)</b>										
Long-term debt issued	6,355,000	11,025,000	30,839,718	12,575,000	16,980,000	12,050,000	4,095,000	10,075,000	6,100,000	12,075,000
Premium on long-term debt issued	-	77,806	34,517	121,705	63,626	376,520	30,338	132,350	125,000	255,564
Payment to refunding escrow agent	-	(2,975,000)	(18,152,522)	(11,090,063)	(5,432,281)	(3,257,783)	-	-	-	(7,050,000)
Proceeds from sales of City properties	-	-	-	-	-	-	-	-	-	42,718
Transfers in	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	5,185,819
Transfers out	(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)	(3,094,072)
Total other financing sources (uses)	7,077,274	9,005,204	13,991,309	3,029,037	13,108,937	10,799,907	5,959,924	12,151,209	8,239,502	7,415,029
Net change in fund balances	\$ (271,695)	\$ 1,085,454	\$ 1,923,151	\$ (6,592,592)	\$ (1,057,011)	\$ (1,288,972)	\$ (507,164)	\$ 518,950	\$ 641,945	\$ (356,791)
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	14.63%	12.53%	18.21%	10.32%	23.49%	23.02%	14.43%	26.65%	19.23%	16.75%

# 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	Total <sup>1</sup> Assessed Value	Total Direct Tax Rate	Estimated <sup>2</sup> Actual Value	Ratio of Total Assessed to Estimated Actual Value
2017	\$ 2,597,239,700	\$ 130,756,720	\$ 2,727,996,420	\$ 9.615	\$ 2,812,603,900	90.60
2016	2,553,171,500	135,242,100	2,688,413,600	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

### Notes:

<sup>1</sup> 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.

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

# City of Fond du Lac, Wisconsin

## PRINCIPAL TAXPAYERS

### Current Year and Nine Years Ago

2017				2008			
Name	Type of Business	Assessed <sup>a</sup> Valuation	Percent Total Assessed Valuation	Name	Type of Business	Assessed <sup>b</sup> Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 55,687,300	2.04%	Mercury Marine	Manufacturer of Boat Engines	\$ 31,302,610	1.23%
Agnesian Healthcare Inc	Hospital/Health Care Facility	43,849,430	1.61%	John Mark Apt. Complexes	Apartments	27,223,550	1.07%
Grande Cheese Company	Food & Dairy	37,152,410	1.36%	Agnesian Healthcare Inc	Hospital/Health Care Facility	27,963,130	1.10%
Aurora Medical Group	Health Care Facility	15,775,110	0.58%	VH Enterprises	Warehousing	20,016,060	0.78%
J.F. Ahern	Medical Fabrication	14,255,580	0.52%	Fond du Lac LLC	Warehousing	19,862,850	0.78%
Wal-Mart	Retail/Grocery Shopping Facility	13,811,440	0.51%	Simon Properties	Shopping Mall	18,873,020	0.74%
East Central Warehouse LLC	Warehousing	12,025,000	0.44%	Aurora Medical Group	Health Care Facility	15,176,790	0.60%
Forest Mall	Shopping Mall	11,897,530	0.44%	Wal-Mart	Retail Shopping Facility	14,384,950	0.56%
Suso 4 Forest	Retail Shopping Facility	11,194,581	0.41%	BASM LLC	Real Estate/Construction	14,241,400	0.56%
Badger Liquor	Beverage Distributor	10,545,950	0.39%	J.F. Ahern	Metal Fabricaton	13,152,530	0.52%
Principal Taxpayers Total		226,194,331	8.29%	Principal Taxpayers Total		202,196,890	7.93%
All Other		2,501,802,089	91.71%	All Other		2,348,134,790	92.07%
Total		\$ 2,727,996,420	100.00%	Total		\$ 2,550,331,680	100.00%

#### Sources:

<sup>a</sup> 2016 City Assessment Roll.

<sup>b</sup> 2007 City Assessment Roll.

