

City of Fond du Lac, WI
First on the Lake



Comprehensive Annual Financial Report with Single Audit

Year ended December 31, 2019

INTRODUCTORY SECTION

City of Fond du Lac, Wisconsin

DECEMBER 31, 2019

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INTRODUCTORY SECTION

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City of Fond du Lac

First on the Lake

Website: www.fdl.wi.gov

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

July 31, 2020

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, 2019. 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.

CliftonLarsonAllen LLP, 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, 2019 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 42,951.

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 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 the General Government; Public Safety; Public Works; Parks,

Culture, and Recreation; and Community Development levels, 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 increased 6.9% from the previous year. The average 2019 unemployment rate was 3.1% for the City of Fond du Lac, 2.9% for Fond du Lac County and 3.3% for the State of Wisconsin.

In 2019, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 150 new housing units constructed, of which 38 units were one- and two-family and 112 were multi-family. Commercial and industrial growth continued in 2019 with \$24.3 million in construction of 18 new buildings and 133 additions and alterations.

Total equalized value (estimated fair market value) of real estate and personal property increased by 3.8% to \$3,003,275,800 in 2019 from 2018. Over the past 10 years, the City's equalized value has increased 11.3%.

Mercury Marine continued their investment that started in 2018 in their Fond du Lac facilities by constructing a 30,945 sq ft addition to Plant 98 along with parking lot improvements, fencing, maintenance building and salt shed.

The newly renovated Hotel Retlaw, a 125-room independent hotel with restaurant, retail, spa, fitness and pool amenities, opened their doors to the public.

Livery Lofts and 18 Hands Ale House, a mixed use redevelopment of a vacant building across from the historic Hotel Retlaw, opened for business.

The new mall owners, ATR Cornith, continued to work with Meijer as part of the redevelopment of Forest Mall. Meijer received the necessary zoning approvals from the City. The number of real estate agreements with existing tenants that needed to be negotiated and amended to accommodate the Meijer development took longer than anticipated.

Popeye's Restaurant purchased a pay loan store (former Wendy's) on West Johnson Street and opened a franchise in the community. Jersey Mike's Subs opened in a strip center near the Forest Mall.

Long-term financial planning

Unassigned fund balance in the general fund (21.2% of the originally 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 2019 included a 1.8% 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 2019 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.

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 contracts started 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-fifth 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 2018 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**

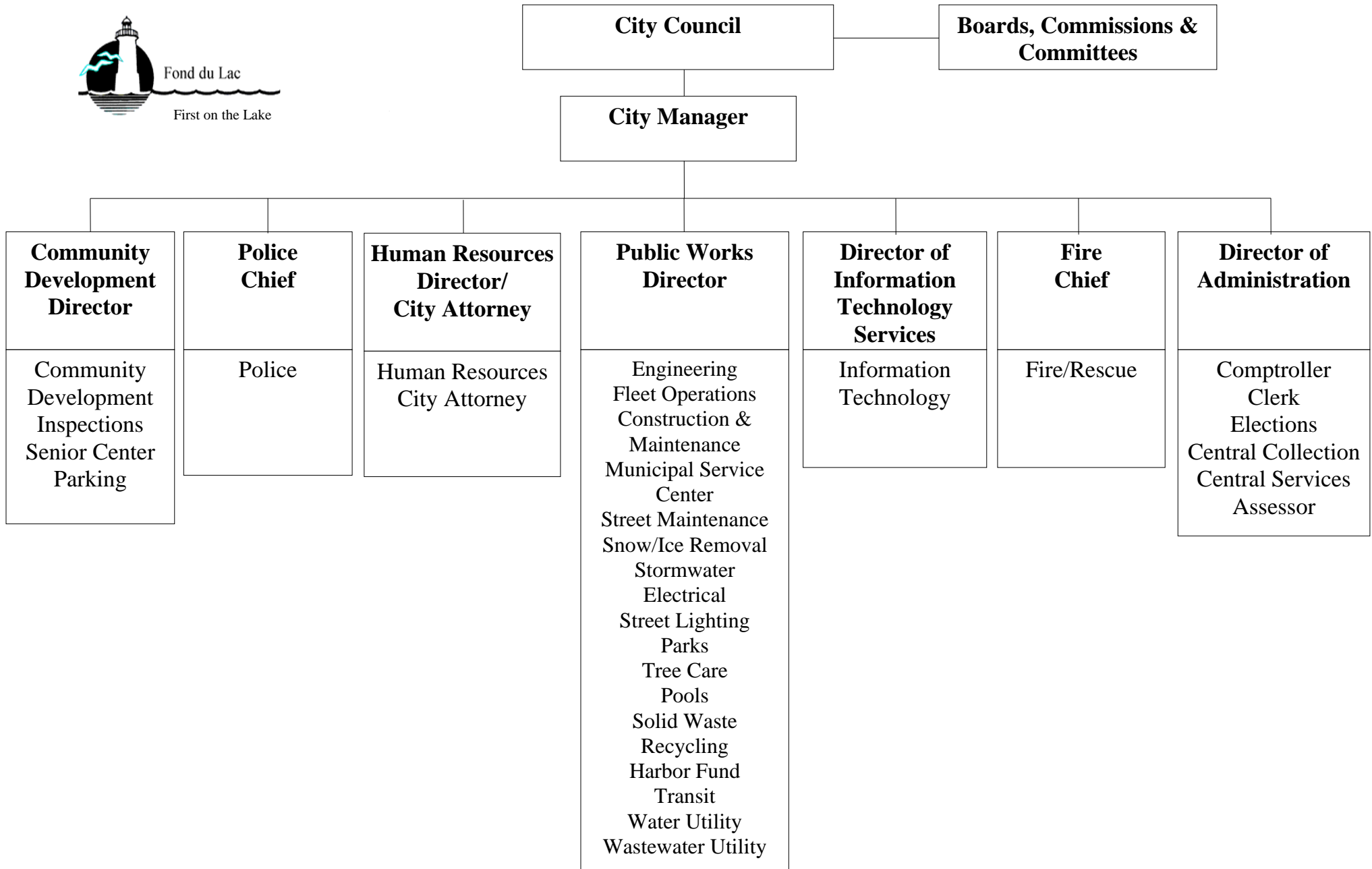
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell

Executive Director/CEO

Table of Organization



CITY OF FOND DU LAC

List of Principal Officials

December 31, 2019

Elected Officials

		<u>Term Expires</u>
Brian T. Kolstad	City Council President	April, 2021
Kay A. Miller	City Council Vice-President	April, 2020
Benjamin G. Giles	City Council Member	April, 2020
Karyn A. Merkel	City Council Member	April, 2020
Donna H. Richards	City Council Member	April, 2020
Daniel J. Degner	City Council Member	April, 2021
Alicia S. Hans	City Council Member	April, 2021

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
Kathryn A. Duveneck	IT Services Manager
William B. Lamb	Chief of Police
Peter O'Leary	Fire Chief
Jon Mark Bolthouse	Public Library Director
Paul C. DeVries	City Engineer
Margaret L. Hefter	City Clerk



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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 4.F., the City recorded a prior period adjustment of \$1,818,815 to properly record infrastructure capital assets of the governmental activities. Our opinions are not modified with respect to this matter.

OTHER MATTERS**Prior-Year Comparative Information**

We have previously audited the City's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated July 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26 and the schedules relating to pensions and other postemployment benefits on pages 79 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 schedules of expenditures of federal and state awards 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated July 30, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information, for the year ended December 31, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2020, 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 solely 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 effectiveness of the City's 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.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 31, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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, 2019. 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 2019 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, 2019 by \$237.8 million. Of this amount, \$37.2 million is unrestricted net position and may be used to meet City obligations to citizens and creditors.
- The City reported a total net position increase of \$1.4 million over the January 1 net position. The business-type activities had a \$5.1 million increase while the governmental activities had a \$3.7 million decrease.
- The unrestricted net position of the governmental activities was \$13.7 million.
- The unrestricted net position of the business-type activities was \$23.5 million.
- The City's general fund balance increased by \$472,000. The fund balance was budgeted to decrease by \$1.1 million, resulting in a positive variance of \$1.6 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 2020 adopted budget anticipates using \$243,000 in general fund balance.
- The debt service fund balance increased \$15,000. The debt service fund was budgeted to have an increase in fund balance of \$106,000.
- The internal service fund for the self-funded City group health insurance benefits started 2019 with a net position of \$2.87 million and finished with a net position of \$2.35 million. Premium revenues decreased slightly due to fewer participants enrolled in the health plan. Expenditures, primarily medical claims and stoploss insurance, came in higher than budget and are responsible for the decrease in net position for 2019.
- Other governmental funds had combined increases in fund balances of \$2.3 million. All nonmajor governmental funds, with the exception of the solid waste and recycling fund, had positive fund balances at December 31, 2019.
- During 2019, nonmajor capital project funds produced a net \$563,000 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 General Capital Projects Funds completed capital purchases and construction that were funded and started prior to 2019 which caused the net decrease in its fund balance. All other capital project funds had a net increase in fund balance due to the funding of projects that were not completed at year end.
- Nonmajor special revenue funds had an overall increase in fund balance of \$1.7 million.
 - The Transit Fund had an increase in fund balance of \$58,000. \$23,000 was due to favorable prices on fuel, while \$75,000 was due to favorable budget variances in federal and state revenues. Unfavorable variances in wages and benefits due to staffing needs, and purchased transportation services offset the fuel and revenue favorable variances.
 - The Community Development Block Grant loan repayments were higher than loan project expenditures which contributed to the net increase in fund balance of \$549,000.
 - The Library Fund had an increase in fund balance of \$38,000 due to short-term staffing vacancies throughout the year.
 - The Solid Waste and Recycling fund had a decrease in fund balance of \$234,000 due to expenditures for the Recycling program exceeding revenues. In the Solid Waste portion of the fund, revenues exceeded expenditures by \$64,000.
 - The Residential Development Improvement Program Fund, experienced a \$13,000 decrease in fund balance due to downtown placemaking event costs.
 - The Highway 45 Transfer Fund captures State funds given to the City under a jurisdictional transfer agreement. The 2018 fund balance and 2019 funds received were used to offset debt costs of undertaking reconstruction on the transferred roads.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

- The fourteen TIF Districts with activity in 2019 had a net fund balance increase of \$1.3 million. Long term debt was issued for TID 22, and paid out according to the development agreement. TID increments were sufficient to cover other TID expenditures.

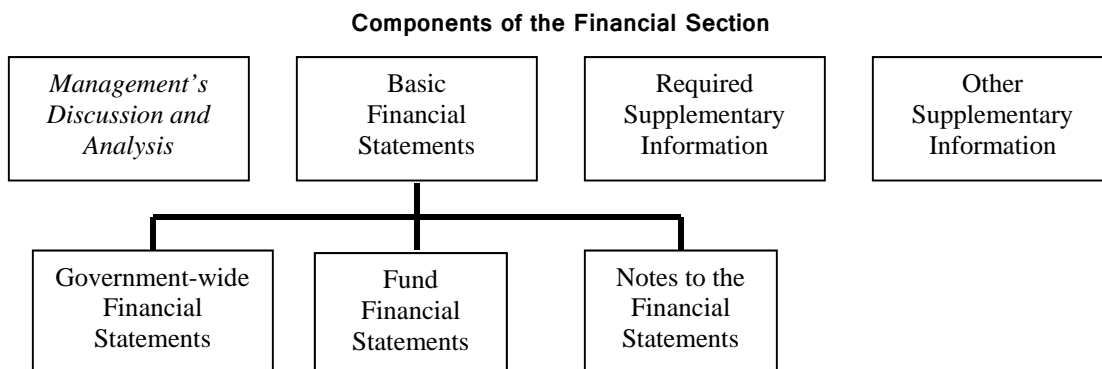
Overview of the Financial Statement

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government and report the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements provide short and long-term financial information about the activities the government operates similar to businesses, such as the water and sewer system.

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

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



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

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

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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 benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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 \$237,834,336 at the close of 2019.

By far, the largest portion of the City of Fond du Lac's net position, 80 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)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 111,516	\$ 113,006	\$ 30,299	\$ 31,300	\$ 141,815	\$ 144,306
Capital assets	140,514	139,441	186,929	188,202	327,443	327,643
Total assets	252,030	252,447	217,228	219,502	469,258	471,949
Deferred outflows of resources						
Pension	18,804	10,632	1,448	836	20,252	11,468
Non-current liabilities	86,420	78,259	52,832	59,563	139,252	137,822
Current and other liabilities	60,911	58,591	10,705	10,622	71,616	69,213
Total liabilities	147,331	136,850	63,537	70,185	210,868	207,035
Deferred inflows of resources						
Property taxes	30,551	29,991	-	-	30,551	29,991
Pension related	9,524	10,955	732	841	10,256	11,796
Total deferred inflows	40,075	40,946	732	841	40,807	41,787
Net position:						
Net investment in						
capital assets	62,681	62,629	127,223	121,668	189,904	184,297
Restricted	7,073	12,360	3,637	3,469	10,710	15,829
Unrestricted	13,674	10,294	23,547	24,175	37,221	34,469
Total net position	\$ 83,428	\$ 85,283	\$ 154,407	\$ 149,312	\$ 237,835	\$ 234,595

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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 2019.

Changes in Net Position (in thousands)

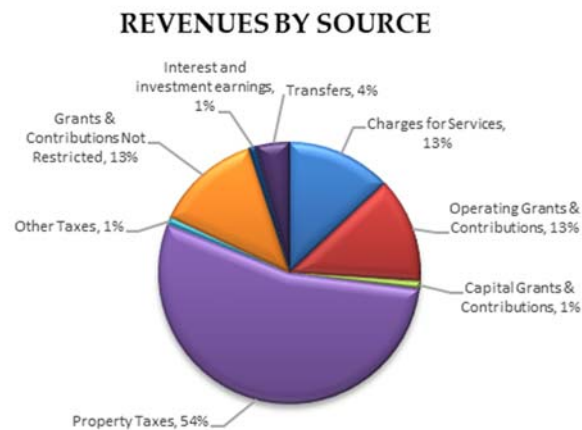
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 6,951	\$ 7,582	\$ 24,887	\$ 25,148	\$ 31,838	\$ 32,730
Operating grants and contributions	6,953	6,608	-	-	6,953	6,608
Capital grants and contributions	419	308	-	551	419	859
General revenues:						
Property taxes	29,982	28,463	-	-	29,982	28,463
Other taxes	480	454	-	-	480	454
Federal and State grants and other contributions not restricted to specific functions	7,423	6,879	3	-	7,426	6,879
Interest and investment earnings	740	689	545	443	1,285	1,132
Miscellaneous	156	4	-	-	156	4
Gain on sale of asset	83	130	5	-	88	130
Total revenues	53,187	51,117	25,440	26,142	78,627	77,259
Expenses:						
General government	3,946	3,732	-	-	3,946	3,732
Public safety	21,538	21,646	-	-	21,538	21,646
Public works	19,672	16,315	-	-	19,672	16,315
Culture and recreation	5,969	5,725	-	-	5,969	5,725
Community and development	4,831	4,548	-	-	4,831	4,548
Interest and fiscal charges	2,846	2,619	-	-	2,846	2,619
Water	-	-	8,186	8,167	8,186	8,167
Wastewater	-	-	10,217	9,036	10,217	9,036
Total expenses	58,802	54,585	18,403	17,203	77,205	71,788
Increase (decrease) in net position before transfers	(5,615)	(3,468)	7,037	8,939	1,422	5,471
Transfers	1,942	1,945	(1,942)	(1,945)	-	-
Increase (decrease) in net position	(3,673)	(1,523)	5,095	6,994	1,422	5,471
Net position - 1/1 restated	87,101	88,624	149,312	142,318	236,413	230,942
Net position - 12/31	\$ 83,428	\$ 87,101	\$ 154,407	\$ 149,312	\$ 237,835	\$ 236,413

City of Fond du Lac, Wisconsin

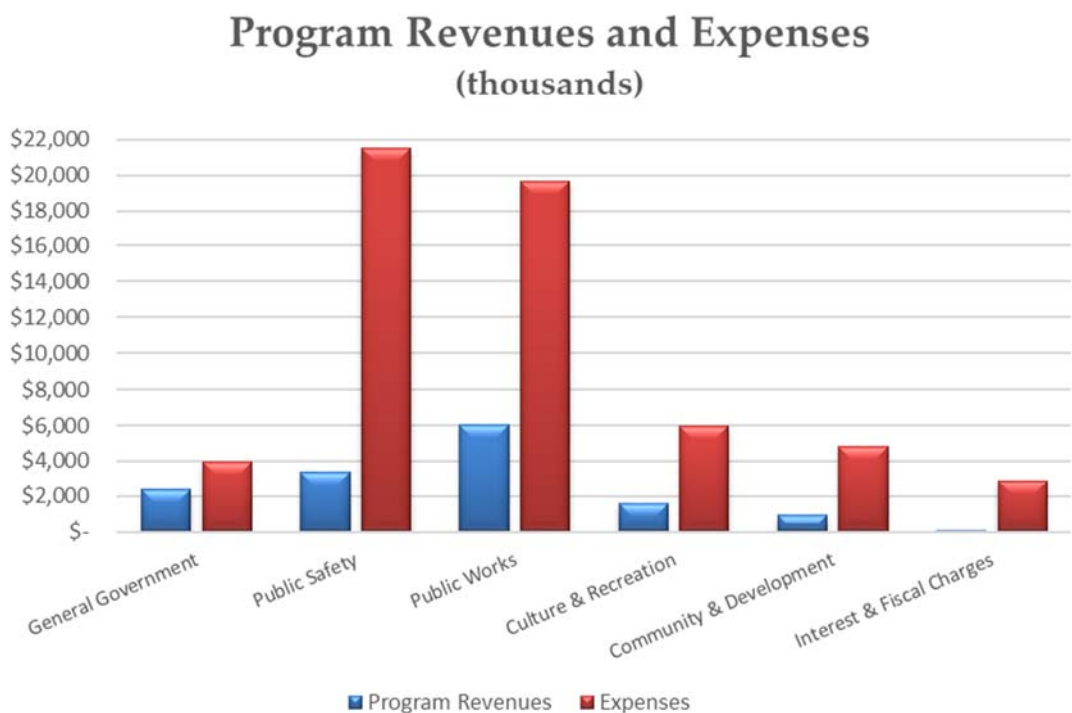
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Governmental activities.