# City of Fond du Lac, Wisconsin

## PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

---

<b>Fiscal<sup>1</sup> Year</b>		<b>Total<sup>2a</sup> Tax Levied</b>		<b>Current<sup>3b</sup> Tax Collected</b>	<b>Percent of Levy Collected</b>
2017	\$	26,164,517	\$	26,153,969	99.960 %
2016		25,243,083		24,273,627	96.160
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

### Notes:

<sup>1</sup> Fiscal year is the year in which the tax is collected. The 2017 fiscal year consists of the 2016 tax bills due in 2017 and used to finance the 2017 budget.

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

<sup>3</sup> 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:

<sup>a</sup> Tax levy reconciliation file.

<sup>b</sup> 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 Last Ten Fiscal Years

Fiscal <sup>1</sup> 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																							
2017	\$	9.615	39.9%	\$	9.370	38.9%	\$	0.663	2.7%	\$	5.977	24.8%	\$	0.170	0.7%	\$	25.795	\$	1.678	7.0%	\$	24.117	100.0%
2016		9.244	38.0		9.969	40.9		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	6.3		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	41.0		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	6.5		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
Tax Levies											Total												
2017	\$	27,185,263		\$	23,777,445		\$	1,726,339		\$	15,569,739		\$	461,021		\$	68,719,807						
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						

**Notes:**  
¹Fiscal year is the year in which the tax is collected. The 2017 fiscal year consists of the 2016 tax bills due in 2017 and used to finance the 2017 budget.

### Notes:

<sup>1</sup>Fiscal year is the year in which the tax is collected. The 2017 fiscal year consists of the 2016 tax bills due in 2017 and used to finance the 2017 budget.

# City of Fond du Lac, Wisconsin

## RATIO OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	General Obligation Notes	Capital Leases <sup>1</sup>	Revenue Bond Debt	General Obligation Bonds			
2017	\$ 56,263,615	\$ 20,683,911	\$ -	\$ 70,676,773	\$ -	\$ 147,624,299	N/A	3,380
2016	60,599,603	16,579,585	-	77,388,896	-	154,568,084	3.0%	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

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

N/A = Not Available.

<sup>1</sup> Capital Leases are not bonded debt.

<sup>2</sup> 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 <sup>a</sup>	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Value <sup>1</sup>	Percentage of Equalized Value <sup>1</sup>	Per Capita <sup>2</sup>
2017	43,679	\$ 76,947,526	\$ -	\$ 76,947,526	2.86%	2.83%	\$ 1,761.66
2016	43,381	77,179,188	30,188	77,209,376	2.93	2.90	1,779.80
2015	43,461	77,907,988	41,007	77,948,995	2.95	3.04	1,793.54
2014	43,100	78,797,896	176,731	78,974,627	2.99	3.08	1,832.36
2013	43,100	78,566,317	164,368	78,401,949	3.00	2.97	1,819.07
2012	43,075	75,245,000	375,374	74,869,626	2.87	2.78	1,738.12
2011	43,021	65,597,477	1,193,819	64,403,658	2.43	2.34	1,497.03
2010	43,600	65,347,477	2,126,824	63,220,653	2.28	2.33	1,450.01
2009	43,460	67,802,477	4,085,076	63,717,401	2.28	2.17	1,466.12
2008	43,270	62,657,413	4,580,770	58,076,643	2.26	2.20	1,342.19

### Notes:

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

<sup>1</sup>See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 109 for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics on page 119.

## City of Fond du Lac, Wisconsin

### COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value <sup>a</sup>	\$ 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	\$ 2,638,041,660	\$ 2,688,413,600	\$ 2,727,996,420
Equalized Value <sup>a</sup>	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	2,812,603,900
Debt Limit Five Percent of Equalized Value <sup>1</sup>	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	140,630,195
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	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	55,790,000
General Obligation Notes	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	20,475,000
Total Debt	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	76,265,000
Deduct:										
Debt Service Fund Balance	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819	375,374	176,731	41,007	30,188	-
Total Amount of Debt Applicable to Debt Limit	58,955,612	63,221,707	61,262,401	63,470,653	74,051,181	77,829,626	78,268,269	77,428,993	76,644,812	76,265,000
Legal Debt Margin	\$ 74,780,258	\$ 73,621,178	\$ 73,567,274	\$ 68,690,672	\$ 54,116,314	\$ 50,457,629	\$ 51,618,931	\$ 55,714,632	\$ 59,184,513	\$ 64,365,195
Percent of Legal Debt Limit Available	55.9%	53.8%	54.6%	52.0%	42.2%	39.3%	39.7%	41.8%	43.6%	45.8%

#### Notes:

<sup>1</sup> 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:

<sup>a</sup> Assessed and Equalized (Estimated Actual Value) of Taxable Property Table.