Revenues and transfers for the City’s governmental activities were \$55.1 million. Property taxes are the largest source of governmental activity revenues at \$30 million, or 54 percent. The sources of revenues are shown in the pie graph below:



The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at \$21.5 million or 37 percent. Public works is the next largest area of expense at \$19.7 million or 33 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.



City of Fond du Lac, Wisconsin

MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

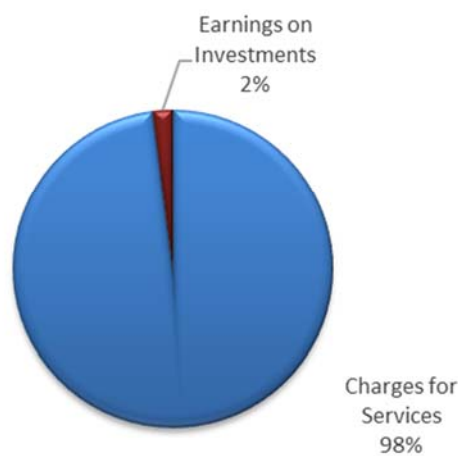
Business-type activities.

The business-type activities of the Water and Wastewater utilities increased the City’s net position by \$5.1 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, 2019

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, 2019 represents 21.2 percent of total actual 2019 general fund expenditures, while total fund balance represents 25.4 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2020 budgeted expenditures. Total general fund balance increased by \$472,000 in 2019, significantly better than the budgeted decrease of \$1.1 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 \$5.1 million during 2019 while the unrestricted net position decreased \$629,000 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 \$846,000. The changes between original budget and the final budget were the result of \$350,000 in fund balance assigned and \$496,000 in the roll-over of encumbrances from 2019. The fund balance assigned was done in order to purchase property for redevelopment efforts. 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 2020 budget.

General fund revenue and expenditure budget variances-explanation.

During this year, the net increase in fund balance was \$1.6 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$652,000 positive budget variance.
 - Special assessment revenues are recognized when paid. These revenues were \$181,000 lower than estimated in the budget process due to the timing of completing and billing the special assessment projects.
 - Intergovernmental revenues were \$192,000 higher than budgeted. The City received FEMA and State Disaster Recovering Funding for flooding events that was not budgeted for.
 - Fines and forfeit revenues were \$77,000 higher than budgeted due to uncollectible Municipal Court fines now being processed through the State's Debt Collection system.
 - A net increase in ambulance billings accounted for \$174,000 of the \$277,000 positive budget variance in Public Charges for Services. This amount is net of the uncollectible accounts and the Medicare regulated write-offs.
 - Miscellaneous revenues were \$243,000 higher than budget due to favorable investment rates.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

- Total expenditures provided for a net \$970,000 favorable budget variance across all general fund divisions.
 - General government had an overall favorable variance of \$110,000 due to efficiencies implemented and delays in filling vacancies
 - Public safety saw a favorable budget variance of \$218,000. Police wages and benefits were over budget by \$39,000, primarily in overtime costs. Fire and Rescue operations experienced a favorable variance of \$257,000 due to savings in group health insurance costs and information technology services, and the delay of a parking lot reconstruction to 2020.
 - The department of public works had a net \$238,000 favorable variance.
 - Engineering experienced a \$75,000 favorable variance due to staffing vacancies throughout the year.
 - Tree care ended with a \$108,000 positive variance. Tree removals were contracted to be completed in 2019, but due to weather conditions and contractor availability, the contracts were carried over to 2020 and were included in the encumbrance roll-overs.
 - Favorable spending compared to budget in the Municipal service center, highway maintenance and construction & maintenance make up the remaining \$55,000 favorable variance for public works.
 - Culture and recreation had a \$49,000 favorable variance.
 - Parks had a favorable budget variance of \$12,000 primarily due to the inability to hire interested long-term seasonal employees.
 - The senior center had a \$29,000 positive budget variance due to some maintenance projects costing less than anticipated, and other smaller variances in other operating accounts.
 - Community and development had a \$677,000 favorable variance.
 - City inspections was under budget \$44,000. A favorable variance of \$13,000 in other outside service costs for demolition work, and a staffing vacancy led to wage and benefit savings of \$31,000.
 - Community development had a favorable variance of \$40,000 due to savings in group health insurance costs and small savings in other operational accounts.
 - Parking facilities was under budget \$41,000. The majority of the variance was due to lower than anticipated maintenance project costs.
 - Economic development had a favorable variance of \$230,000, due to a decrease in funding requests for various downtown improvement projects.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

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, 2019, amounts to \$327,443,004 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, and equipment.

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and construction in progress	\$ 11,712	\$ 10,220	\$ 5,277	\$ 5,361	\$ 16,989	\$ 15,581
Infrastructure	104,285	106,632	-	-	104,285	106,632
Buildings and improvements	11,588	11,788	58,456	60,310	70,044	72,098
Land improvements	2,925	3,282	99,750	98,022	102,675	101,304
Machinery and equipment	10,004	9,337	23,446	24,510	33,450	33,847
Total	\$ 140,514	\$ 141,259	\$ 186,929	\$ 188,203	\$ 327,443	\$ 329,462

Capital assets net of depreciation decreased by \$2.0 million, or .6 percent. The business-type activities had a net decrease of \$1,273,000. Governmental capital assets, net of depreciation decreased by \$745,000 million due largely to 2019 capital asset depreciation expense outpacing capital additions.

Major governmental capital activity included street and stormwater infrastructure of \$1.9 million. Construction in progress at the end of the year includes the Public Safety Training Center and building renovations to various facilities with combined costs incurred of \$4.7 million. Additions and retirements of large pieces of public works equipment and squad cars are on a normal replacement schedule with no major changes planned.

Major business-type capital asset additions in the Water Utility included \$2.1 million of utility street reconstruction and \$228,000 for equipment. Significant Wastewater projects included \$1.8 million of utility street reconstruction, \$873,000 in plant and general equipment upgrades. Depreciation expense for 2019 was \$5.9 million which included \$2.9 million for water and \$3.0 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, 2019

Long-term debt.

At the end of the current fiscal year, the City of Fond du Lac had total general obligation, note anticipation note, and revenue bond debt outstanding of \$144,037,100.

Outstanding Debt - General Obligation Debt, Note Anticipation Note, and Revenue Bonds (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 45,730	\$ 50,900	\$ -	\$ -	\$ 45,730	\$ 50,900
General obligation notes	36,175	31,880	-	-	36,175	31,880
Note anticipation notes	2,695	-	-	-	2,695	-
Revenue bonds	-	-	59,437	66,424	59,437	66,424
Total	\$ 84,600	\$ 82,780	\$ 59,437	\$ 66,424	\$ 144,037	\$ 149,204

The total debt of the City of Fond du Lac decreased \$5.2 million, or 3.5 percent during 2019.

- The City issued tax-exempt general obligation notes of \$6,295,000 to finance the portion of the City's 2019 general capital improvement projects not funded by operating revenues or existing financial resources.
- The City issued tax-exempt note anticipation notes of \$2,695,000 to finance the TID 22 project. Funds were distributed to the developer once the requirements of the development agreement were met.

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, 2019 was \$150,163,790, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$81,905,000. The available legal margin for new debt was \$68,294,683.

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 2019 unemployment rate for the City of Fond du Lac was 3.1 percent, which is 6.9 percent higher than a year ago. The June 2020 unemployment rate is 9.7 percent, up 6.1 percent from last May due to the coronavirus pandemic.
- Population in the City of Fond du lac increased slightly from 2018 to 2019.
- The City's total 2019 property tax levy to fund the 2020 budget is up 1.8 percent. The equalized tax rate decreased 2.0 percent.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Rates for the City's business-type activities for 2019 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 2019 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2020.

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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 45,502,350	\$ 9,929,598	\$ 55,431,948	\$ 44,443,247
Receivables				
Taxes and special charges	51,995,614	-	51,995,614	52,303,473
Delinquent taxes	114,475	-	114,475	135,176
Accounts	1,204,464	5,942,001	7,146,465	7,094,158
Special assessments	218,816	892,968	1,111,784	1,176,237
Loans	5,160,238	-	5,160,238	5,444,027
Other	-	-	-	343
Internal balances	(392,495)	392,495	-	-
Due from other governments	6,879,463	5,292,254	12,171,717	19,707,419
Inventories and prepaid items	832,639	611,045	1,443,684	1,378,124
Other noncurrent assets	-	76,138	76,138	76,138
Restricted assets				
Cash and investments	-	7,162,894	7,162,894	6,568,431
Net pension asset	-	-	-	5,978,682
Capital assets, nondepreciable	11,711,930	5,276,888	16,988,818	15,580,673
Capital assets, depreciable, net	128,801,865	181,652,321	310,454,186	313,881,145
Total assets	252,029,359	217,228,602	469,257,961	473,767,273
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	18,592,540	1,419,127	20,011,667	11,068,049
Other postemployment related amounts	211,345	28,820	240,165	399,620
Total deferred outflows of resources	18,803,885	1,447,947	20,251,832	11,467,669
LIABILITIES				
Accounts payable	2,273,783	697,655	2,971,438	3,079,268
Accrued and other current liabilities	1,274,210	1,990,705	3,264,915	3,198,306
Due to other governments	45,095,584	-	45,095,584	43,459,872
Accrued interest payable	896,103	407,163	1,303,266	1,182,539
Special deposits	718,387	1,600	719,987	627,736
Unearned revenues	1,359,455	82,215	1,441,670	1,421,472
Long-term obligations				
Due within one year	9,293,143	7,526,014	16,819,157	16,243,949
Due in more than one year				
Other	77,939,454	52,086,434	130,025,888	135,707,190
Net pension liability	6,854,729	524,038	7,378,767	-
Other postemployment benefits	1,626,579	221,806	1,848,385	2,113,796
Total liabilities	147,331,427	63,537,630	210,869,057	207,034,128
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	30,550,997	-	30,550,997	29,991,479
Pension related amounts	9,463,619	723,486	10,187,105	11,795,573
Other postemployment related amounts	60,102	8,196	68,298	-
Total deferred inflows of resources	40,074,718	731,682	40,806,400	41,787,052
NET POSITION				
Net investment in capital assets	62,680,554	127,222,768	189,903,322	186,114,926
Restricted for debt service	-	666,462	666,462	596,212
Restricted for equipment replacement	-	2,970,800	2,970,800	2,446,587
Restricted for community development and loans	7,072,529	-	7,072,529	6,807,159
Restricted for pension assets	-	-	-	5,978,682
Unrestricted	13,674,016	23,547,207	37,221,223	34,470,196
Total net position	\$ 83,427,099	\$ 154,407,237	\$ 237,834,336	\$ 236,413,762

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, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,946,183	\$ 2,377,348	\$ -	\$ -
Public safety				
Police	11,568,063	197,685	403,722	-
Fire and rescue	9,969,649	2,120,596	659,385	-
Public works	19,672,209	1,429,898	4,196,668	419,226
Culture and recreation	5,968,960	565,293	1,020,833	-
Community and development	4,500,545	260,202	672,279	-
Interest and fiscal charges	2,847,029	1	-	-
Total governmental activities	58,472,638	6,951,023	6,952,887	419,226
BUSINESS-TYPE ACTIVITIES				
Water utility	8,186,352	12,891,819	-	-
Wastewater utility	10,217,055	11,995,418	-	-
Total business-type activities	18,403,407	24,887,237	-	-
Total	\$ 76,876,045	\$ 31,838,260	\$ 6,952,887	\$ 419,226

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

Change in net position

Net position - January 1, restated

Net position - December 31

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

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

Governmental Activities	Business-type Activities	Totals	
		2019	2018
\$ (1,568,835)	\$ -	\$ (1,568,835)	\$ (1,041,561)
(10,966,656)	-	(10,966,656)	(10,679,174)
(7,189,668)	-	(7,189,668)	(7,586,701)
(13,626,417)	-	(13,626,417)	(10,343,175)
(4,382,834)	-	(4,382,834)	(4,213,136)
(3,568,064)	-	(3,568,064)	(1,784,732)
(2,847,028)	-	(2,847,028)	(2,618,981)
(44,149,502)	-	(44,149,502)	(38,267,460)
-	4,705,467	4,705,467	5,100,965
-	1,778,363	1,778,363	3,396,107
-	6,483,830	6,483,830	8,497,072
(44,149,502)	6,483,830	(37,665,672)	(29,770,388)
29,651,751	-	29,651,751	28,462,381
479,813	-	479,813	454,154
7,422,565	2,808	7,425,373	6,879,397
740,430	545,063	1,285,493	1,131,880
155,786	-	155,786	4,036
82,829	5,201	88,030	129,917
1,942,047	(1,942,047)	-	-
40,475,221	(1,388,975)	39,086,246	37,061,765
(3,674,281)	5,094,855	1,420,574	7,291,377
87,101,380	149,312,382	236,413,762	229,122,385
<u>\$ 83,427,099</u>	<u>\$ 154,407,237</u>	<u>\$ 237,834,336</u>	<u>\$ 236,413,762</u>

City of Fond du Lac, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	General	Debt Service	Other Governmental Funds
ASSETS			
Cash and investments	\$ 27,658,404	\$ 35,893	\$ 14,346,257
Receivables			
Taxes and special charges	35,721,335	8,760,000	7,514,279
Delinquent taxes	114,475	-	-
Accounts	1,087,049	-	22,525
Special assessments	189,147	-	29,669
Loans	-	-	5,160,238
Due from other funds	214,312	-	-
Due from other governments	5,929,279	-	950,184
Inventories and prepaid items	815,164	-	11,297
Total assets	<u>\$ 71,729,165</u>	<u>\$ 8,795,893</u>	<u>\$ 28,034,449</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 693,214	\$ -	\$ 732,754
Accrued and other current liabilities	1,186,717	-	73,898
Due to other funds	-	-	214,312
Due to other governments	45,095,984	-	-
Special deposits	703,387	-	15,000
Unearned revenues	59,904	-	1,299,551
Total liabilities	<u>47,739,206</u>	<u>-</u>	<u>2,335,515</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	15,543,108	8,760,000	6,247,889
Loans receivable	-	-	5,160,238
Special assessments	154,789	-	-
Total deferred inflows of resources	<u>15,697,897</u>	<u>8,760,000</u>	<u>11,408,127</u>
Fund balances			
Nonspendable	815,164	-	11,297
Restricted	-	35,893	5,474,975
Committed	56,400	-	8,962,822
Assigned	480,431	-	-
Unassigned	6,940,067	-	(158,287)
Total fund balances	<u>8,292,062</u>	<u>35,893</u>	<u>14,290,807</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,729,165</u>	<u>\$ 8,795,893</u>	<u>\$ 28,034,449</u>

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

Totals	
2019	2018
\$ 42,040,554	\$ 30,451,248
51,995,614	52,300,361
114,475	135,176
1,109,574	879,543
218,816	254,420
5,160,238	5,444,027
214,312	558,798
6,879,463	13,657,359
826,461	795,570
<u>\$ 108,559,507</u>	<u>\$ 104,476,502</u>

\$ 1,425,968	\$ 1,410,937
1,260,615	1,259,682
214,312	558,798
45,095,984	43,460,250
718,387	626,136
1,359,455	1,334,954
<u>50,074,721</u>	<u>48,650,757</u>

30,550,997	29,991,479
5,160,238	5,444,027
154,789	529,879
<u>35,866,024</u>	<u>35,965,385</u>

826,461	795,570
5,510,868	5,986,746
9,019,222	6,042,368
480,431	243,028
6,781,780	6,792,648
<u>22,618,762</u>	<u>19,860,360</u>

<u>\$ 108,559,507</u>	<u>\$ 104,476,502</u>
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City of Fond du Lac, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 22,618,762	\$ 19,860,360
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.	140,513,795	141,259,449
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	5,315,027	5,973,906
Net position of the internal service fund is reported in the statement of net position as governmental activities	2,685,790	3,089,774
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	18,592,540	10,280,307
Deferred inflows related to pensions	(9,463,619)	(10,954,738)
Deferred outflows related to other postemployment benefits	211,345	351,666
Deferred inflows related to other postemployment benefits	(60,102)	-
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	(392,495)	(411,270)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(84,600,000)	(82,780,000)
Debt premium	(971,178)	(914,226)
Compensated absences	(1,645,355)	(1,599,931)
Net pension asset / liability	(6,854,729)	5,552,498
Other postemployment benefit	(1,626,579)	(1,860,140)
Accrued interest on long-term obligations	(896,103)	(746,275)
Net position of governmental activities as reported on the statement of net position (see page 27)	<u>\$ 83,427,099</u>	<u>\$ 87,101,380</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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>
REVENUES			
Taxes	\$ 15,227,644	\$ 8,570,000	\$ 6,348,602
Special assessments	219,226	-	-
Intergovernmental	10,320,273	-	3,968,192
Licenses and permits	1,510,136	-	-
Fines and forfeits	452,391	-	-
Public charges for services	2,913,850	-	1,904,801
Intergovernmental charges for services	4,046	-	-
Miscellaneous	816,655	-	1,192,332
	<u>31,464,221</u>	<u>8,570,000</u>	<u>13,413,927</u>
Total revenues			
EXPENDITURES			
Current			
General government	2,911,656	-	190,644
Public safety	19,924,347	-	141,951
Public works	6,136,065	-	3,960,668
Culture and recreation	1,961,648	-	3,287,997
Community and development	1,391,448	-	2,426,178
Debt service			
Principal	-	7,170,000	-
Interest and fiscal charges	-	2,967,224	4,900
Capital outlay	321,015	-	9,302,184
	<u>32,646,179</u>	<u>10,137,224</u>	<u>19,314,522</u>
Total expenditures			
Deficiency of revenues under expenditures	<u>(1,181,958)</u>	<u>(1,567,224)</u>	<u>(5,900,595)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	8,990,000
Premium on debt issued	-	212,975	-
Proceeds from sale of capital assets	5,214	-	76,609
Transfers in	1,963,227	1,369,069	2,207,232
Transfers out	(314,482)	-	(3,101,665)
	<u>1,653,959</u>	<u>1,582,044</u>	<u>8,172,176</u>
Total other financing sources (uses)			
Net change in fund balances	472,001	14,820	2,271,581
Fund balances - January 1	<u>7,820,061</u>	<u>21,073</u>	<u>12,019,226</u>
Fund balances - December 31	<u>\$ 8,292,062</u>	<u>\$ 35,893</u>	<u>\$ 14,290,807</u>