# City of Fond du Lac, Wisconsin

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2017

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Fond du Lac<sup>1</sup></u>	<u>City of Fond du Lac Share of Debt</u>
<b>Direct Debt:</b>			
City of Fond du Lac	\$ 76,947,526	100.0 %	<u>\$ 76,947,526</u>
<b>Overlapping Debt:</b>			
Fond du Lac County	54,780,000	37.6	20,619,192
Moraine Park Technical College	27,330,000	10.5	2,877,849
Fond du Lac School District	14,506,986	72.7	10,546,579
North Fond du Lac School District	20,808,500	13.9	<u>2,881,977</u>
Total - overlapping debt			<u>36,925,597</u>
<b>TOTAL</b>			<u><u>\$ 113,873,123</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.

<sup>1</sup> 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 <sup>1</sup> Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements			Coverage
					Principal <sup>2</sup>	Interest	Total	
2017	\$ 12,673,108	\$ 4,025,216	\$ 73,369	\$ 8,721,261	\$ 3,274,774	\$ 1,354,731	\$ 4,629,505	1.88
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

### Notes:

<sup>1</sup> Operating expenses do not include depreciation and property tax equivalent.

<sup>2</sup> 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 <sup>1</sup> Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements <sup>2</sup>			Coverage
					Principal <sup>3</sup>	Interest	Total	
2017	\$ 12,398,145	\$ 5,445,261	\$ 278,306	\$ 7,231,190	\$ 3,413,631	\$ 760,659	\$ 4,174,290	1.73
2016	11,412,924	6,245,828	271,543	5,438,639	3,257,401	918,740	4,176,141	1.30
2015	11,716,802	5,528,095	271,383	6,460,090	3,481,988	1,166,946	4,648,934	1.39
2014	11,704,905	5,852,095	352,494	6,205,304	3,833,320	1,269,777	5,103,097	1.22
2013	11,544,534	5,492,001	160,213	6,212,746	3,905,580	1,370,716	5,276,296	1.18
2012	12,036,787	5,158,954	400,536	7,278,369	3,364,921	1,464,521	4,829,442	1.51
2011	11,058,697	5,097,373	492,267	6,453,591	4,166,627	1,589,302	5,755,929	1.12
2010	9,817,874	4,742,028	399,180	5,475,026	3,466,288	332,346	3,798,634	1.44
2009	10,382,485	4,587,204	541,657	6,336,938	560,492	353,466	913,958	6.93
2008	9,493,569	4,761,646	718,570	5,450,493	506,365	371,436	877,801	6.21

### Notes:

<sup>1</sup> Operating expenses do not include depreciation.

<sup>2</sup> Includes principal and interest of revenue bonds only.

<sup>3</sup> 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 <sup>a</sup>	Adjusted <sup>b</sup> Gross Income Per Tax Return	Total Personal Income <sup>c</sup> thousands of dollars	Per Capita Personal Income <sup>1c</sup>	Median <sup>d</sup> Age	Annual <sup>e</sup> Unemployment Rate	Public <sup>f</sup> School Enrollment	Public <sup>f</sup> High School Graduates
2017	43,679	N/A	N/A	N/A	36.9	3.0	7,242	510
2016	43,381	\$ 51,099	\$ 4,562,299	\$ 44,665	36.9	3.7	7,319	494
2015	43,461	50,193	4,462,797	43,764	36.9	4.3	7,310	493
2014	43,151	48,080	4,318,062	42,434	36.9	5.1	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	8.8	7,438	484
2010	43,021	46,437	3,765,312	37,036	36.9	10.2	7,366	515
2009	43,600	43,479	3,541,333	35,389	35.7	11.0	7,349	558
2008	43,460	55,108	3,594,000	36,142	36.9	5.8	7,365	525

### Notes:

N/A = Not Available.