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

Totals	
2019	2018
\$ 30,146,246	\$ 28,916,535
219,226	108,237
14,288,465	13,425,085
1,510,136	1,761,773
452,391	487,268
4,818,651	4,673,901
4,046	6,472
2,008,987	1,538,684
53,448,148	50,917,955
3,102,300	2,931,192
20,066,298	19,781,489
10,096,733	9,763,684
5,249,645	5,089,696
3,817,626	3,400,009
7,170,000	6,310,000
2,972,124	2,827,421
9,623,199	13,202,924
62,097,925	63,306,415
(8,649,777)	(12,388,460)
8,990,000	12,825,000
212,975	347,620
81,823	130,141
5,539,528	6,430,383
(3,416,147)	(4,297,830)
11,408,179	15,435,314
2,758,402	3,046,854
19,860,360	16,813,506
\$ 22,618,762	\$ 19,860,360

City of Fond du Lac, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	2019	2018
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 2,758,402	\$ 3,046,854
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	9,623,199	13,202,924
Items reported as capital outlay, but not capitalized	(2,786,029)	(2,698,836)
Depreciation expense reported in the statement of activities	(7,582,824)	(7,819,550)
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.	(658,879)	51,789
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	(8,990,000)	(12,825,000)
Premium on debt issued	(212,975)	(347,620)
Principal repaid	7,170,000	6,310,000
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	(149,828)	10,670
Amortization of premiums	156,023	115,920
Compensated absences	(45,424)	(24,671)
Net pension asset	(5,552,498)	5,552,498
Net pension liability	(6,854,729)	1,493,518
Deferred outflows of resources related to pensions	8,312,233	(1,393,816)
Deferred inflows of resources related to pensions	1,491,119	(6,363,467)
Other postemployment benefits	233,561	(188,456)
Deferred outflows of resources related to other postemployment benefits	(140,321)	351,666
Deferred inflows of resources related to other postemployment benefits	(60,102)	-
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.	(385,209)	2,617
Change in net position of governmental activities as reported in the statement of activities (see pages 28 - 29)	<u>\$ (3,674,281)</u>	<u>\$ (1,522,960)</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget			Variance Final Budget - Positive (Negative)	2018 Actual
	Original	Final	Actual		
REVENUES					
Taxes	\$ 15,181,104	\$ 15,181,104	\$ 15,227,644	\$ 46,540	\$ 15,456,682
Special assessments	400,000	400,000	219,226	(180,774)	108,237
Intergovernmental	10,128,122	10,128,122	10,320,273	192,151	9,943,049
Licenses and permits	1,504,635	1,504,635	1,510,136	5,501	1,761,773
Fines and forfeits	375,000	375,000	452,391	77,391	487,268
Public charges for services	2,636,352	2,636,352	2,913,850	277,498	2,756,572
Intergovernmental charges for services	13,000	13,000	4,046	(8,954)	6,472
Miscellaneous	573,570	573,570	816,655	243,085	823,754
Total revenues	30,811,783	30,811,783	31,464,221	652,438	31,343,807
EXPENDITURES					
Current					
General government	3,020,748	3,021,263	2,911,656	109,607	2,859,148
Public safety	20,058,258	20,142,022	19,924,347	217,675	19,637,233
Public works	5,968,434	6,374,173	6,136,065	238,108	5,980,854
Culture and recreation	2,005,060	2,010,247	1,961,648	48,599	1,857,562
Community and development	1,717,846	2,068,881	1,391,448	677,433	1,499,548
Capital outlay	-	-	321,015	(321,015)	262,564
Total expenditures	32,770,346	33,616,586	32,646,179	970,407	32,096,909
Excess of revenues over (under) expenditures	(1,958,563)	(2,804,803)	(1,181,958)	1,622,845	(753,102)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	2,500	2,500	5,214	2,714	36,668
Transfers in	1,994,659	1,994,659	1,963,227	(31,432)	1,984,273
Transfers out	(281,624)	(281,624)	(314,482)	(32,858)	(981,524)
Total other financing sources (uses)	1,715,535	1,715,535	1,653,959	(61,576)	1,039,417
Net change in fund balance	(243,028)	(1,089,268)	472,001	1,561,269	286,315
Fund balance - January 1	7,820,061	7,820,061	7,820,061	-	7,271,182
Fund balance - December 31	<u>\$ 7,577,033</u>	<u>\$ 6,730,793</u>	<u>\$ 8,292,062</u>	<u>\$ 1,561,269</u>	<u>\$ 7,557,497</u>

City of Fond du Lac, Wisconsin

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Enterprise Funds	
	Water Utility	Wastewater Utility
ASSETS		
Current assets		
Cash and investments	\$ 1,894,558	\$ 8,035,040
Receivables		
Taxes and special charges	-	-
Customer accounts	3,476,412	2,465,589
Special assessments	545,009	347,959
Other	-	-
Due from other governments	44,500	-
Inventories and prepaid items	610,938	107
	<u>6,571,417</u>	<u>10,848,695</u>
Total current assets		
Noncurrent assets		
Restricted assets		
Cash and investments	4,192,094	2,970,800
Due from other governments	-	5,247,754
	<u>4,192,094</u>	<u>8,218,554</u>
Total noncurrent assets		
Other assets		
Other assets	76,138	-
Net pension asset	-	-
	<u>76,138</u>	<u>-</u>
Total other assets		
Capital assets		
Nondepreciable	387,830	4,889,058
Depreciable, net	77,535,471	104,116,850
	<u>77,923,301</u>	<u>109,005,908</u>
Total capital assets		
Total assets	<u>88,762,950</u>	<u>128,073,157</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	603,591	815,536
Other postemployment related amounts	14,410	14,410
	<u>618,001</u>	<u>829,946</u>
Total deferred outflows of resources		

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

Totals		Governmental Activities - Internal Service Funds	
2019	2018	2019	2018
\$ 9,929,598	\$ 10,405,721	\$ 3,461,798	\$ 3,586,279
-	3,112	-	-
5,942,001	5,870,192	94,891	344,424
892,968	921,817	-	-
-	343	-	-
44,500	32,615	-	-
611,045	566,634	6,178	15,920
17,420,112	17,800,434	3,562,867	3,946,623
7,162,894	6,568,431	-	-
5,247,754	6,017,445	-	-
12,410,648	12,585,876	-	-
76,138	76,138	-	-
-	426,184	-	-
76,138	502,322	-	-
5,276,888	5,360,971	-	-
181,652,321	182,841,398	-	-
186,929,209	188,202,369	-	-
216,836,107	219,091,001	3,562,867	3,946,623
1,419,127	787,742	-	-
28,820	47,954	-	-
1,447,947	835,696	-	-

City of Fond du Lac, Wisconsin

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Enterprise Funds	
	Water Utility	Wastewater Utility
LIABILITIES		
Current liabilities		
Accounts payable	\$ 519,956	\$ 177,699
Accrued and other current liabilities	1,927,969	62,736
Accrued interest payable	306,172	100,991
Special deposits	1,600	-
Unearned revenue	62,085	20,130
Compensated absences	31,022	57,363
Current portion of long-term debt	114,915	3,797,082
Payable from restricted assets		
Current portion of long-term debt	3,525,632	-
Total current liabilities	6,489,351	4,216,001
Long-term obligations, less current portion		
Revenue bonds	29,710,489	22,375,945
Net pension liability	222,947	301,091
Other postemployment benefits	110,903	110,903
Total long-term liabilities	30,044,339	22,787,939
Total liabilities	36,533,690	27,003,940
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	307,800	415,686
Other postemployment related amounts	4,098	4,098
Total deferred inflows of resources	311,898	419,784
NET POSITION		
Net investment in capital assets	44,459,602	82,763,166
Restricted for debt service	666,462	-
Restricted for equipment replacement	-	2,970,800
Restricted for pension assets	-	-
Unrestricted	7,409,299	15,745,413
Total net position	\$ 52,535,363	\$ 101,479,379

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 27)

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

Totals		Governmental Activities - Internal Service Funds	
2019	2018	2019	2018
\$ 697,655	\$ 870,716	\$ 847,817	\$ 797,617
1,990,705	1,904,393	13,195	33,853
407,163	436,264	-	-
1,600	1,600	-	-
82,215	86,518	-	-
88,385	96,827	16,065	25,379
3,911,997	3,699,862	-	-
3,525,632	3,525,632	-	-
10,705,352	10,621,812	877,077	856,849
52,086,434	59,309,282	-	-
524,038	-	-	-
221,806	253,656	-	-
52,832,278	59,562,938	-	-
63,537,630	70,184,750	877,077	856,849
723,486	840,835	-	-
8,196	-	-	-
731,682	840,835	-	-
127,222,768	121,667,593	-	-
666,462	596,212	-	-
2,970,800	2,446,587	-	-
-	426,184	-	-
23,154,712	23,764,536	2,685,790	3,089,774
154,014,742	148,901,112	<u>\$ 2,685,790</u>	<u>\$ 3,089,774</u>
392,495	411,270		
<u>\$ 154,407,237</u>	<u>\$ 149,312,382</u>		

City of Fond du Lac, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds	
	Water Utility	Wastewater Utility
OPERATING REVENUES		
Charges for services	\$ 12,535,875	\$ 11,856,836
Other	317,129	150,678
Total operating revenues	12,853,004	12,007,514
OPERATING EXPENSES		
Personal services	1,300,516	2,068,960
Contractual services	760,925	2,522,341
Materials and supplies	1,232,080	1,431,472
Utilities	686,035	545,814
Insurance claims and expenses	-	-
Depreciation	3,005,427	2,997,294
Taxes	58,775	-
Total operating expenses	7,043,758	9,565,881
Operating income (loss)	5,809,246	2,441,633
NONOPERATING REVENUES (EXPENSES)		
Interest income	130,013	415,249
Nonoperating grants	992	-
Gain on disposal of capital assets	5,201	-
Interest and fiscal charges	(1,134,932)	(640,061)
Merchandising and jobbing	28,336	-
Total nonoperating revenues (expenses)	(970,390)	(224,812)
Income (loss) before contributions and transfers	4,838,856	2,216,821
Capital contributions	-	-
Transfers out	(1,942,047)	-
Change in net position	2,896,809	2,216,821
Net position - January 1	49,638,554	99,262,558
Net position - December 31	<u>\$ 52,535,363</u>	<u>\$ 101,479,379</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 28 - 29)

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

Totals		Governmental Activities - Internal Service Funds	
2019	2018	2019	2018
\$ 24,392,711	\$ 24,242,428	\$ 7,062,629	\$ 7,128,017
467,807	901,882	-	-
24,860,518	25,144,310	7,062,629	7,128,017
3,369,476	3,065,467	511,088	542,826
3,283,266	2,672,423	553,881	575,354
2,663,552	2,670,820	314,671	288,151
1,231,849	1,043,544	6,136	6,569
-	-	5,908,671	5,485,454
6,002,721	5,893,281	-	-
58,775	-	-	-
16,609,639	15,345,535	7,294,447	6,898,354
8,250,879	9,798,775	(231,818)	229,663
545,262	443,467	-	-
992	-	-	-
5,201	-	9,167	245
(1,774,993)	(1,895,971)	-	-
28,336	3,457	-	-
(1,195,202)	(1,449,047)	9,167	245
7,055,677	8,349,728	(222,651)	229,908
-	551,056	-	-
(1,942,047)	(1,945,017)	(181,333)	(187,536)
5,113,630	6,955,767	(403,984)	42,372
148,901,112	141,945,345	3,089,774	3,047,402
<u>\$ 154,014,742</u>	<u>\$ 148,901,112</u>	<u>\$ 2,685,790</u>	<u>\$ 3,089,774</u>
\$ 5,113,630	\$ 6,955,767		
(18,775)	39,755		
<u>\$ 5,094,855</u>	<u>\$ 6,995,522</u>		

City of Fond du Lac, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds	
	Water Utility	Wastewater Utility
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 12,319,988	\$ 12,754,760
Cash received from other	317,129	150,678
Cash paid for employee wages and benefits	(1,938,715)	(1,946,671)
Cash paid to suppliers	(1,795,749)	(4,579,159)
Net cash provided by operating activities	8,902,653	6,379,608
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Merchandising and jobbing	29,328	-
Special assessments received	3,112	-
Intergovernmental revenues	-	-
Transfer out	(1,942,047)	-
Net cash used by noncapital financing activities	(1,909,607)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(2,424,160)	(2,594,657)
Capital contributions	47,456	(18,607)
Sale of capital assets	5,201	-
Proceeds from issuance of long-term debt	-	-
Principal paid on long-term debt	(3,501,915)	(3,485,080)
Interest paid on long-term debt	(1,182,512)	(645,302)
Net cash provided (used) by capital and related financing activities	(7,055,930)	(6,743,646)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	130,013	415,249
Change in cash and cash equivalents	67,129	51,211
Cash and cash equivalents - January 1	6,019,523	10,954,629
Cash and cash equivalents - December 31	<u>\$ 6,086,652</u>	<u>\$ 11,005,840</u>

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

Totals		Governmental Activities - Internal Service Funds	
2019	2018	2019	2018
\$ 25,074,748	\$ 25,195,801	\$ 7,312,162	\$ 6,808,733
467,807	901,882	-	-
(3,885,386)	(3,974,446)	(6,522,622)	(538,796)
(6,374,908)	(5,161,034)	(741,855)	(6,227,766)
15,282,261	16,962,203	47,685	42,171
29,328	3,457	-	-
3,112	-	-	-
-	-	-	-
(1,942,047)	(1,945,017)	(181,333)	(187,536)
(1,909,607)	(1,941,560)	(181,333)	(187,536)
(5,018,817)	(8,143,189)	-	-
28,849	521,694	-	-
5,201	3,588	9,167	245
-	2,764,157	-	-
(6,986,995)	(6,882,438)	-	-
(1,827,814)	(1,955,993)	-	-
(13,799,576)	(13,692,181)	9,167	245
545,262	443,467	-	-
118,340	1,771,929	(124,481)	(145,120)
16,974,152	15,202,223	3,586,279	3,731,399
<u>\$ 17,092,492</u>	<u>\$ 16,974,152</u>	<u>\$ 3,461,798</u>	<u>\$ 3,586,279</u>

City of Fond du Lac, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds	
	Water Utility	Wastewater Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 5,809,246	\$ 2,441,633
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	3,005,427	2,997,294
Depreciation charged to operating accounts	289,258	-
Effects of changes in operating assets, deferred outflows, liabilities and deferred inflows		
Accounts receivables	(200,061)	128,595
Due from other governments	(11,885)	769,691
Inventories and prepaid items	(44,304)	(107)
Accounts payable	(93,636)	(79,425)
Accrued and other current liabilities	76,610	9,702
Unearned revenue	(3,941)	(362)
Compensated absences	(9,988)	1,546
Change in WRS pension asset / liability	406,448	543,774
Change in WRS pension related deferred outflows of resources	(264,024)	(367,361)
Change in WRS pension related deferred inflows of resources	(54,237)	(63,112)
Change in postemployment benefits liability	(15,925)	(15,925)
Change in postemployment benefits deferred outflows of resources	9,567	9,567
Change in postemployment benefits deferred inflows of resources	4,098	4,098
Net cash provided (used) by operating activities	<u>\$ 8,902,653</u>	<u>\$ 6,379,608</u>
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents in current assets	\$ 1,894,558	\$ 8,035,040
Cash and cash equivalents in restricted assets	<u>4,192,094</u>	<u>2,970,800</u>
Total cash and cash equivalents	<u>\$ 6,086,652</u>	<u>\$ 11,005,840</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	
2019	2018	2019	2018
\$ 8,250,879	\$ 9,798,775	\$ (231,818)	\$ 229,663
6,002,721	5,893,281	-	-
289,258	148,161	-	-
(71,466)	162,540	249,533	(321,784)
757,806	790,274	-	2,500
(44,411)	28,382	9,742	(14,425)
(173,061)	77,187	50,200	142,187
86,312	28,612	(20,658)	1,613
(4,303)	559	-	-
(8,442)	(4,523)	(9,314)	2,417
950,222	(237,710)	-	-
(631,385)	126,379	-	-
(117,349)	137,540	-	-
(31,850)	17,427	-	-
19,134	(23,977)	-	-
8,196	19,296	-	-
<u>\$ 15,282,261</u>	<u>\$ 16,962,203</u>	<u>\$ 47,685</u>	<u>\$ 42,171</u>
\$ 9,929,598	\$ 10,405,721	\$ 3,461,798	\$ 3,586,279
7,162,894	6,568,431	-	-
<u>\$ 17,092,492</u>	<u>\$ 16,974,152</u>	<u>\$ 3,461,798</u>	<u>\$ 3,586,279</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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.

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, 2019

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* accounts 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, 2019

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, and Moraine Park Technical College. 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, 2019

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 classified as 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 classified as 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, 2019

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, accounts receivable 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 (asset)/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, 2019

14. Other Postemployment Benefits Other Than Pensions (OPEB)

Defined Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

15. 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 (resolution). These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City 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 and related premiums, 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.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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, 2018, from which the summarized information was derived.

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. Expenditures cannot legally exceed appropriations at the function 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, 2019.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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, 2019 as follows:

Funds	Excess Expenditures
General	
Capital outlay	\$ 321,015
Special revenue	
City Grant Programs	
Culture and recreation	518
Harbor & Boating Facilities	
Culture and recreation	10,294
Solid Waste & Recycling	
Public Works	261,444
Fuel pump maintenance	
Public works	2,412
Capital outlay	1
TIF Districts	
General government	81,362
Conservation and development	1,961,549
Capital Outlay	271,784
Debt service	
Interest and fiscal charges	195,349

The above excess expenditure variances were funded using favorable revenue variances and available fund balance in the various funds.

The following fund had deficit fund balance at December 31, 2019:

Funds	Deficit Fund Balance
Special revenue	
Solid Waste & Recycling	\$ 147,193

The City expects to fund the deficit fund balance with future revenues of the fund.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

C. 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 2019 and 2020 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 2019 budget was 1.34%. The actual limit for the City for the 2020 budget was 1.46%. 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.

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 \$62,594,842 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 15,161
Deposits with financial institutions	35,114,127
Investments	27,465,554
	<u>\$ 62,594,842</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 55,431,948
Restricted cash and investments	7,162,894
	<u>\$ 62,594,842</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, 2019:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasury securities	\$ -	\$ 5,265,721	\$ -
Federal Farm Credit Bank	-	2,229,543	-
Fond du Lac Area Foundation	-	-	94,966
Federal Home Loan Bank	-	2,409,179	-
Freddie Mac	-	1,306,330	-
Fannie Mae	-	1,004,774	-
	<u>\$ -</u>	<u>\$ 12,215,547</u>	<u>\$ 94,966</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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 as provided by the foundation
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, 2019, the City's bank balances related to deposits with financial institutions were in excess of federal and state depository limits by \$34,902,526. Of this amount, \$29,803,077 was collateralized with securities held by the pledging financial institution in the City's name.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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	Not Rated
U.S. Treasury securities	\$ 5,265,721	\$ 5,265,721	\$ -	\$ -
Federal Farm Credit Bank	2,229,543	-	2,229,543	-
Fond du Lac Area Foundation	94,966	-	-	94,966
Federal Home Loan Bank	2,409,179	-	2,409,179	-
Freddie Mac	1,306,330	-	1,306,330	-
Fannie Mae	1,004,774	-	1,004,774	-
Money market fund	15,057,049	-	-	15,057,049
Wisconsin local government investment pool	97,992	-	-	97,992
Totals	<u>\$27,465,554</u>	<u>\$ 5,265,721</u>	<u>\$ 6,949,826</u>	<u>\$15,250,007</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	\$ 2,229,543	8%
Federal Home Loan Bank	Bonds	2,409,179	9%
Freddie Mac	Bonds	1,306,330	5%

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, 2019

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	\$ 5,265,721	\$ 5,265,721	\$ -	\$ -	\$ -
Federal Farm Credit Bank	2,229,543	2,229,543	-	-	-
Fond du Lac Area Foundation	94,966	94,966	-	-	-
Federal Home Loan Bank	2,409,179	2,409,179	-	-	-
Freddie Mac	1,306,330	1,306,330	-	-	-
Fannie Mae	1,004,774	1,004,774	-	-	-
Money market funds	15,057,049	15,057,049	-	-	-
Wisconsin local government investment pool	97,992	97,992	-	-	-
Totals	<u>\$27,465,554</u>	<u>\$27,465,554</u>	<u>\$ -</u>	<u>\$ -</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	\$ 2,229,543
Federal Home Loan Bank	2,409,179
Freddie Mac	1,306,330
Fannie Mae	1,004,774

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$97,992 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, 2019, 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, 2019 totaled \$7,162,894 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise		
Water utility		
Bond redemption	<u>\$ 4,192,094</u>	To be used to meet debt service requirements
Wastewater utility		
Equipment replacement	<u>2,970,800</u>	To be used for future equipment replacement needs
Total	<u>\$ 7,162,894</u>	

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 6,662,884	\$ -	\$ -	\$ 6,662,884
Construction in progress	3,556,818	4,766,146	3,273,918	5,049,046
Total capital assets, nondepreciable	<u>10,219,702</u>	<u>4,766,146</u>	<u>3,273,918</u>	<u>11,711,930</u>
Capital assets, depreciable:				
Land improvements	10,881,348	26,393	-	10,907,741
Buildings and improvements	28,117,023	540,774	-	28,657,797
Machinery and equipment	27,368,733	2,846,842	804,619	29,410,956
Infrastructure	212,054,490	1,930,933	-	213,985,423
Subtotals	<u>278,421,594</u>	<u>5,344,942</u>	<u>804,619</u>	<u>282,961,917</u>
Less accumulated depreciation for:				
Land improvements	7,599,165	383,334	-	7,982,499
Buildings and improvements	16,329,234	740,319	-	17,069,553
Machinery and equipment	18,031,456	2,179,781	804,619	19,406,618
Infrastructure	105,421,992	4,279,390	-	109,701,382
Subtotals	<u>147,381,847</u>	<u>7,582,824</u>	<u>804,619</u>	<u>154,160,052</u>
Total capital assets, depreciable, net	<u>131,039,747</u>	<u>(2,237,882)</u>	<u>-</u>	<u>128,801,865</u>
Governmental activities capital assets, net	<u>\$ 141,259,449</u>	<u>\$ 2,528,264</u>	<u>\$ 3,273,918</u>	140,513,795
Less: Capital related debt				(76,442,316)
Less: Debt premium				(892,246)
Less: Contracts payable related to capital assets				<u>(498,679)</u>
Net investment in capital assets				<u>\$ 62,680,554</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 387,830	\$ -	\$ -	\$ 387,830
Construction in progress	4,973,141	1,721,648	1,805,731	4,889,058
Total capital assets, nondepreciable	<u>5,360,971</u>	<u>1,721,648</u>	<u>1,805,731</u>	<u>5,276,888</u>
Capital assets, depreciable:				
Buildings and improvements	89,135,959	414,626	-	89,550,585
Machinery and equipment	45,669,453	779,907	159,936	46,289,424
Improvements other than buildings	129,474,941	3,838,615	214,015	133,099,541
Subtotals	<u>264,280,353</u>	<u>5,033,148</u>	<u>373,951</u>	<u>268,939,550</u>
Less accumulated depreciation for:				
Buildings and improvements	28,826,149	2,268,613	-	31,094,762
Machinery and equipment	21,159,863	1,851,568	168,082	22,843,349
Improvements other than buildings	31,452,940	2,171,798	275,620	33,349,118
Subtotals	<u>81,438,952</u>	<u>6,291,979</u>	<u>443,702</u>	<u>87,287,229</u>
Total capital assets, depreciable, net	<u>182,841,401</u>	<u>(1,258,831)</u>	<u>(69,751)</u>	<u>181,652,321</u>
Business-type activities capital assets, net	<u>\$ 188,202,372</u>	<u>\$ 462,817</u>	<u>\$ 1,735,980</u>	186,929,209
Less: Capital related debt				(59,437,100)
Less: Debt premium				(86,963)
Less: Contracts payable related to capital assets				<u>(182,378)</u>
Net investment in capital assets				<u>\$127,222,768</u>

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

Governmental activities	
General government	\$ 409,816
Public safety	
Police	304,475
Fire and rescue	750,148
Public works	5,285,009
Culture and recreation	704,705
Community development	128,671
Total depreciation expense - governmental activities	<u>\$ 7,582,824</u>
Business-type activities	
Water utility	\$ 3,005,427
Water utility charged to operating accounts	289,258
Wastewater utility	2,997,294
Total depreciation expense - business-type activities	<u>\$ 6,291,979</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables as of December 31, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 214,312	\$ -
Nonmajor governmental funds		
Solid waste and recycling	-	111,223
Transit	-	103,089
	<u> </u>	<u> </u>
Totals	<u>\$ 214,312</u>	<u>\$ 214,312</u>

Interfund transfers for the year ended December 31, 2019 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,963,226	\$ 314,482
Debt service	1,369,069	-
Nonmajor governmental funds		
Solid waste and recycling	-	100,000
HazMat Agreement	7,500	-
Public Safety Training Fund	41,024	-
TIF Districts	36,908	1,119,916
Highway 45 Transfer	-	400,000
General capital projects	510,825	265,775
Streets	967,026	970,075
Storm sewers	469,687	180,637
Parks	174,262	65,262
Subtotal nonmajor governmental funds	<u>2,207,232</u>	<u>3,101,665</u>
Enterprise		
Water utility	-	1,942,047
Internal service		
Information technology	-	181,333
	<u>\$ 5,539,527</u>	<u>\$ 5,539,527</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 1,942,047
Transfers to debt service for debt retirement	1,369,069
To move revenues from funds that are required to collect them to fund that is allowed to expend them	69,703
Transfer to TIF district from general fund to fund projects	36,908
To reimburse capital project funds for project costs	2,121,800
	<u>\$ 5,539,527</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
Bonds	\$ 50,900,000	\$ -	\$ 5,170,000	\$ 45,730,000	\$ 5,470,000
Notes	31,880,000	6,295,000	2,000,000	36,175,000	2,000,000
Total general obligation debt	<u>82,780,000</u>	<u>6,295,000</u>	<u>7,170,000</u>	<u>81,905,000</u>	<u>7,470,000</u>
Note anticipation note	-	2,695,000	-	2,695,000	-
Debt premium	914,226	212,975	156,023	971,178	190,627
Compensated absences	<u>1,625,310</u>	<u>1,775,186</u>	<u>1,739,077</u>	<u>1,661,419</u>	<u>1,632,516</u>
Governmental activities Long-term obligations	<u>\$ 85,319,536</u>	<u>\$ 10,978,161</u>	<u>\$ 9,065,100</u>	<u>\$ 87,232,597</u>	<u>\$ 9,293,143</u>
Business-type activities:					
Revenue bonds	\$ 66,424,095	\$ -	\$ 6,986,995	\$ 59,437,100	\$ 7,413,912
Debt premium	110,681	-	23,718	86,963	23,717
Compensated absences	<u>96,827</u>	<u>88,491</u>	<u>96,933</u>	<u>88,385</u>	<u>88,385</u>
Business-type activities Long-term obligations	<u>\$ 66,631,603</u>	<u>\$ 88,491</u>	<u>\$ 7,107,646</u>	<u>\$ 59,612,448</u>	<u>\$ 7,526,014</u>

Total interest paid during the year on long-term debt totaled \$4,747,116.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
2007 TIF #10 refunding notes	2/1/07	4/1/21	4.25%	\$ 1,730,000	\$ 305,000
2009 Capital improvement refunding bonds	7/1/09	5/1/23	5.00%	3,125,000	1,350,000
2010 Capital improvement refunding bonds	3/24/10	3/1/25	3.96%	10,665,000	7,565,000
2010 Capital improvement refunding bonds	8/25/10	4/1/21	3.05%	2,700,000	1,150,000
2011 Capital improvement refunding bonds	2/15/11	2/1/26	4.65%	5,700,000	3,775,000
2011 Capital improvement refunding bonds	2/15/11	2/1/21	3.68%	5,375,000	1,225,000
2011 Capital improvement project notes	2/15/11	2/1/21	4.14%	1,500,000	900,000
2012 Refunding bonds	5/23/12	9/1/32	3.72%	7,650,000	7,075,000
2012 Refunding bonds	5/23/12	9/1/27	3.40%	5,475,000	4,225,000
2012 Capital improvement project notes	9/26/12	9/1/22	2.57%	2,800,000	1,925,000
2013 Refunding bonds	2/27/13	4/1/24	2.67%	3,975,000	2,400,000
2013 Refunding bonds	2/27/13	4/1/32	3.79%	1,800,000	1,350,000
2013 Refunding bonds	2/27/13	3/1/23	2.39%	3,085,000	1,900,000
2013 Capital improvement project notes	2/27/13	4/1/22	2.43%	3,190,000	2,275,000
2014 Capital improvement project notes	2/5/14	9/2/23	2.45%	2,000,000	1,300,000
2014 Taxable bonds	7/9/14	6/1/28	4.04%	1,055,000	740,000
2014 TIF #18 taxable notes	7/9/14	6/1/24	3.75%	1,040,000	825,000
2015 Refunding bonds	3/11/15	3/1/30	2.90%	7,275,000	6,600,000
2015 Capital improvement project notes	3/11/15	3/1/25	2.53%	2,800,000	2,200,000
2016 Refunding bonds	3/9/16	3/1/28	2.74%	2,275,000	2,025,000
2016 Capital improvement project notes	3/9/16	3/1/26	2.32%	2,525,000	2,200,000
2016 TIF #10 notes	3/9/16	3/1/26	2.60%	1,300,000	950,000
2017 G.O. promissory notes	3/22/17	3/1/27	2.00 - 3.00%	5,025,000	4,675,000
2017 Refunding bonds	9/27/17	4/1/22	2.00%	7,050,000	4,350,000
2018 G.O. promissory notes	3/28/18	3/1/28	2.00-3.50%	9,025,000	8,525,000
2018 G.O. promissory notes	3/28/18	12/1/21	3.00%	3,800,000	3,800,000
2019 G.O promissory note	10/23/19	4/1/28	2.00-2.75%	6,295,000	6,295,000
Total outstanding general obligation debt					<u><u>\$ 81,905,000</u></u>

Annual principal and interest maturities of the outstanding general obligation debt of \$81,905,000 on December 31, 2019 are detailed below:

Year Ended	Governmental Activities		
December 31,	Principal	Interest	Total
2020	\$ 7,470,000	\$ 2,757,874	\$ 10,227,874
2021	12,040,000	2,559,365	14,599,365
2022	10,750,000	1,933,856	12,683,856
2023	7,430,000	1,622,459	9,052,459
2024	8,130,000	1,345,991	9,475,991
2025 - 2029	31,710,000	3,007,750	34,717,750
2029 - 2032	4,375,000	202,813	4,577,813
	<u><u>\$ 81,905,000</u></u>	<u><u>\$ 13,430,108</u></u>	<u><u>\$ 95,335,108</u></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, 2019

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2019 was \$68,294,683 as follows:

Equalized valuation of the City		\$ 3,003,275,800
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		150,163,790
Total outstanding general obligation debt applicable to debt limitation	\$ 81,905,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	35,893	
Net outstanding general obligation debt applicable to debt limitation		81,869,107
Legal margin for new debt		<u>\$ 68,294,683</u>

Note Anticipation Note

Note anticipation note outstanding on December 31, 2019 was comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
2019B Note anticipation note	10/23/19	4/1/22	3.50%	\$ 2,695,000	<u>\$ 2,695,000</u>

Annual principal and interest maturities of the outstanding anticipation note debt of \$2,695,000 on December 31, 2019 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 88,561	\$ 88,561
2021	-	94,325	94,325
2022	2,695,000	47,163	2,742,163
	<u>\$ 2,695,000</u>	<u>\$ 230,049</u>	<u>\$ 2,925,049</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2019 totaled \$59,437,100 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
2008 Waterworks system revenue bonds	4/23/08	5/1/27	2.37%	\$21,753,247	\$10,370,518
2005 Sewerage system revenue bonds	12/14/05	5/1/25	2.37%	59,000,000	23,316,596
2010 Waterworks system revenue bonds	2/23/11	5/1/29	2.20%	10,990,743	6,343,555
2010 Waterworks system revenue bonds	2/10/10	9/1/29	4.21%	11,650,000	8,975,000
2011 Waterworks system revenue bonds	9/14/11	9/1/29	4.03%	6,025,000	3,450,000
2013 Waterworks system revenue bonds	10/1/13	9/1/23	3.05%	4,325,000	1,250,000
2014 Waterworks system revenue bonds	7/9/14	9/1/23	4.00%	5,275,000	2,875,000
2018 Sewerage system revenue bonds	4/25/18	5/1/37	1.87%	3,131,186	2,856,431
Total outstanding revenue bonds					<u>\$59,437,100</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Annual principal and interest maturities of the outstanding revenue bonds of \$59,437,100 on December 31, 2019 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2020	\$ 7,413,912	\$ 1,651,832	\$ 9,065,744
2021	7,619,066	1,454,690	9,073,756
2022	7,802,270	1,242,926	9,045,196
2023	7,513,594	1,026,004	8,539,598
2024	7,453,113	821,039	8,274,152
2025 - 2029	20,247,560	1,735,305	21,982,865
2030 - 2034	1,021,176	99,430	1,120,606
2035 - 2037	366,409	6,884	373,293
	<u>\$ 59,437,100</u>	<u>\$ 8,038,110</u>	<u>\$ 67,475,210</u>

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 2029 and 2037, respectively. The total principal and interest remaining to be paid on the water bonds is \$39,099,343. Principal and interest paid for the current year and total customer net revenues were \$4,684,425 and \$8,814,673, respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$28,375,867. Principal and interest paid for the current year and total customer net revenues were \$4,350,794 and \$5,853,553, 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, 2019, there were 11 series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable was undetermined.

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>.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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 executive service retirement plan participants, if hired on or before 12/31/2019) are entitled to a retirement benefit, based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earning periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested employees may retire at, or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
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)
2017	2.0	4
2018	2.4	17

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2019, the WRS recognized \$2,225,922 in contributions from the City.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the City reported a liability of \$7,378,767 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the City's proportion was 0.20740352%, which was an increase of 0.00604134% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$5,008,329.

At December 31, 2019, 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	\$ 5,746,941	\$ 10,158,526
Net differences between projected and actual earnings on pension plan investments	10,776,183	-
Changes in assumptions	1,243,790	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,831	28,579
Employer contributions subsequent to the measurement date	2,225,922	-
Total	<u>\$ 20,011,667</u>	<u>\$ 10,187,105</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

\$2,225,922 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, 2020. 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
2020	\$ 2,760,202
2021	685,558
2022	1,202,653
2023	2,950,227
Total	<u>\$ 7,598,640</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability:	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on the experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9%	6.5%	3.9%
Private Equity/Debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
Variable Fund Asset Class			
U.S. Equities	70%	7.6%	5.0%
International Equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 29,323,993	\$ 7,378,767	\$ (8,939,210)

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, 2019, the City reported a payable of \$308,753 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

H. OTHER POSTEMPLOYMENT BENEFITS

Single-employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the City up to the age of 65. Eligible retired employees contribute 100% of the premium for family coverage or 100% of the premium for single coverage.

Benefits Provided

The City provides specified amounts for good attendance bonuses and not using sick leave. The credits and amounts paid vary for different classes of employees. Amounts are deposited in either the employees PEHP or a health savings account to be used towards the cost of their medical premium as noted above.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	327
	<u>345</u>

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute 100% of the premiums for family coverage or 100% of the premium for single coverage.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Total OPEB Liability

The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2017 and was rolled forward to a measurement date of December 31, 2018.

Actuarial Assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method:	Entry Age Normal (level percent of salary)
Inflation:	2.50%
Salary increases:	3.00%
Discount rate:	4.00%
Healthcare cost trend rates:	7.50% decreasing by .50% per year down to 6.50%, then by .10% per year down to 5.0%, and level thereafter
Mortality Assumptions:	Wisconsin 2012 Mortality Table

Mortality rates are the same as those used in the December 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the December 31, 2018 valuation were based on the "Wisconsin Retirement System 2012 - 2014 Experience Study".