<sup>1</sup> Includes Fond du Lac County and Metropolitan Area

### Sources:

<sup>a</sup> Demographic Services Center - State of Wisconsin (2010 - U.S. Census Bureau)

<sup>b</sup> Wisconsin Department of Revenue

<sup>c</sup> U.S. Department of Commerce, Bureau of Economic Analysis

<sup>d</sup> U.S. Department of Labor - Bureau of Labor Statistics

<sup>e</sup> Wisconsin's WorkNet Local Area Annual Unemployment Statistics (not seasonally adjusted)

<sup>f</sup> 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

2017			2008		
Name	Employees <sup>a</sup>	Percentage of Total City Employment <sup>1</sup>	Name	Employees <sup>a</sup>	Percentage of Total City Employment <sup>1</sup>
Agnesian Health Care	3,273	6.82%	Agnesian Healthcare Inc	2,750	6.33%
Mercury Marine	3,100	6.46%	Mercury Marine	2,000	4.60%
Fond du Lac County	860	1.79%	Fond du Lac County	900	2.07%
Fond du Lac School District	837	1.74%	Fond du Lac School District	803	1.85%
Marian University	421	0.88%	J.F. Ahern Co.	596	1.37%
Moraine Park Technical College	421	0.88%	Giddings & Lewis	400	0.92%
Grande Cheese Company	415	0.86%	Taycheedah Correctional Inst.	361	0.83%
Taycheedah Correctional Facility	396	0.83%	City of Fond du Lac	327	0.75%
Brenner Tank, Inc	362	0.75%	Moraine Park Technical College	271	0.62%
Total	10,085	21.01%	Total	8,408	19.35%

### Notes:

<sup>1</sup> Wisconsin's WorkNet Current Employment Statistics

### Sources:

<sup>a</sup> 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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>	<b>Community Development</b>	<b>Total</b>
2017	24.7	150.0	70.8	13.2	12.0	270.7
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

### 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.

# City of Fond du Lac, Wisconsin

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
<b>Community Development</b>										
Building Permits Issued	4,845	3,663	3,591	2,941	2,981	3,133	3,157	2,655	1,683	3,724
Total Valuation of Building Permits	\$ 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	\$ 52,278,825
New site plans reviewed	26	15	11	19	28	30	26	17	32	26
Rezoning/special use permits applied for	14	12	13	13	19	14	9	14	18	13
Variances applied for	42	48	38	39	26	37	16	14	15	27
New lots/parcels created	27	11	14	6	4	2	4	2	2	4
Housing Code Enforcement-complaints filed	418	477	397	418	414	402	410	415	458	513
Housing Code Enforcement-violations cured	718	809	648	739	648	664	610	645	542	526
Housing rehabilitation value of loans approved	\$ 557,250	\$ 460,771	\$ 351,044	\$ 325,501	\$ 220,798	\$ 258,800	\$ 286,300	\$ 172,099	\$ 142,179	\$ 377,050
Downtown parking revenue	\$ 322,799	\$ 328,505	\$ 318,828	\$ 338,259	\$ 320,560	\$ 298,400	\$ 276,667	\$ 288,452	\$ 296,981	\$ 306,351
Downtown parking violations-tickets issued	6,463	6,235	6,107	6,217	3,877	4,351	2,670	1,873	n/a	n/a
Transit ridership	159,735	167,049	157,314	181,002	171,119	212,327	200,473	206,139	209,119	200,540
Transit farebox revenue	\$ 200,422	\$ 234,057	\$ 221,752	\$ 287,350	\$ 133,065	\$ 252,248	\$ 249,664	\$ 246,530	\$ 256,947	\$ 330,351
<b>Culture and Recreation</b>										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	209,757	203,479	191,694	209,759	221,833	197,213	198,829	204,418	209,864	203,464
Circulation	799,490	835,262	851,842	859,012	826,121	766,425	779,448	709,154	680,674	641,827
Senior Center number of visits	45,378	47,039	46,562	49,237	53,616	52,508	47,728	51,948	63,359	63,113
Senior Center volunteer hours worked	17,387	16,189	16,608	17,411	18,876	17,812	17,058	21,052	18,114	15,751
<b>Business-type activities:</b>										
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	14,358
Commercial	1,367	1,383	1,380	1,384	1,385	1,380	1,381	1,199	1,204	1,215
Industrial	56	58	57	55	56	54	56	53	53	53
Multifamily								297	301	311
Public	73	72	71	70	72	74	43	77	75	77
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	524,086,200
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	268,340,512
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	262,631,776
Multifamily								83,877,728	81,969,580	83,892,688
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	63,710,900
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	6,212,000
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	14,358
Commercial	1,367	1,383	1,380	1,384	1,385	1,380	1,381	1,199	1,204	1,215
Industrial	56	58	57	55	56	54	56	53	53	53
Multifamily								297	301	311
Public	73	72	71	70	72	74	43	77	75	77
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	524,086,200
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	268,340,512
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	262,631,776
Multifamily								83,877,728	81,969,580	83,892,688
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	63,710,900

Notes: N/A = Not Available

# City of Fond du Lac, Wisconsin

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function/Program</b>										
<b>Governmental Activities:</b>										
<b>Public Safety</b>										
Police Protection										
Sworn Personnel - Authorized Positions	74	74	75	75	74	73	73	73	73	72
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	5	5	5	5	5	5	5	5	5	5
<b>Public Works</b>										
Miles of Streets	169	170	171	171	168	171	171	171	171	171
Miles of Storm Sewers	166	169	171	173	175	175	175	175	175	182
<b>Recreation and Culture</b>										
Playgrounds	15	15	15	15	15	15	15	15	16	16
City Parks	21	21	21	21	21	21	21	21	22	22
Acres of City Park Land	520	520	520	520	520	520	520	520	530	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	2	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	18	18	18
<b>Business-type activities:</b>										
Water Utility										
Miles of Mains	220	220	220	220	220	220	221	223	223	223
Hydrants	1,803	1,817	1,826	1,824	1,827	1,829	1,833	1,830	1,836	1,836
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	194	204	197	197	197	197	198	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, (the "City") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 30, 2018.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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'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's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Schenck SC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Sheboygan, Wisconsin

July 30, 2018

# **FEDERAL AND STATE AWARDS**

## 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 (the "City'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's major federal and state programs for the year ended December 31, 2017. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with the requirements of 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'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'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's compliance.

### **OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM**

In our opinion, the City 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, 2017.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City 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'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 and 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'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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

Sheboygan, Wisconsin  
July 30, 2018

THIS PAGE LEFT BLANK INTENTIONALLY

# City of Fond du Lac, Wisconsin

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

---

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
US Forest Service Great Lakes Restoration Initiative	10.675	Bay Lake Regional Planning Commission
<b>U.S. Department of Housing and Urban Development</b>		
Community Development Block Grants/Entitlement Grants	14.228	Direct Program
Community Development Block Grants - Revolving loans fund/Program income	14.228	Direct Program
Total U.S. Department of Housing and Urban Development		
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Bulletproof Vest Partnership Program	16.607	Direct Program
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct Program
Total U.S. Department of Justice		
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Federal Transit Cluster		
Federal Transit Formula Grants	20.507	Direct Program
Bus and Bus Facilities Formula Program	20.526	Direct Program
Total Federal Transit Cluster		
Highway Safety Cluster		
State and Community Highway Safety	20.600	Fond du Lac County
Total U.S. Department of Transportation		
<b>Institute of Museum and Library Services</b>		
Grants to States - Library Services & Technology Act	45.310	Wisconsin Department of Public Instruction
<b>TOTAL FEDERAL AWARDS</b>		

*The notes to the schedule of expenditures of federal awards are an integral part of this schedule.*

Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payments
16006-10D	\$ (10,000)	\$ 9,500	\$ 500	\$ -	\$ -
N/A	(261,742)	381,121	584,104	703,483	-
	-	325,373	-	325,373	-
	<u>(261,742)</u>	<u>706,494</u>	<u>584,104</u>	<u>1,028,856</u>	<u>-</u>
N/A	-	4,228	-	4,228	-
N/A	-	17,518	-	17,518	-
	<u>-</u>	<u>21,746</u>	<u>-</u>	<u>21,746</u>	<u>-</u>
N/A	-	-	548,522	548,522	-
N/A	-	-	48,800	48,800	-
	<u>-</u>	<u>-</u>	<u>597,322</u>	<u>597,322</u>	<u>-</u>
N/A	-	38,274	2,872	41,146	-
	<u>-</u>	<u>38,274</u>	<u>600,194</u>	<u>638,468</u>	<u>-</u>
16-20-7485-16-107-LSTA	-	9,111	-	9,111	-
	<u>\$ (271,742)</u>	<u>\$ 785,125</u>	<u>\$ 1,184,798</u>	<u>\$ 1,698,181</u>	<u>\$ -</u>