Discount Rate. The discount rate used to measure the total OPEB liability was 4.00%. The 20 year tax-exempt AA Municipal bond rate or higher was used as of the measurement date for all years of benefit payments to determine the discount rate. The plan is on a pay as you go basis and no assets have been accumulated in an irrevocable trust.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	<u>\$ 2,113,796</u>
Changes for the year:	
Service cost	139,898
Interest	69,438
Changes of assumptions or other input	(75,127)
Benefit payments	(399,620)
Net changes	<u>(265,411)</u>
Balance at December 31, 2019	<u><u>\$ 1,848,385</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
Total OPEB liability	<u>\$ 2,001,515</u>	<u>\$ 1,848,385</u>	<u>\$ 1,706,617</u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ 1,635,291	\$ 1,848,385	\$ 2,102,281

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$202,506. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	68,298
Net difference between projected and actual earnings on OPEB plan investments	-	-
City contributions subsequent to the measurement date	240,165	-
Total	<u>\$ 240,165</u>	<u>\$ 68,298</u>

\$240,165 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019, and reported in the year ended December 31, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Expense
2020	\$ (6,830)
2021	(6,830)
2022	(6,830)
2023	(6,830)
2024	(6,830)
Thereafter	(34,148)
Total	<u>\$ (68,298)</u>

Payable to the OPEB Plan

At December 31, 2019, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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, 2019, nonspendable fund balances were as follows:

General Fund	
Inventories and prepaids	\$ 815,164
Special Revenue Funds	
Inventories and prepaids	
Solid waste and recycling	11,094
Library	193
Capital Projects Funds	
Inventories and prepaids	
Transit	10
	<hr/>
Total Nonspendable Fund Balance	<u><u>\$ 826,461</u></u>

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, 2019, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Community development block grant	
Community development projects and loans	\$ 1,912,291
Debt Service Fund	
Restricted for	
Debt service	35,893
Capital Projects Funds	
Restricted for	
Capital improvements	3,562,684
	<hr/>
Total Restricted Fund Balance	<u><u>\$ 5,510,868</u></u>

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2019, governmental fund balance was committed as follows:

General Fund

Committed for	
Public site fee	\$ 56,400

Special Revenue Funds

Committed for	
Library	211,610
City grant programs	11,709
Harbor & boating facilities	385,382
Community projects	194,613
Transit	120,449
HazMat agreement	170,874
Fuel pump maintenance	188,486
Special events	177,614
TIF districts	2,688,836
Property insurance deductible	14,130
Residential development improvement program	153,375
Total special revenue funds committed	<u>4,317,078</u>

Capital Projects Funds

Committed for	
General capital projects	1,950,934
Streets	1,149,714
Storm sewers	995,995
Parks	265,894
Special assessments	136,585
Harbor improvements	146,622
Total capital improvements funds committed	<u>4,645,744</u>

Total Committed Fund Balance	<u><u>\$ 9,019,222</u></u>
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Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund

Assigned for subsequent years budget	<u><u>\$ 480,431</u></u>
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City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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 2020 General Fund Expenditures	\$ 33,881,655
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	<u>\$ 5,082,250</u>

The City's unassigned general fund balance of \$6,940,067 is above the minimum fund balance amount.

Net Position

The City reports restricted net position at December 31, 2019 as follows:

Governmental activities	
Restricted for	
Community development projects and loans	<u>\$ 7,072,529</u>
Business-type activities	
Restricted for	
Debt Service	666,462
Equipment replacement	<u>2,970,800</u>
Total business-type activities restricted net position	<u>3,637,262</u>
Total restricted net position	<u>\$ 10,709,791</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, 2019

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:

	Termination Year
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
TID No. 23	2038
TID No. 24	2038

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, 2019, the City abated property taxes totaling \$330,226 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$36,506 to a developer for a residential apartment housing project within the District.
- ▶ A property tax abatement of \$171,702 to a developer for a residential apartment housing project within the District.
- ▶ Property tax abatements of \$38,911 to developers for residential housing projects within the Districts.

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 \$175,000 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.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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, 2019, that reserve was \$2,349,985. The accounts payable of \$689,241 reported in the fund at December 31, 2019 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 probably 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 2019 and 2018 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2019	\$ 762,132	\$ 5,045,649	\$ 5,118,540	\$ 689,241
2018	615,378	4,504,898	4,358,144	762,132

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.

E. UPCOMING ACCOUNTING PRONOUNCEMENTS

Following is information related to select upcoming accounting pronouncements. A complete listing of all applicable GASB standards is available at www.gasb.org.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 15, 2021. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

City of Fond du Lac, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

F. PRIOR PERIOD ADJUSTMENT

The City restated capital assets and net position of the governmental activities by \$1,818,815 to properly record infrastructure capital assets related to Tax Increment District #10. The effect on the December 31, 2018 financial statements is as follows:

	Governmental Activities	
	Capital	Net
	Assets	Position
December 31, 2018 balance, as originally reported	\$ 139,440,634	\$ 85,282,565
Restatement for infrastructure assets	1,818,815	1,818,815
December 31, 2018 Balance, as restated	<u>\$ 141,259,449</u>	<u>\$ 87,101,380</u>

G. SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

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

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.19595847%	\$ (4,813,276)	\$ 20,528,426	23.45%	102.74%
12/31/15	0.19530561%	3,173,677	21,180,641	14.98%	98.20%
12/31/16	0.19611985%	1,616,496	21,155,154	7.64%	99.12%
12/31/17	0.20136218%	(5,978,682)	21,892,897	27.31%	102.93%
12/31/18	0.20740352%	7,378,767	22,751,027	27.31%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
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	-	21,892,897	10.50%
12/31/18	2,236,512	2,236,512	-	22,751,027	9.83%
12/31/19	2,225,922	2,225,922	-	23,067,197	9.66%

See notes to required supplementary information.

City of Fond du Lac, Wisconsin

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS *

	2019	2018
Total OPEB liability		
Service cost	\$ 139,898	\$ 139,898
Interest	69,438	74,256
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(75,127)	-
Benefit payments	(399,620)	(304,035)
Net change in total OPEB liability	(265,411)	(89,881)
Total OPEB liability - beginning	2,113,796	2,203,677
Total OPEB liability - ending	<u>\$ 1,848,385</u>	<u>\$ 2,113,796</u>
Covered-employee payroll	\$ 21,223,899	\$ 21,223,899
City's total OPEB liability as a percentage of covered-employee payroll	8.71%	9.96%

* Data is being accumulated annually to present 10 years of the reported information.

See notes to required supplementary information.

City of Fond du Lac, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

A. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Single-employer Defined Postemployment Benefit Plan

Demographic assumptions have been updated based upon the most recent WRS experience study. No assets have been accumulated in an irrevocable trust, so the Plan's discount rate applied to all periods is based on a 20-year, tax-exempt general obligation municipal bond index.

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.

B. WISCONSIN RETIREMENT SYSTEM

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on the experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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

SUPPLEMENTARY INFORMATION

City of Fond du Lac, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Special Revenue						
	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
ASSETS							
Cash and investments	\$ 326,872	\$ 11,084	\$ 1,408,490	\$ 368,694	\$ 213,334	\$ -	\$ -
Receivables							
Taxes and special charges	1,934,203	-	-	-	-	1,766,390	285,120
Accounts	-	-	-	-	-	4,412	2,438
Special assessments	-	-	-	-	-	29,669	-
Loans	-	-	5,160,238	-	-	-	-
Due from other governments	-	625	560,358	21,414	16,075	-	315,172
Inventories and prepaid items	193	-	-	-	-	11,094	10
Total assets	<u>\$ 2,261,268</u>	<u>\$ 11,709</u>	<u>\$ 7,129,086</u>	<u>\$ 390,108</u>	<u>\$ 229,409</u>	<u>\$ 1,811,565</u>	<u>\$ 602,740</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 65,271	\$ -	\$ 56,557	\$ 1,834	\$ 19,796	\$ 75,218	\$ 71,073
Accrued and other current liabilities	49,991	-	-	-	-	7,627	16,280
Due to other funds	-	-	-	-	-	111,223	103,089
Special deposits	-	-	-	-	15,000	-	-
Unearned revenues	-	-	-	2,892	-	1,264,690	6,719
Total liabilities	<u>115,262</u>	<u>-</u>	<u>56,557</u>	<u>4,726</u>	<u>34,796</u>	<u>1,458,758</u>	<u>197,161</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	1,934,203	-	-	-	-	500,000	285,120
Loans receivable	-	-	5,160,238	-	-	-	-
Total deferred inflows of resources	<u>1,934,203</u>	<u>-</u>	<u>5,160,238</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>285,120</u>
Fund balances							
Nonspendable	193	-	-	-	-	11,094	10
Restricted	-	-	1,912,291	-	-	-	-
Committed	211,610	11,709	-	385,382	194,613	-	120,449
Unassigned	-	-	-	-	-	(158,287)	-
Total fund balances	<u>211,803</u>	<u>11,709</u>	<u>1,912,291</u>	<u>385,382</u>	<u>194,613</u>	<u>(147,193)</u>	<u>120,459</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,261,268</u>	<u>\$ 11,709</u>	<u>\$ 7,129,086</u>	<u>\$ 390,108</u>	<u>\$ 229,409</u>	<u>\$ 1,811,565</u>	<u>\$ 602,740</u>

City of Fond du Lac, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Special Revenue							
	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Public Safety Training Center	General Capital Projects
ASSETS								
Cash and investments	\$ 170,191	\$ 188,486	\$ 177,614	\$ 2,703,211	\$ 18,561	\$ 153,375	\$ 177	\$ 3,522,309
Receivables								
Taxes and special charges	-	-	-	2,618,566	-	-	-	160,000
Accounts	725	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 170,916</u>	<u>\$ 188,486</u>	<u>\$ 177,614</u>	<u>\$ 5,321,777</u>	<u>\$ 18,561</u>	<u>\$ 153,375</u>	<u>\$ 177</u>	<u>\$ 3,682,309</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 42	\$ -	\$ -	\$ 14,375	\$ 4,431	\$ -	\$ 177	\$ 93,286
Accrued and other current liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Special deposits	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-
Total liabilities	<u>42</u>	<u>-</u>	<u>-</u>	<u>14,375</u>	<u>4,431</u>	<u>-</u>	<u>177</u>	<u>93,286</u>
Deferred inflows of resources								
Property taxes levied for subsequent year	-	-	-	2,618,566	-	-	-	160,000
Loans receivable	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,618,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
Fund balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	1,478,089
Committed	170,874	188,486	177,614	2,688,836	14,130	153,375	-	1,950,934
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>170,874</u>	<u>188,486</u>	<u>177,614</u>	<u>2,688,836</u>	<u>14,130</u>	<u>153,375</u>	<u>-</u>	<u>3,429,023</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 170,916</u>	<u>\$ 188,486</u>	<u>\$ 177,614</u>	<u>\$ 5,321,777</u>	<u>\$ 18,561</u>	<u>\$ 153,375</u>	<u>\$ 177</u>	<u>\$ 3,682,309</u>

City of Fond du Lac, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Capital Projects					Totals	
	Streets	Storm Sewers	Parks	Special Assessments	Harbor Improvements	2019	2018
ASSETS							
Cash and investments	\$ 3,285,641	\$ 969,794	\$ 429,275	\$ 252,527	\$ 146,622	\$ 14,346,257	\$ 12,055,638
Receivables							
Taxes and special charges	750,000	-	-	-	-	7,514,279	7,847,405
Accounts	14,950	-	-	-	-	22,525	88,574
Special assessments	-	-	-	-	-	29,669	27,923
Loans	-	-	-	-	-	5,160,238	5,444,027
Due from other governments	233	36,307	-	-	-	950,184	1,150,279
Inventories and prepaid items	-	-	-	-	-	11,297	11,185
Total assets	<u>\$ 4,050,824</u>	<u>\$ 1,006,101</u>	<u>\$ 429,275</u>	<u>\$ 252,527</u>	<u>\$ 146,622</u>	<u>\$ 28,034,449</u>	<u>\$ 26,625,031</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 319,799	\$ 10,106	\$ 789	\$ -	\$ -	\$ 732,754	\$ 663,036
Accrued and other current liabilities	-	-	-	-	-	73,898	67,822
Due to other funds	-	-	-	-	-	214,312	558,798
Special deposits	-	-	-	-	-	15,000	11,520
Unearned revenues	-	-	25,250	-	-	1,299,551	1,276,724
Total liabilities	<u>319,799</u>	<u>10,106</u>	<u>26,039</u>	<u>-</u>	<u>-</u>	<u>2,335,515</u>	<u>2,577,900</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	750,000	-	-	-	-	6,247,889	6,583,878
Loans receivable	-	-	-	-	-	5,160,238	5,444,027
Total deferred inflows of resources	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,408,127</u>	<u>12,027,905</u>
Fund balances							
Nonspendable	-	-	-	-	-	11,297	11,185
Restricted	1,831,311	-	137,342	115,942	-	5,474,975	5,965,673
Committed	1,149,714	995,995	265,894	136,585	146,622	8,962,822	6,042,368
Unassigned	-	-	-	-	-	(158,287)	-
Total fund balances	<u>2,981,025</u>	<u>995,995</u>	<u>403,236</u>	<u>252,527</u>	<u>146,622</u>	<u>14,290,807</u>	<u>12,019,226</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,050,824</u>	<u>\$ 1,006,101</u>	<u>\$ 429,275</u>	<u>\$ 252,527</u>	<u>\$ 146,622</u>	<u>\$ 28,034,449</u>	<u>\$ 26,625,031</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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue							
	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Transit	HazMat Agreement
REVENUES								
Taxes	\$ 1,896,277	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 285,120	\$ -
Intergovernmental	840,613	20,208	672,279	21,414	50,951	157,747	1,379,104	15,433
Public charges for services	65,039	-	-	237,444	-	1,335,856	264,937	1,525
Miscellaneous	215,458	-	591,028	9,759	125,047	10,914	43,638	-
Total revenues	3,017,387	20,208	1,263,307	268,617	175,998	1,904,517	1,972,799	16,958
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	5,426	-	-	76,162	-	-	19,339
Public works	-	-	-	-	-	2,038,924	1,914,332	-
Culture and recreation	2,978,977	10,518	-	168,409	68,411	-	-	-
Conservation and development	-	-	181,143	-	17,503	-	-	-
Debt service								
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	533,005	4,909	-	-	-	-
Total expenditures	2,978,977	15,944	714,148	173,318	162,076	2,038,924	1,914,332	19,339
Excess of revenues over (under) expenditures	38,410	4,264	549,159	95,299	13,922	(134,407)	58,467	(2,381)
OTHER FINANCING SOURCES (USES)								
Long-term debt issued	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	7,500
Transfers out	-	-	-	-	-	(100,000)	-	-
Total other financing sources (uses)	-	-	-	-	-	(100,000)	-	7,500
Net change in fund balances	38,410	4,264	549,159	95,299	13,922	(234,407)	58,467	5,119
Fund balances - January 1	173,393	7,445	1,363,132	290,083	180,691	87,214	61,992	165,755
Fund balances - December 31	\$ 211,803	\$ 11,709	\$ 1,912,291	\$ 385,382	\$ 194,613	\$ (147,193)	\$ 120,459	\$ 170,874

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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue							Capital Projects
	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Highway 45 Transfer	Public Safety Training Center	General Capital Projects
REVENUES								
Taxes	\$ -	\$ 94,949	\$ 2,227,256	\$ -	\$ -	\$ -	\$ -	\$ 545,000
Intergovernmental	-	-	89,532	-	-	200,000	-	387,715
Public charges for services	-	-	-	-	-	-	-	-
Miscellaneous	21,562	-	33,315	114,962	-	-	-	21,549
Total revenues	21,562	94,949	2,350,103	114,962	-	200,000	-	954,264
EXPENDITURES								
Current								
General government	-	-	89,812	100,832	-	-	-	-
Public safety	-	-	-	-	-	-	41,024	-
Public works	7,412	-	-	-	-	-	-	-
Culture and recreation	-	61,682	-	-	-	-	-	-
Conservation and development	-	-	2,214,654	-	12,878	-	-	-
Debt service								
Interest and fiscal charges	-	-	4,900	-	-	-	-	-
Capital outlay	1	-	323,115	-	-	-	-	4,875,136
Total expenditures	7,413	61,682	2,632,481	100,832	12,878	-	41,024	4,875,136
Excess of revenues over (under) expenditures	14,149	33,267	(282,378)	14,130	(12,878)	200,000	(41,024)	(3,920,872)
OTHER FINANCING SOURCES (USES)								
Long-term debt issued	-	-	2,695,000	-	-	-	-	2,552,400
Proceeds from sale of capital assets	-	-	-	-	-	-	-	76,609
Transfers in	-	-	36,908	-	-	-	41,024	510,825
Transfers out	-	-	(1,119,916)	-	-	(400,000)	-	(265,775)
Total other financing sources (uses)	-	-	1,611,992	-	-	(400,000)	41,024	2,874,059
Net change in fund balances	14,149	33,267	1,329,614	14,130	(12,878)	(200,000)	-	(1,046,813)
Fund balances - January 1	174,337	144,347	1,359,222	-	166,253	200,000	-	4,475,836
Fund balances - December 31	\$ 188,486	\$ 177,614	\$ 2,688,836	\$ 14,130	\$ 153,375	\$ -	\$ -	\$ 3,429,023