# City of Fond du Lac, Wisconsin

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	Pass-Through Entity Identifying Number
<b>DEPARTMENT OF NATURAL RESOURCES</b>			
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	N/A
<b>DEPARTMENT OF TRANSPORTATION</b>			
Transit Operating Aids	394.104	Direct Program	N/A
<b>DEPARTMENT OF HEALTH SERVICES</b>			
EMS Funding Assistance Program	435.167	Direct Program	N/A
<b>DEPARTMENT OF MILITARY AFFAIRS</b>			
Regional Emergency Response Teams	465.306	Direct Program	N/A
Computer and Hazmat Equipment Grant	465.367	Fond du Lac County	N/A
Total Department of Military Affairs			
<b>TOTAL STATE AWARDS</b>			

*The notes to the schedule of state awards are an integral part of this schedule.*

---

<u>(Accrued) Deferred Revenue 1/1/17</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 12/31/17</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
<u>\$ (7,656)</u>	<u>\$ 10,421</u>	<u>\$ 7,383</u>	<u>\$ 10,148</u>	<u>\$ -</u>
<u>(143,078)</u>	<u>387,434</u>	<u>186,126</u>	<u>430,482</u>	<u>-</u>
<u>7,235</u>	<u>8,956</u>	<u>-</u>	<u>16,191</u>	<u>-</u>
<u>-</u>	<u>16,514</u>	<u>-</u>	<u>16,514</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>8,030</u>	<u>8,030</u>	<u>-</u>
<u>-</u>	<u>16,514</u>	<u>8,030</u>	<u>24,544</u>	<u>-</u>
<u>\$ (143,499)</u>	<u>\$ 423,325</u>	<u>\$ 201,539</u>	<u>\$ 481,365</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

# City of Fond du Lac, Wisconsin

## NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

---

### NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for the City are presented in accordance with the 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.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the City. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules 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 2017 fund 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 unearned revenue represents advances for federal and state programs that exceed recorded City expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

### NOTE 3: OVERSIGHT AGENCIES

The federal and state oversight agencies for the City are as follows:

Federal - U.S. Department of Housing and Urban Development

State - Wisconsin Department of Transportation

# City of Fond du Lac, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

---

### SECTION 1 - 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(ies) identified?	None Reported
Noncompliance material to basic financial statements noted?	No

#### FEDERAL AND STATE AWARDS

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 <i>State Single Audit Guidelines</i> ?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grant
	Federal Transit Cluster
20.507	Federal Transit Formula Grants
20.526	Bus and Bus Facilities Formula Program

Identification of major state programs:

State ID Number	Name of State Program
395.104	Transit Operating Assistance

#### Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000
Auditee qualified as low-risk auditee	Yes

# City of Fond du Lac, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

---

### 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, 2017.

### SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

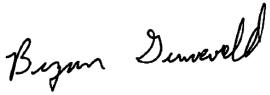
There are no audit findings and questioned costs required to be reported under Uniform Guidance and *State Single Audit Guidelines* for the year ended December 31, 2017.

# City of Fond du Lac, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

---

### SECTION IV - OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No
2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
  - Department of Natural Resources No
  - Department of Transportation No
  - Department of Health Services No
  - Department of Military Affairs No
  - Wisconsin Department of Public Instruction No
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No
4. Name and signature of partner   
Bryan Grunewald, CPA
5. Date of report July 30, 2018

# City of Fond du Lac, Wisconsin

## SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

---

### PRIOR YEAR AUDIT FINDINGS

There were no findings or questioned costs for for the year ended December 31, 2017.

### CORRECTIVE ACTION PLAN

No corrective action plan is required.