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, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Projects					Totals	
	Streets	Storm Sewers	Parks	Special Assessments	Harbor Improvements	2019	2018
REVENUES							
Taxes	\$ 900,000	\$ -	\$ -	\$ -	\$ -	\$ 6,348,602	\$ 5,754,786
Intergovernmental	89,192	44,004	-	-	-	3,968,192	3,482,036
Public charges for services	-	-	-	-	-	1,904,801	1,917,329
Miscellaneous	-	-	5,100	-	-	1,192,332	714,930
Total revenues	989,192	44,004	5,100	-	-	13,413,927	11,869,081
EXPENDITURES							
Current							
General government	-	-	-	-	-	190,644	72,044
Public safety	-	-	-	-	-	141,951	144,256
Public works	-	-	-	-	-	3,960,668	3,782,830
Culture and recreation	-	-	-	-	-	3,287,997	3,232,134
Conservation and development	-	-	-	-	-	2,426,178	1,900,461
Debt service							
Interest and fiscal charges	-	-	-	-	-	4,900	4,150
Capital outlay	2,360,141	952,914	103,905	149,058	-	9,302,184	13,202,924
Total expenditures	2,360,141	952,914	103,905	149,058	-	19,314,522	22,338,799
Excess of revenues over (under) expenditures	(1,370,949)	(908,910)	(98,805)	(149,058)	-	(5,900,595)	(10,469,718)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	2,292,600	1,045,000	140,000	265,000	-	8,990,000	12,825,000
Proceeds from sale of capital assets	-	-	-	-	-	76,609	93,473
Transfers in	967,026	469,687	174,262	-	-	2,207,232	3,226,181
Transfers out	(970,075)	(180,637)	(65,262)	-	-	(3,101,665)	(3,316,306)
Total other financing sources (uses)	2,289,551	1,334,050	249,000	265,000	-	8,172,176	12,828,348
Net change in fund balances	918,602	425,140	150,195	115,942	-	2,271,581	2,358,630
Fund balances - January 1	2,062,423	570,855	253,041	136,585	146,622	12,019,226	9,660,596
Fund balances - December 31	<u>\$ 2,981,025</u>	<u>\$ 995,995</u>	<u>\$ 403,236</u>	<u>\$ 252,527</u>	<u>\$ 146,622</u>	<u>\$ 14,290,807</u>	<u>\$ 12,019,226</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,896,277	\$ 1,896,277	\$ 1,896,277	\$ -
Intergovernmental	844,866	844,866	840,613	(4,253)
Public charges for services	66,500	66,500	65,039	(1,461)
Miscellaneous	193,541	193,541	215,458	21,917
Total revenues	3,001,184	3,001,184	3,017,387	16,203
EXPENDITURES				
Current				
Culture and recreation	3,001,906	3,001,906	2,978,977	22,929
Net change in fund balance	(722)	(722)	38,410	39,132
Fund balance - January 1	173,393	173,393	173,393	-
Fund balance - December 31	<u>\$ 172,671</u>	<u>\$ 172,671</u>	<u>\$ 211,803</u>	<u>\$ 39,132</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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 19,000	\$ 19,000	\$ 20,208	\$ 1,208
EXPENDITURES				
Current				
Public safety	6,000	6,000	5,426	574
Culture and recreation	10,000	10,000	10,518	(518)
Total expenditures	16,000	16,000	15,944	56
Net change in fund balance	3,000	3,000	4,264	1,264
Fund balance - January 1	7,445	7,445	7,445	-
Fund balance - December 31	<u>\$ 10,445</u>	<u>\$ 10,445</u>	<u>\$ 11,709</u>	<u>\$ 1,264</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 21,414	\$ 21,414
Public charges for services	232,500	232,500	237,444	4,944
Miscellaneous	2,500	2,500	9,759	7,259
Total revenues	235,000	235,000	268,617	33,617
EXPENDITURES				
Current				
Culture and recreation	130,873	158,115	168,409	(10,294)
Capital outlay	20,000	20,000	4,909	15,091
Total expenditures	150,873	178,115	173,318	4,797
Net change in fund balance	84,127	56,885	95,299	38,414
Fund balance - January 1	290,083	290,083	290,083	-
Fund balance - December 31	<u>\$ 374,210</u>	<u>\$ 346,968</u>	<u>\$ 385,382</u>	<u>\$ 38,414</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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Intergovernmental	156,544	156,544	157,747	1,203
Public charges for services	1,318,741	1,318,741	1,335,856	17,115
Miscellaneous	2,000	2,000	10,914	8,914
Total revenues	1,877,285	1,877,285	1,904,517	27,232
EXPENDITURES				
Current				
Public works	1,777,480	1,777,480	2,038,924	(261,444)
Excess of revenues over (under) expenditures	99,805	99,805	(134,407)	(234,212)
OTHER FINANCING USES				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balance	(195)	(195)	(234,407)	(234,212)
Fund balance - January 1	87,214	87,214	87,214	-
Fund balance - December 31	<u>\$ 87,019</u>	<u>\$ 87,019</u>	<u>\$ (147,193)</u>	<u>\$ (234,212)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 285,120	\$ 285,120	\$ 285,120	\$ -
Intergovernmental	1,302,977	1,302,977	1,379,104	76,127
Public charges for services	285,760	285,760	264,937	(20,823)
Miscellaneous	31,600	31,600	43,638	12,038
Total revenues	1,905,457	1,905,457	1,972,799	67,342
EXPENDITURES				
Current				
Public works	1,974,063	1,974,063	1,914,332	59,731
Net change in fund balance	(68,606)	(68,606)	58,467	127,073
Fund balance - January 1	61,992	61,992	61,992	-
Fund balance - December 31	<u>\$ (6,614)</u>	<u>\$ (6,614)</u>	<u>\$ 120,459</u>	<u>\$ 127,073</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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 31,514	\$ 31,514	\$ 15,433	\$ (16,081)
Public charges for services	-	-	1,525	1,525
Total revenues	31,514	31,514	16,958	(14,556)
EXPENDITURES				
Current				
Public safety	48,920	48,920	19,339	29,581
Excess of revenues over (under) expenditures	(17,406)	(17,406)	(2,381)	15,025
OTHER FINANCING SOURCES				
Transfers in	7,500	7,500	7,500	-
Net change in fund balance	(9,906)	(9,906)	5,119	15,025
Fund balance - January 1	165,755	165,755	165,755	-
Fund balance - December 31	<u>\$ 155,849</u>	<u>\$ 155,849</u>	<u>\$ 170,874</u>	<u>\$ 15,025</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 18,000	\$ 18,000	\$ 21,562	\$ 3,562
EXPENDITURES				
Current				
Public works	5,000	5,000	7,412	(2,412)
Capital outlay	-	-	1	(1)
Total expenditures	5,000	5,000	7,413	(2,413)
Net change in fund balance	13,000	13,000	14,149	1,149
Fund balance - January 1	174,337	174,337	174,337	-
Fund balance - December 31	<u>\$ 187,337</u>	<u>\$ 187,337</u>	<u>\$ 188,486</u>	<u>\$ 1,149</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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,507,547	\$ 2,507,547	\$ 2,227,256	\$ (280,291)
Intergovernmental	60,395	60,395	89,532	29,137
Miscellaneous	-	-	33,315	33,315
Total revenues	2,567,942	2,567,942	2,350,103	(217,839)
EXPENDITURES				
Current				
General government	8,450	8,450	89,812	(81,362)
Conservation and development	253,105	253,105	2,214,654	(1,961,549)
Debt service				
Interest and fiscal charges	5,350	5,350	4,900	450
Capital outlay	-	51,331	323,115	(271,784)
Total expenditures	266,905	318,236	2,632,481	(2,314,245)
Excess of revenues over (under) expenditures	2,301,037	2,249,706	(282,378)	(2,532,084)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	2,695,000	2,695,000
Transfers in	49,124	49,124	36,908	(12,216)
Transfers out	(1,110,363)	(1,110,363)	(1,119,916)	(9,553)
Total other financing sources (uses)	(1,061,239)	(1,061,239)	1,611,992	2,673,231
Net change in fund balance	1,239,798	1,188,467	1,329,614	141,147
Fund balance - January 1	1,359,222	1,359,222	1,359,222	-
Fund balance - December 31	<u>\$ 2,599,020</u>	<u>\$ 2,547,689</u>	<u>\$ 2,688,836</u>	<u>\$ 141,147</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,570,000	\$ 8,570,000	\$ 8,570,000	\$ -
EXPENDITURES				
Debt service				
Principal	7,170,000	7,170,000	7,170,000	-
Interest and fiscal charges	2,771,875	2,771,875	2,967,224	(195,349)
Total expenditures	9,941,875	9,941,875	10,137,224	(195,349)
Deficiency of revenues under expenditures	(1,371,875)	(1,371,875)	(1,567,224)	(195,349)
OTHER FINANCING SOURCES				
Premium on debt issued	-	-	212,975	212,975
Transfers in	1,478,270	1,478,270	1,369,069	(109,201)
Total other financing sources	1,478,270	1,478,270	1,582,044	103,774
Net change in fund balance	106,395	106,395	14,820	(91,575)
Fund balance - January 1	21,073	21,073	21,073	-
Fund balance - December 31	<u>\$ 127,468</u>	<u>\$ 127,468</u>	<u>\$ 35,893</u>	<u>\$ (91,575)</u>

City of Fond du Lac, Wisconsin

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2019

	Health Insurance	Information Technology	Total
ASSETS			
Current assets			
Cash and investments	\$ 2,950,335	\$ 511,463	\$ 3,461,798
Receivables			
Accounts	88,891	6,000	94,891
Inventories and prepaid items	-	6,178	6,178
Total assets	3,039,226	523,641	3,562,867
LIABILITIES			
Current liabilities			
Accounts payable	689,241	158,576	847,817
Accrued and other current liabilities	-	13,195	13,195
Compensated absences	-	16,065	16,065
Total current liabilities	689,241	187,836	877,077
NET POSITION			
Unrestricted	\$ 2,349,985	\$ 335,805	\$ 2,685,790

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, 2019

	Health Insurance	Information Technology	Total
OPERATING REVENUES			
Charges for services	\$ 5,393,161	\$ 1,669,468	\$ 7,062,629
OPERATING EXPENSES			
Personal services	-	511,088	511,088
Contractual services	-	553,881	553,881
Materials and supplies	-	314,671	314,671
Utilities	-	6,136	6,136
Insurance claims and expenses	5,908,671	-	5,908,671
Total operating expenses	5,908,671	1,385,776	7,294,447
Operating income (loss)	(515,510)	283,692	(231,818)
NONOPERATING REVENUES			
Gain on disposal of capital assets	-	9,167	9,167
Income (loss) before transfers	(515,510)	292,859	(222,651)
Transfers out	-	(181,333)	(181,333)
Change in net position	(515,510)	111,526	(403,984)
Net position - January 1	2,865,495	224,279	3,089,774
Net position - December 31	\$ 2,349,985	\$ 335,805	\$ 2,685,790

City of Fond du Lac, Wisconsin

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Health Insurance	Information Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,648,694	\$ 1,663,468	\$ 7,312,162
Cash paid for employee wages and benefits	(6,004,390)	(518,232)	(6,522,622)
Cash paid to suppliers	-	(741,855)	(741,855)
Net cash provided (used) by operating activities	(355,696)	403,381	47,685
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer out	-	(181,333)	(181,333)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sale of capital assets	-	9,167	9,167
Change in cash and cash equivalents	(355,696)	231,215	(124,481)
Cash and cash equivalents - January 1	3,306,031	280,248	3,586,279
Cash and cash equivalents - December 31	<u>\$ 2,950,335</u>	<u>\$ 511,463</u>	<u>\$ 3,461,798</u>

City of Fond du Lac, Wisconsin

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Health Insurance	Information Technology	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ (515,510)	\$ 283,692	\$ (231,818)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Effect of changes in operating assets and liabilities			
Accounts receivable	255,533	(6,000)	249,533
Inventories and prepaid items	-	9,742	9,742
Accounts payable	(72,891)	123,091	50,200
Accrued and other current liabilities	(22,828)	2,170	(20,658)
Compensated absences	-	(9,314)	(9,314)
Net cash provided (used) by operating activities	<u>\$ (355,696)</u>	<u>\$ 403,381</u>	<u>\$ 47,685</u>
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents in current assets	<u>\$ 2,950,335</u>	<u>\$ 511,463</u>	<u>\$ 3,461,798</u>
Noncash capital and related financing activities			
None			

City of Fond du Lac, Wisconsin

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE DECEMBER 31, 2019

	<u>2019</u>
Governmental capital assets:	
Land	\$ 6,662,884
Buildings and improvements	28,657,797
Land improvements	10,907,741
Machinery and equipment	29,410,956
Infrastructure	213,985,423
Construction in progress	<u>5,049,046</u>
Total governmental capital assets	<u>\$ 294,673,847</u>
Investments in governmental capital assets by source:	
Capital projects funds - General obligation bonds/notes	\$ 251,909,741
General fund revenues	23,041,460
Gifts	605,091
Private development	3,458,365
City owned	67,750
Non-cash transactions	86,922
Special revenue funds	9,255,741
Federal grants	5,595,747
State grants	<u>653,030</u>
Total governmental funds capital assets	<u>\$ 294,673,847</u>

City of Fond du Lac, Wisconsin

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY DECEMBER 31, 2019

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Land Improvements</u>	<u>Machinery and Equipment</u>
General government	\$ 1,761,262	\$ 3,210,881	\$ 511,684	\$ 3,729,995
Public safety				
Police protection	377,000	3,012,440	-	2,756,320
Fire protection	712,056	3,420,879	23,541	5,151,665
Ambulance	-	-	-	1,757,457
Public works	223,605	5,820,568	147,586	11,107,259
Culture and Recreation	1,576,750	2,375,637	9,180,076	1,515,231
Library	19,200	5,516,439	-	325,017
Transit	-	485,272	127,483	2,987,530
Parking	1,993,011	4,815,681	917,371	80,482
Total governmental capital assets	<u>\$ 6,662,884</u>	<u>\$ 28,657,797</u>	<u>\$ 10,907,741</u>	<u>\$ 29,410,956</u>

<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ 32,150	\$ 9,245,972
-	37,927	6,183,687
-	4,118,812	13,426,953
-	-	1,757,457
213,985,423	487,819	231,772,260
-	372,338	15,020,032
-	-	5,860,656
-	-	3,600,285
-	-	7,806,545
<u>\$ 213,985,423</u>	<u>\$ 5,049,046</u>	<u>\$ 294,673,847</u>

City of Fond du Lac, Wisconsin

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Balance December 31, 2018	Additions and Transfers	Deductions and Transfers	Balance December 31, 2019
General government	\$ 9,047,116	\$ 1,006,824	\$ 807,968	\$ 9,245,972
Public safety				
Police protection	5,933,980	402,599	152,892	6,183,687
Fire protection	11,175,929	4,661,511	2,410,487	13,426,953
Ambulance	1,638,288	290,321	171,152	1,757,457
Public works	228,650,080	3,496,969	374,789	231,772,260
Culture and recreation	14,938,477	188,297	106,742	15,020,032
Library	5,860,656	-	-	5,860,656
Transit	3,590,223	64,569	54,507	3,600,285
Parking	7,806,545	-	-	7,806,545
Total governmental capital assets	<u>\$ 288,641,294</u>	<u>\$ 10,111,090</u>	<u>\$ 4,078,537</u>	<u>\$ 294,673,847</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Category</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105 - 109
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	110 - 113
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114 - 119
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	120 - 121
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	122 - 124

City of Fond du Lac, Wisconsin

NET POSITION BY COMPONENT Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$ 98,081,195	\$ 95,930,395	\$ 81,618,359	\$ 76,912,015	\$ 71,413,644	\$ 66,751,968	\$ 64,124,339	\$ 62,208,570	\$ 62,628,518	\$ 62,680,554
Restricted	2,126,824	2,217,656	1,443,920	1,406,998	1,899,422	11,309,785	2,262,072	2,174,764	12,359,657	7,072,529
Unrestricted	12,357,734	5,647,742	14,581,825	16,351,636	16,833,015	17,686,779	24,935,506	22,629,230	10,294,390	13,674,016
Total government activities net assets	\$ 112,565,753	\$ 103,795,793	\$ 97,644,104	\$ 94,670,649	\$ 90,146,081	\$ 95,748,532	\$ 91,321,917	\$ 87,012,564	\$ 85,282,565	\$ 83,427,099
Business-type activities										
Invested in capital assets, net of related debt	\$ 65,677,207	\$ 67,300,385	\$ 80,275,705	\$ 90,430,362	\$ 98,116,652	\$ 103,316,344	\$ 109,793,752	\$ 115,427,437	\$ 121,667,593	\$ 127,222,768
Restricted	14,316,382	10,376,924	8,393,145	6,452,250	6,230,592	7,056,462	5,979,656	6,233,897	3,468,983	3,637,262
Unrestricted	27,668,488	35,301,494	29,752,670	25,931,756	22,650,707	21,916,243	20,568,256	20,667,978	24,175,806	23,547,207
Total business-type activities net assets	\$ 107,662,077	\$ 112,978,803	\$ 118,421,520	\$ 122,814,368	\$ 126,997,951	\$ 132,289,049	\$ 136,341,664	\$ 142,329,312	\$ 149,312,382	\$ 154,407,237
Primary government										
Invested in capital assets, net of related debt	\$ 163,758,402	\$ 163,230,780	\$ 161,894,064	\$ 167,342,377	\$ 169,530,296	\$ 170,068,312	\$ 173,918,091	\$ 177,636,007	\$ 184,296,111	\$ 189,903,322
Restricted	16,443,206	12,594,580	9,837,065	7,859,248	8,130,014	18,366,247	8,241,728	8,408,661	15,828,640	10,709,791
Unrestricted	40,026,222	40,949,236	44,334,495	42,283,392	39,483,722	39,603,022	45,503,762	43,297,208	34,470,196	37,221,223
Total primary government	\$ 220,227,830	\$ 216,774,596	\$ 216,065,624	\$ 217,485,017	\$ 217,144,032	\$ 228,037,581	\$ 227,663,581	\$ 229,341,876	\$ 234,594,947	\$ 237,834,336

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	\$ 3,304,979	\$ 3,016,950	\$ 2,660,933	\$ 2,419,911	\$ 2,563,667	\$ 4,034,444	\$ 4,949,836	\$ 4,457,171	\$ 3,732,198	\$ 3,946,183
Public safety										
Police	9,461,405	10,039,871	10,333,412	9,326,591	9,144,237	9,629,937	10,270,290	10,961,595	11,413,736	11,568,063
Fire/Rescue	9,058,142	9,837,885	9,578,925	8,226,046	8,291,861	8,701,785	10,286,387	10,333,308	10,231,849	9,969,649
Public works	12,477,656	12,905,660	15,441,486	16,542,771	17,214,323	15,748,791	16,618,135	17,515,777	16,314,987	19,672,209
Culture and recreation	5,380,792	5,640,176	5,376,808	6,006,310	6,402,639	6,091,789	5,623,319	5,829,457	5,725,394	5,968,960
Community and development	5,080,481	10,715,615	5,242,287	2,095,011	3,289,740	2,727,994	2,298,011	3,002,089	4,547,770	4,500,545
Interest on long-term debt	3,591,877	3,729,586	3,357,936	3,218,799	3,123,404	2,674,934	2,900,767	2,793,449	2,618,981	2,847,029
Total governmental activities expenses	<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>	<u>54,584,915</u>	<u>58,472,638</u>
Business-type activities										
Water Utility	8,873,799	8,585,366	8,977,193	8,452,508	8,734,239	8,394,123	8,450,320	9,119,285	8,167,128	8,186,352
Wastewater Utility	8,865,809	9,176,950	9,102,462	9,379,421	9,762,358	9,279,524	9,957,259	8,394,201	9,034,623	10,217,055
Total business-type activities	<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>	<u>17,201,751</u>	<u>18,403,407</u>
Total primary government expenses	<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>	<u>\$ 71,786,666</u>	<u>\$ 76,876,045</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,233,397	\$ 1,069,724	\$ 994,003	\$ 1,288,711	\$ 1,192,847	\$ 2,221,332	\$ 2,495,323	\$ 2,304,418	\$ 2,680,806	\$ 2,377,348
Public safety										
Police	139,424	141,226	109,655	126,566	92,561	161,408	178,203	180,661	220,665	197,685
Fire/Rescue	2,047,349	2,601,349	2,793,488	1,655,958	1,559,347	1,696,421	1,666,188	1,941,549	1,957,224	2,120,596
Public works	161,744	168,178	419,502	1,802,173	1,697,518	1,294,954	1,708,605	1,900,004	1,953,057	1,429,898
Culture and recreation	532,432	468,079	531,292	478,373	459,396	547,380	579,350	540,277	554,945	565,293
Community and development	1,133,562	1,406,663	1,272,075	1,327,924	1,894,294	922,074	266,434	387,496	215,478	260,202
Interest and fiscal charges	-	-	-	-	-	-	-	133,849	-	1
Operating grants and contributions	5,848,654	6,171,946	5,567,122	609,096	5,726,793	6,159,199	6,484,854	6,297,493	6,608,228	6,952,887
Capital grants and contributions	1,300,464	4,793,415	3,505,575	1,003,855	968,788	105,428	665,058	469,051	308,237	419,226
Total governmental activities program revenue	<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>	<u>14,498,640</u>	<u>14,323,136</u>
Business-type activities										
Charges for services:										
Water Utility	11,652,164	12,690,230	12,395,916	12,084,957	12,315,152	12,119,334	12,611,440	12,690,954	12,882,550	12,891,819
Wastewater Utility	9,817,874	11,058,697	12,036,787	11,544,534	11,704,905	11,716,802	11,412,924	12,396,642	12,265,217	11,995,418
Capital grants and contributions	159,758	20,588	8,283	-	-	-	1,030	-	551,056	-
Total business-type activities program revenue	<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>	<u>25,698,823</u>	<u>24,887,237</u>
Total primary government program revenue	<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>	<u>\$ 40,197,463</u>	<u>\$ 39,210,373</u>

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (35,958,306)	\$ (39,065,163)	\$ (36,799,075)	\$ (34,061,783)	\$ (36,438,327)	\$ (36,501,478)	\$ (38,902,730)	\$ (40,738,048)	\$ (40,086,275)	\$ (44,149,502)
Business-type activities	3,890,188	6,007,199	6,361,331	5,797,562	5,523,460	6,162,489	5,617,815	7,574,110	8,497,072	6,483,830
Total primary government net expense	<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>	<u>\$ (31,589,203)</u>	<u>\$ (37,665,672)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 20,033,237	\$ 20,859,387	\$ 21,140,460	\$ 21,478,702	\$ 22,270,692	\$ 23,836,592	\$ 25,147,399	\$ 26,929,681	\$ 28,462,381	\$ 29,651,751
Other taxes	196,919	246,540	354,692	377,172	321,744	445,272	458,974	433,384	454,154	479,813
Federal and state grants and other contributions not restricted to specific functions	7,294,988	7,228,574	7,432,593	7,801,227	7,073,021	6,587,921	6,651,626	6,818,710	6,879,397	7,422,565
Gain on sale of asset	-	-	-	-	30,725	33,887	87,795	34,385	129,917	82,829
Interest and investment earnings	261,771	538,307	229,992	(111,182)	418,826	193,223	222,364	254,756	688,413	740,430
Miscellaneous	-	-	196	11,239	12,665	20,491	10,931	35,985	4,036	155,786
Transfers	1,269,596	1,422,395	1,497,592	1,631,170	1,786,086	1,857,027	1,897,026	1,921,794	1,945,017	1,942,047
Total governmental activities	<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>	<u>38,563,315</u>	<u>40,475,221</u>
Business-type activities:										
Investment earnings	498,917	708,559	561,116	201,006	440,630	321,961	331,826	316,698	443,467	545,063
Federal and state grants and other contributions not restricted to specific functions	-	-	-	-	-	-	-	-	-	2,808
Gain on disposal of capital assets	-	23,363	17,862	25,450	5,579	-	-	18,634	-	5,201
Transfers	(1,269,596)	(1,422,395)	(1,497,592)	(1,631,170)	(1,786,086)	(1,857,027)	(1,897,026)	(1,921,794)	(1,945,017)	(1,942,047)
Total business-type activities	<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>	<u>(1,501,550)</u>	<u>(1,388,975)</u>
Total primary government	<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>	<u>\$ 37,061,765</u>	<u>\$ 39,086,246</u>
Changes in Net Position										
Governmental activities	\$ (6,901,795)	\$ (8,769,960)	\$ (6,143,550)	\$ (2,873,455)	\$ (2,873,455)	\$ (4,524,568)	\$ (3,527,065)	\$ (4,309,353)	\$ (1,522,960)	\$ (3,674,281)
Business-type activities	3,119,509	5,316,726	5,442,717	4,392,848	4,392,848	4,183,583	4,627,423	5,987,648	6,995,522	5,094,855
Total primary government	<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>	<u>\$ 5,472,562</u>	<u>\$ 1,420,574</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

	2010	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019
General fund											
Nonspendable	\$ 1,772,134	\$ 1,107,100	\$ 658,355	\$ 657,434	\$ 788,600	\$ 822,550	\$ 843,454	\$ 791,799	\$ 791,799	\$ 784,385	\$ 815,164
Committed	962,169	876,223	83,300	110,500	129,700	160,900	261,300	313,300	313,300	-	56,400
Assigned	192,985	260,398	1,013,681	726,392	1,034,438	1,043,484	866,644	422,359	422,359	243,028	480,431
Unassigned	4,641,479	5,060,576	5,574,625	6,977,905	6,803,731	7,076,721	5,897,565	5,743,724	5,743,724	6,792,648	6,940,067
Total general fund	<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>	<u>\$ 7,271,182</u>	<u>\$ 7,820,061</u>	<u>\$ 8,292,062</u>
All other governmental funds											
Nonspendable	\$ 30,052	\$ 41,160	\$ 35,553	\$ 23,541	\$ 16,531	\$ 19,321	\$ 21,088	\$ 10,543	\$ 10,543	\$ 11,185	\$ 11,297
Restricted, reported in:											
Debt service fund	2,126,824	1,193,819	375,374	164,368	176,731	41,007	30,188	-	-	21,073	35,893
Community development grant fund	1,613,589	1,023,837	1,068,546	1,242,630	1,722,691	1,898,434	2,262,072	2,174,764	2,174,764	5,965,673	5,474,975
Committed	14,354,173	9,749,261	8,995,906	6,622,491	5,356,621	5,465,935	6,987,986	7,489,633	7,489,633	6,042,368	8,962,822
Unassigned	(238,462)	(388,023)	-	(8,693)	(19,639)	-	-	(132,616)	(132,616)	-	(158,287)
Total all other governmental funds	<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>	<u>\$ 9,542,324</u>	<u>\$ 12,040,299</u>	<u>\$ 14,326,700</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 20,230,156	\$ 21,105,927	\$ 21,495,152	\$ 21,855,874	\$ 22,592,436	\$ 24,281,864	\$ 25,606,373	\$ 27,363,065	\$ 28,916,535	\$ 30,146,246
Licenses and permits	1,234,646	1,209,983	1,219,945	1,584,967	1,502,338	1,575,530	1,643,086	1,540,425	1,761,773	1,510,136
Intergovernmental	14,444,821	17,190,473	15,208,721	13,095,315	12,809,625	12,464,374	12,985,438	13,048,834	13,425,085	14,288,465
Public charges for services	3,277,855	3,864,344	4,181,498	4,190,901	4,057,457	4,267,404	4,401,524	4,651,047	4,673,901	4,818,651
Fines and forfeits	453,954	429,803	396,288	403,259	353,427	315,075	340,309	350,905	487,268	452,391
Special assessments	359,422	218,540	352,627	310,994	365,625	105,428	477,806	269,051	108,237	219,226
Intergovernmental charges for services	-	-	-	-	-	-	-	6,388	6,472	4,046
Miscellaneous	1,588,791	1,641,409	1,633,668	2,086,125	2,244,555	1,557,074	1,469,201	1,175,931	1,538,684	2,008,987
Total revenues	<u>41,589,645</u>	<u>45,660,479</u>	<u>44,487,899</u>	<u>43,527,435</u>	<u>43,925,463</u>	<u>44,566,749</u>	<u>46,923,737</u>	<u>48,405,646</u>	<u>50,917,955</u>	<u>53,448,148</u>
EXPENDITURES										
Current:										
General government	2,666,406	2,761,850	2,728,069	2,576,287	2,864,927	2,895,749	3,633,660	3,464,037	2,931,192	3,102,300
Public safety	17,636,588	18,764,003	19,792,977	17,595,580	17,906,887	17,625,723	18,388,065	19,081,135	19,781,489	20,066,298
Public works	7,257,838	7,696,054	7,199,147	8,987,449	9,297,529	9,009,131	9,503,060	10,184,967	9,763,684	10,096,733
Culture and recreation	4,822,958	4,786,149	4,635,061	4,854,418	4,771,827	4,758,803	4,944,540	4,816,143	5,089,696	5,249,645
Community and development	3,455,705	5,391,401	4,386,330	1,795,548	2,354,789	2,651,454	2,202,852	1,364,290	3,400,009	3,817,626
Other	443,019	112,592	8,401	82,258	7,025	8,400	12,300	-	-	-
Debt service:										
Principal	5,556,926	1,634,528	9,588,675	7,907,613	3,881,976	11,050,000	6,895,000	5,435,000	6,310,000	7,170,000
Interest and fiscal charges	3,078,799	3,471,383	3,377,101	3,348,985	3,021,170	2,970,803	2,772,456	3,018,509	2,827,421	2,972,124
Capital outlay	8,739,564	10,664,148	6,938,086	8,468,176	6,286,421	5,228,945	6,169,361	8,813,385	13,202,924	9,623,199
Total expenditures	<u>53,657,803</u>	<u>55,282,108</u>	<u>58,653,847</u>	<u>55,616,314</u>	<u>50,392,551</u>	<u>56,199,008</u>	<u>54,521,294</u>	<u>56,177,466</u>	<u>63,306,415</u>	<u>62,097,925</u>
Excess (deficiency) of revenues over expenditures	<u>(12,068,158)</u>	<u>(9,621,629)</u>	<u>(14,165,948)</u>	<u>(12,088,879)</u>	<u>(6,467,088)</u>	<u>(11,632,259)</u>	<u>(7,597,557)</u>	<u>(7,771,820)</u>	<u>(12,388,460)</u>	<u>(8,649,777)</u>
OTHER FINANCING SOURCES (USES)										
Long-term debt issued	30,839,718	12,575,000	16,980,000	12,050,000	4,095,000	10,075,000	6,100,000	12,075,000	12,825,000	8,990,000
Premium on debt issued	34,517	121,705	63,626	376,520	30,338	132,350	125,000	255,564	347,620	212,975
Payment to current noteholder	(18,152,522)	(11,090,063)	(5,432,281)	(3,257,783)	-	-	-	(7,050,000)	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	42,718	130,141	81,823
Transfers in	12,086,536	11,281,514	8,205,781	5,923,448	4,799,342	4,152,677	5,419,914	5,185,819	6,430,383	5,539,528
Transfers out	(10,816,940)	(9,859,119)	(6,708,189)	(4,292,278)	(2,964,756)	(2,208,818)	(3,405,412)	(3,094,072)	(4,297,830)	(3,416,147)
Total other financing sources (uses)	<u>13,991,309</u>	<u>3,029,037</u>	<u>13,108,937</u>	<u>10,799,907</u>	<u>5,959,924</u>	<u>12,151,209</u>	<u>8,239,502</u>	<u>7,415,029</u>	<u>15,435,314</u>	<u>11,408,179</u>
Net change in fund balances	<u>\$ 1,923,151</u>	<u>\$ (6,592,592)</u>	<u>\$ (1,057,011)</u>	<u>\$ (1,288,972)</u>	<u>\$ (507,164)</u>	<u>\$ 518,950</u>	<u>\$ 641,945</u>	<u>\$ (356,791)</u>	<u>\$ 3,046,854</u>	<u>\$ 2,758,402</u>
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	18.21%	10.32%	23.49%	23.02%	14.43%	26.65%	19.23%	16.75%	17.30%	19.66%

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 ¹ Assessed Value	Total Direct Tax Rate	Estimated ² Actual Value	Ratio of ³ Total Assessed to Estimated Actual Value
2019	\$ 2,908,751,900	\$ 114,997,220	\$ 3,023,749,120	9.577	\$ 3,003,275,800	100.65
2018	\$ 2,612,902,300	\$ 106,000,770	\$ 2,718,903,070	10.468	\$ 2,894,535,500	93.96
2017	\$ 2,597,239,700	\$ 130,759,720	\$ 2,727,999,420	9.955	\$ 2,812,603,900	96.89
2016	\$ 2,553,171,500	\$ 135,242,100	\$ 2,688,413,600	9.615	\$ 2,716,586,500	98.94
2015	\$ 2,510,001,500	\$ 128,040,160	\$ 2,638,041,660	9.244	\$ 2,662,872,500	99.05
2014	\$ 2,482,152,700	\$ 127,669,520	\$ 2,609,822,220	8.891	\$ 2,597,744,000	100.46
2013	\$ 2,522,732,900	\$ 123,894,340	\$ 2,646,627,240	8.219	\$ 2,565,745,100	103.14
2012	\$ 2,514,207,500	\$ 126,052,990	\$ 2,640,260,490	7.979	\$ 2,563,349,900	103.05
2011	\$ 2,491,291,200	\$ 124,925,480	\$ 2,616,216,680	7.929	\$ 2,643,226,500	98.98
2010	\$ 2,481,796,900	\$ 123,207,470	\$ 2,605,004,370	7.858	\$ 2,696,593,500	96.60

Notes:

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

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

³ Ratio of Total Assessed to Estimated Actual Value (Aggregate Ratio) is provided by the Wisconsin Department of Revenue .

City of Fond du Lac, Wisconsin

PRINCIPAL TAXPAYERS Current Year and Nine Years Ago

2019			
Name	Type of Business	Assessed ^a Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 67,093,600	2.47%
Agnesian Healthcare Inc	Hospital/Health Care Facility	47,006,930	1.73%
Grande Cheese Company	Food & Dairy	36,527,210	1.34%
Countryside Villas	Apartments	26,066,330	0.96%
Aurora Medical Group	Healthcare	17,150,400	0.63%
Wal-Mart	Retail/Grocery	15,510,660	0.57%
East Central Warehouse LLC	Warehouses	15,452,600	0.57%
Silver Lake Land & Cattle	Auto Dealer	15,242,510	0.56%
J F Ahern	Metal Fabrication	14,913,390	0.55%
Edward Rose Development	Apartments	13,539,690	0.50%
Principal Taxpayers Total		268,503,320	9.88%
All Other		2,450,399,750	90.12%
Total		<u>\$ 2,718,903,070</u>	<u>100.00%</u>

2010			
Name	Type of Business	Assessed ^b Valuation	Percent Total Assessed Valuation
John Mark Apt. Complexes	Apartments	\$ 36,122,790	2.25%
Valley Realty LLC	Apartments	17,434,970	1.08%
Agnesian Health Care	Hospital/Health Care Facility	16,458,860	1.02%
Simon Properties	Shopping Mall	11,246,910	0.70%
Aurora Medical Group	Health care	10,674,500	0.66%
Yunker/Shaline	Apartments	9,717,560	0.60%
Unicare Service	Rehabilitation Center	8,391,360	0.52%
Giddings & Lewis LLC	Manufacturing of Machine Tools	8,179,200	0.51%
J.F. Ahern	Mechanical & Fire Protection Contractor	6,446,060	0.40%
Wisco, WZ (Holiday Inn)	Hotel	5,982,110	0.37%
Principal Taxpayers Total		130,654,320	8.13%
All Other		1,476,720,490	91.87%
Total		<u>\$ 1,607,374,810</u>	<u>100.00%</u>

Sources:

^a 2019 City Assessment Roll.

^b 2010 City Assessment Roll.

City of Fond du Lac, Wisconsin

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal¹ Year		Total^{2 a} Tax Levied		Current^{3 b} Tax Collected	Percent of Levy Collected	
2019	\$	29,991,482	\$	29,974,783	99.944	%
2018		28,737,677		28,717,184	99.929	
2017		27,185,263		27,180,019	99.981	
2016		25,243,083		25,233,388	99.962	
2015		23,836,590		23,829,111	99.969	
2014		21,751,481		21,740,964	99.952	
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	

Notes:

¹ Fiscal year is the year in which the tax is collected. The 2019 fiscal year consists of the 2018 tax bills due in 2019 and used to finance the 2019 budget.

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

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

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

Sources:

^a Tax levy reconciliation file.

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

City of Fond du Lac, Wisconsin

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

Fiscal ¹ Year	City of Fond du Lac		Fond du Lac School District		Moraine Park Technical College		Fond du Lac County		State of Wisconsin		Gross Tax Rate	State Tax Credit	Net Tax Rate	Total	
Tax Rates per \$1,000 of Assessed Value and Percent of Total															
2019	\$ 10.468	43.0%	\$ 8.813	36.2%	\$ 0.677	2.8%	\$ 6.125	25.2%	\$ -	0.0%	\$ 26.083	\$ 1.747	7.2%	\$ 24.336	100.0%
2018	9.955	41.4	9.105	37.9	0.669	2.7	6.072	25.3	0.000	0.0	25.801	1.775	7.4	24.026	100.0
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
Tax Levies											Total				
2019	\$ 29,991,482		\$ 22,497,590		\$ 1,773,730		\$ 16,053,639		\$ -		\$ 70,316,441	Notes: ¹ Fiscal year is the year in which the tax is collected. The 2019 fiscal year consists of the 2018 tax bills due in 2019 and used to finance the 2019 budget.			
2018	28,737,677		23,310,960		1,759,476		15,957,640		-		69,765,753				
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				

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 ²	Per Capita ²
	General Obligation Bonds	General Obligation Notes	Note Anticipation Note	Capital Leases ¹	Revenue Bond Debt	General Obligation Bonds			
2019	\$ 46,049,327	\$ 36,826,851	\$ 2,695,000	\$ -	\$ 59,524,063	\$ -	\$ 145,095,241	N/A	3,275
2018	51,296,471	32,397,755	-	-	66,534,776	-	150,229,002	3.3%	3,420
2017	56,263,615	20,683,911	-	-	70,676,773	-	147,624,299	3.2%	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

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

N/A = Not Available.

¹ Capital Leases are not bonded debt.

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

City of Fond du Lac, Wisconsin

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Population ^a	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Value ¹	Percentage of Equalized Value ¹	Per Capita ²
2019	44,303	\$ 82,876,178	\$ 35,893	\$ 82,840,285	2.74%	2.76%	\$ 1,869.86
2018	43,921	83,694,226	21,073	83,673,153	3.08	2.89	1,905.08
2017	43,679	76,947,526	-	76,947,526	2.82	2.74	1,761.66
2016	43,381	77,179,188	30,188	77,149,000	2.87	2.84	1,778.41
2015	43,461	77,907,988	41,007	77,866,981	2.95	2.92	1,791.65
2014	43,151	78,797,896	176,731	78,621,165	3.01	3.03	1,822.00
2013	43,100	78,566,317	164,368	78,401,949	2.96	3.06	1,819.07
2012	43,100	75,245,000	375,374	74,869,626	2.84	2.92	1,737.11
2011	43,075	65,597,477	1,193,819	64,403,658	2.46	2.44	1,495.15
2010	43,021	65,347,477	2,126,824	63,220,653	2.43	2.34	1,469.53

Notes:

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

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

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

City of Fond du Lac, Wisconsin

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value ^a	\$ 2,605,004,370	\$ 2,616,216,680	\$ 2,640,260,490	\$ 2,646,627,240	\$ 2,609,822,220	\$ 2,638,041,660	\$ 2,688,413,600	\$ 2,727,999,420	\$ 2,718,903,070	\$ 3,023,749,120
Equalized Value ^a	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	2,894,535,500	3,003,275,800
Debt Limit Five Percent of Equalized Value ¹	134,829,675	132,161,325	128,167,495	128,287,255	129,887,200	133,143,625	135,829,325	140,630,195	144,726,775	150,163,790
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	44,140,000	49,015,000	61,190,000	65,400,000	64,395,000	61,545,000	60,205,000	55,790,000	50,900,000	45,730,000
General Obligation Notes	21,207,477	16,582,477	14,055,000	12,805,000	14,050,000	15,925,000	16,470,000	20,475,000	31,880,000	36,175,000
Total Debt	65,347,477	65,597,477	75,245,000	78,205,000	78,445,000	77,470,000	76,675,000	76,265,000	82,780,000	81,905,000
Deduct:										
Debt Service Fund Balance	4,085,076	2,126,824	1,193,819	375,374	176,731	41,007	30,188	-	21,073	35,893
Total Amount of Debt Applicable to Debt Limit	61,262,401	63,470,653	74,051,181	77,829,626	78,268,269	77,428,993	76,644,812	76,265,000	82,758,927	81,869,107
Legal Debt Margin	\$ 73,567,274	\$ 68,690,672	\$ 54,116,314	\$ 50,457,629	\$ 51,618,931	\$ 55,714,632	\$ 59,184,513	\$ 64,365,195	\$ 61,967,848	\$ 68,294,683
Percent of Legal Debt Limit Available	54.6%	52.0%	42.2%	39.3%	39.7%	41.8%	43.6%	45.8%	42.8%	45.5%

Notes:

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

Sources:

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

City of Fond du Lac, Wisconsin

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2019

	Net Debt Outstanding	Percentage Applicable to City of Fond du Lac¹	City of Fond du Lac Share of Debt
Direct Debt:			
City of Fond du Lac	\$ 82,876,178	100.0 %	<u>\$ 82,876,178</u>
Overlapping Debt:			
Fond du Lac County	58,385,000	37.1	21,660,835
Moraine Park Technical College	26,894,047	10.5	2,831,943
Fond du Lac School District	77,173,214	72.1	55,641,887
North Fond du Lac School District	28,165,500	13.6	<u>3,830,508</u>
Total - overlapping debt			<u>83,965,173</u>
TOTAL			<u><u>\$ 166,841,351</u></u>

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

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

City of Fond du Lac, Wisconsin

Water Utility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating ¹ Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements			Coverage
					Principal ²	Interest	Total	
2019	\$ 12,853,004	\$ 4,038,331	\$ 164,542	\$ 8,979,215	\$ 3,501,915	\$ 1,182,510	\$ 4,684,425	1.92
2018	12,879,093	3,998,332	103,379	8,984,140	3,387,904	1,269,972	4,657,876	1.93
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

Notes:

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

² Principal payments are shown net of debt principal refundings.

City of Fond du Lac, Wisconsin

Wastewater Collection & Treatment System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating ¹ Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements ²			Coverage
					Principal ³	Interest	Total	
2019	\$ 12,007,514	\$ 6,568,587	\$ 415,249	\$ 5,854,176	\$ 3,705,493	\$ 645,301	\$ 4,350,794	1.35
2018	12,265,217	5,453,922	343,545	7,154,840	3,494,534	678,798	4,173,332	1.71
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

Notes:

¹ Operating expenses do not include depreciation.

² Includes principal and interest of revenue bonds only.

³ Principal payments are shown net of refinancings and additional payments for the early retirement of debt.

City of Fond du Lac, Wisconsin

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population ^a	Adjusted ^b Gross Income Per Tax Return	Total Personal Income ^c thousands of dollars	Per Capita Personal Income ^{1c}	Median ^d Age	Annual ^e Unemployment Rate	Public ^f School Enrollment	Public ^f High School Graduates
2019	44,303	n/a	n/a	n/a	38.5	3.1	7,084	490
2018	43,921	\$ 54,777	\$ 4,960,128	\$ 48,126	37.3	2.8	7,204	528
2017	43,679	\$ 48,129	\$ 4,691,921	\$ 45,753	36.9	2.8	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

Notes:

N/A = Not Available.

¹ Includes Fond du Lac County and Metropolitan Area

Sources:

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

^b Wisconsin Department of Revenue

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

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

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

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

City of Fond du Lac, Wisconsin

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2019			2010		
Name	Employees ^a	Percentage of Total City Employment ¹	Name	Employees ^a	Percentage of Total City Employment ¹
Agnesian Health Care	3,819	7.96%	Agnesian Healthcare Inc	2,730	6.28%
Mercury Marine	3,100	6.46%	Mercury Marine	1,750	4.03%
Fond du Lac County	879	1.83%	Fond du Lac County	950	2.19%
Fond du Lac School District	850	1.77%	Fond du Lac School District	803	1.85%
Marian University	421	0.88%	J.F. Ahern Co.	456	1.05%
Grande Cheese Company	415	0.86%	Moraine Park Technical College	420	0.97%
Taycheedah Correctional Facility	413	0.86%	Taycheedah Correctional Inst.	384	0.88%
Moraine Park Technical College	397	0.83%	City of Fond du Lac	325	0.75%
Brenner Tank	365	0.76%	Marian University	247	0.57%
Total	10,659	22.21%	Total	8,065	18.56%

Notes:

¹ Wisconsin's WorkNet Current Employment Statistics

Sources:

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

City of Fond du Lac, Wisconsin

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Community Development	Total
2019	27.0	150.0	70.8	13.2	12.0	273.0
2018	26.0	150.0	70.8	13.2	12.0	272.0
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

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.

Sources:

City of Fond du Lac Adopted Budget

City of Fond du Lac, Wisconsin

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Community Development										
Building Permits Issued	3,591	2,941	2,981	3,133	3,157	2,655	1,683	3,724	3,807	4,257
Total Valuation of Building Permits	\$ 36,156,303	\$ 41,464,109	\$ 54,434,778	\$ 67,375,043	\$ 51,921,182	\$ 85,143,513	\$ 40,960,146	\$ 52,278,825	\$ 90,173,120	\$ 73,233,575
New site plans reviewed	11	19	28	30	26	17	32	26	30	28
Rezoning/special use permits applied for	13	13	19	14	9	14	18	13	16	8
Variances applied for	38	39	26	37	16	14	15	27	14	10
New lots/parcels created	14	6	4	2	4	2	2	4	-	17
Housing Code Enforcement-complaints filed	397	418	414	402	410	415	458	513	552	509
Housing Code Enforcement-violations cured	648	739	648	664	610	645	542	526	544	441
Housing rehabilitation value of loans approved	\$ 351,044	\$ 325,501	\$ 220,798	\$ 258,800	\$ 286,300	\$ 172,099	\$ 142,179	\$ 377,050	\$ 191,300	\$ 93,295
Downtown parking revenue	\$ 318,828	\$ 338,259	\$ 320,560	\$ 298,400	\$ 276,667	\$ 288,452	\$ 296,981	\$ 306,351	\$ 310,534	\$ 305,663
Downtown parking violations-tickets issued	6,107	6,217	3,877	4,351	2,670	1,873	n/a	n/a	n/a	n/a
Transit ridership	157,314	181,002	171,119	212,327	200,473	206,139	209,119	200,540	206,364	193,050
Transit farebox revenue	\$ 221,752	\$ 287,350	\$ 133,065	\$ 252,248	\$ 249,664	\$ 246,530	\$ 256,947	\$ 330,351	\$ 249,051	\$ 250,502
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	191,694	209,759	221,833	197,213	198,829	204,418	209,864	203,464	208,313	206,235
Circulation	851,842	859,012	826,121	766,425	779,448	709,154	680,674	641,827	627,249	590,624
Senior Center number of visits	46,562	49,237	53,616	52,508	47,728	51,948	63,359	63,113	62,208	66,274
Senior Center volunteer hours worked	16,608	17,411	18,876	17,812	17,058	21,052	18,114	15,751	15,203	16,644
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	14,152	14,239	14,214	14,238	14,275	14,202	14,246	14,358	14,391	14,433
Commercial	1,380	1,384	1,385	1,380	1,381	1,199	1,204	1,215	1,220	1,222
Industrial	57	55	56	54	56	53	53	53	54	52
Multifamily						297	301	311	309	318
Public	71	70	72	74	43	77	75	77	76	76
Gallons of Water Sold:										
Residential	613,009,263	590,568,073	587,827,244	596,156,554	566,336,950	546,756,404	530,939,376	524,086,200	527,408,068	516,562,068
Commercial	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590	269,906,076	274,917,758	268,340,512	269,833,520	283,578,020
Industrial	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496	290,630,912	279,349,576	262,631,776	309,956,240	261,161,956
Multifamily						83,877,728	81,969,580	83,892,688	85,010,200	92,238,124
Public	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905	63,676,492	68,326,060	63,710,900	63,324,932	75,286,948
Plant Capacity (gallons/day)	8,410,000	5,664,000	6,061,000	6,946,000	6,063,000	6,606,000	5,956,000	6,212,000	6,394,000	5,867,000
Wastewater Collection & Treatment System										
Average No. of Customers:										
Residential	14,152	14,239	14,214	14,238	14,275	14,202	14,246	14,358	14,391	14,433
Commercial	1,380	1,384	1,385	1,380	1,381	1,199	1,204	1,215	1,220	1,222
Industrial	57	55	56	54	56	53	53	53	54	52
Multifamily						297	301	311	309	318
Public	71	70	72	74	43	77	75	77	76	76
System Usage in Gallons										
Residential	613,009,263	590,568,073	587,827,244	596,156,554	566,366,950	546,756,404	530,939,376	524,086,200	527,408,068	516,562,068
Commercial	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590	269,906,076	274,917,758	268,340,512	269,833,520	283,578,020
Industrial	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496	290,630,912	279,349,576	262,631,776	309,956,240	261,161,956
Multifamily						83,877,728	81,969,580	83,892,688	85,010,200	92,238,124
Public	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905	63,676,492	68,326,060	63,710,900	63,324,932	75,286,948

Notes: N/A = Not Available

Sources:

City of Fond du Lac department statistic reports

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Function/Program</u>										
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	75	75	74	73	73	73	73	72	72	73
Fire and EMS Protection										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Firefighting Force	65	65	65	65	65	65	65	65	65	65
Firefighting Vehicles	6	6	6	6	6	6	6	6	6	6
Ambulances	5	5	5	5	5	5	5	5	5	6
Public Works										
Miles of Streets	171	171	168	171	171	171	171	171	176	177
Miles of Storm Sewers	171	173	175	175	175	175	175	182	192	228
Recreation and Culture										
Playgrounds	15	15	15	15	15	15	16	16	17	17
City Parks	21	21	21	21	21	21	22	22	22	22
Acres of City Park Land	520	520	520	520	520	520	530	530	530	530
Indoor Skating Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Skating Facility	1	1	1	1	1	1	2	2	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	18	18	18	18	18
Business-type activities:										
Water Utility										
Miles of Mains	220	220	220	220	221	223	223	223	224	225
Hydrants	1,826	1,824	1,827	1,829	1,833	1,830	1,836	1,836	1,842	1,846
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	197	197	197	197	198	198	198	198	203	206

Sources:

City of Fond du Lac department statistic reports

City of Fond du Lac Adopted Budget

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, 2019, 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 31, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

COMPLIANCE AND OTHER MATTERS

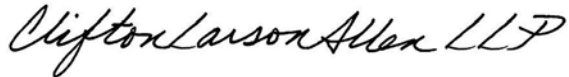
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

CITY'S RESPONSE TO FINDING

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sheboygan, Wisconsin

July 31, 2020

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 Wisconsin *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 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, 2019. 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, 2019.

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. 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.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 31, 2020

City of Fond du Lac, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF AGRICULTURE		
US Forest Service Great Lakes Restoration Initiative	10.675	Bay Lake Regional Planning Commission
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.228	Direct Program
Community Development Block Grant-Revolved Loan Funds		
Program Income	14.228	Direct Program
Total Community Development Block Grants		
Total U.S. Department of Housing and Urban Development		
U.S. DEPARTMENT OF JUSTICE		
Bulletproof Vest Partnership Program	16.607	Direct Program
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct Program
Asset Forfeiture Programs Equitable Sharing	16.922	Direct Program
Total U.S. Department of Justice		
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Cluster		
Federal Transit Formula Grants	20.507	Direct Program
Highway Safety Cluster		
State and Community Highway Safety	20.600	Fond du Lac County
Total U.S. Department of Transportation		
TOTAL EXPENDITURES OF FEDERAL AWARDS		

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 1/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/19	Total Expenditures	Passed Through to Subrecipients
16006-10D	\$ (7,500)	\$ 5,000	\$ 2,500	\$ -	\$ -
N/A	(397,677)	509,597	560,358	672,278	-
N/A	-	50,667	-	50,667	-
	(397,677)	560,264	560,358	722,945	-
	(397,677)	560,264	560,358	722,945	-
N/A	(4,528)	7,545	-	3,017	-
N/A	-	26,816	-	26,816	-
N/A	4,648	9,612	(4,648)	9,612	-
	120	43,973	(4,648)	39,445	-
N/A	(586,384)	914,851	295,403	623,870	-
Unknown	-	12,773	-	12,773	-
	(586,384)	927,624	295,403	636,643	-
	<u>\$ (991,441)</u>	<u>\$ 1,536,861</u>	<u>\$ 853,613</u>	<u>\$ 1,399,033</u>	<u>\$ -</u>

City of Fond du Lac, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency
DEPARTMENT OF NATURAL RESOURCES		
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program
Urban Forestry	370.587	Direct Program
Recreational Boating Facilities	370.573	Direct Program
Recreational Boating Facilities	370.573	Direct Program
Urban Nonpoint Source & Stormwater	370.658	Direct Program
Urban Rivers	370.675	Direct Program
Total Department of Natural Resources		
DEPARTMENT OF TRANSPORTATION		
Transit Operating Aids	395.104	Direct Program
DEPARTMENT OF HEALTH SERVICES		
EMS Funding Assistance Program	435.167	Direct Program
DEPARTMENT OF MILITARY AFFAIRS		
Regional Emergency Response Teams	465.306	Direct Program
Hazardous Materials Emergency Preparedness	465.308	Fond du Lac County
Computer and Hazmat Equipment Grant	465.367	Fond du Lac County
Total Department of Military Affairs		
TOTAL STATE PROGRAMS		

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

State Identifying Number	(Accrued) Deferred Revenue 1/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/19	Total Expenditures	Passed Through to Subrecipients
N/A	\$ (642)	\$ 10,536	\$ 625	\$ 10,519	\$ -
N/A	(25,000)	25,000	-	-	-
N/A	-	-	8,049	8,049	-
N/A	-	-	13,366	13,366	-
N/A	(6,797)	14,495	36,307	44,005	-
N/A	-	25,250	(25,250)	-	-
	<u>(32,439)</u>	<u>75,281</u>	<u>33,097</u>	<u>75,939</u>	<u>-</u>
N/A	<u>(86,800)</u>	<u>567,753</u>	<u>-</u>	<u>480,953</u>	<u>-</u>
N/A	<u>-</u>	<u>9,689</u>	<u>(4,264)</u>	<u>5,425</u>	<u>-</u>
N/A	-	16,514	-	16,514	-
11036 & 11163	-	5,516	-	5,516	-
Unknown	-	289	-	289	-
	<u>-</u>	<u>22,319</u>	<u>-</u>	<u>22,319</u>	<u>-</u>
	<u>\$ (119,239)</u>	<u>\$ 675,042</u>	<u>\$ 28,833</u>	<u>\$ 584,636</u>	<u>\$ -</u>

City of Fond du Lac, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

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 2019 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.

Major federal and state financial assistance programs are identified in the Schedule of Findings and Questioned Costs and are determined as follows:

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, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	Yes
▶ 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 2 CFR 200.516(a)?	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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<i>Federal Transit Cluster</i>
20.507	Federal Transit Formula Grant

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2019-001	Review of the Comprehensive Annual Financial Report
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	As stated in the audit opinion, the 2019 comprehensive annual financial report presents a prior period adjustment in the amount of \$1,818,815 related to governmental activities capital assets and net position.
Context:	The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.
Cause:	The City is responsible for reviewing and approving the financial statements prior to issuance. As stated in the audit opinion, the 2019 comprehensive annual financial report presents a prior period adjustment in the amount of \$1,818,815 related to governmental activities capital assets and net position. Controls and procedures were insufficient to identify the material misstatement in a timely manner.
Effect:	The City's comprehensive annual financial report for the year ended December 31, 2018 included a material misstatement.
Recommendation:	We recommend the City continue reviewing the annual financial report. A thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.
Views of responsible officials:	Management agrees with the finding. Refer to the management response per the corrective action plan.

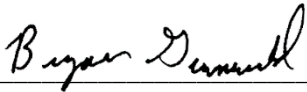
SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no findings related to the federal and state awards required to be reported under the Uniform Guidance and the State Single Audit Guidelines issued by the Wisconsin Department of Administration for the year ended December 31, 2019.

City of Fond du Lac, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 Health Services No
 - Department of Military Affairs No
 - Department of Transportation 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 31, 2020