

City of Fond du Lac, WI
First on the Lake



**Annual Comprehensive Financial Report
with Single Audit
Year ended December 31, 2021**

**CITY OF FOND DU LAC, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
CERTIFICATE OF ACHIEVEMENT	6
TABLE OF ORGANIZATION	7
LIST OF PRINCIPAL OFFICIALS	8
INDEPENDENT AUDITORS' REPORT	9
MANAGEMENT'S DISCUSSION AND ANALYSIS	13
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	24
STATEMENT OF ACTIVITIES	25
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	26
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES	27
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	28
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	29
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	30
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	31
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	33
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	34
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND	36
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND	37
NOTES TO BASIC FINANCIAL STATEMENTS	38

**CITY OF FOND DU LAC, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	73
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	73
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	74
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	75

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	76
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	79
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – LIBRARY SPECIAL REVENUE FUND	82
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CITY GRANT PROGRAMS SPECIAL REVENUE FUND	83
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – HARBOR AND BOATING FACILITIES SPECIAL REVENUE FUND	84
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SOLID WASTE AND RECYCLING SPECIAL REVENUE FUND	85
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TRANSIT SPECIAL REVENUE FUND	86
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – HAZMAT AGREEMENT SPECIAL REVENUE FUND	87
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – FUEL PUMP MAINTENANCE SPECIAL REVENUE FUND	88
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TIF DISTRICTS SPECIAL REVENUE FUND	89
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	90

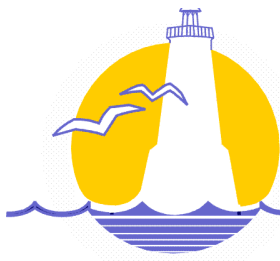
**CITY OF FOND DU LAC, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS	91
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS	92
COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS	93
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY SOURCE	95
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY	96
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY	97
STATISTICAL SECTION	
NET POSITION BY COMPONENT	98
CHANGES IN NET POSITION	99
FUND BALANCES, GOVERNMENTAL FUNDS	101
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	102
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	103
PRINCIPAL TAXPAYERS	104
PROPERTY TAX LEVIES AND COLLECTIONS	105
PROPERTY TAX RATES AND TAX LEVIES – DIRECT AND OVERLAPPING GOVERNMENTS	106
RATIO OF OUTSTANDING DEBT BY TYPE	107
RATIO OF GENERAL BONDED DEBT OUTSTANDING	108
COMPUTATION OF LEGAL DEBT MARGIN	109
COMPUTATION OF DIRECT AND OVERLAPPING DEBT	110
WATER UTILITY REVENUE BOND COVERAGE	111
WASTEWATER COLLECTION & TREATMENT SYSTEM REVENUE BOND COVERAGE	112
DEMOGRAPHIC AND ECONOMIC STATISTICS	113
PRINCIPAL EMPLOYERS	114
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	115

**CITY OF FOND DU LAC, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

OPERATING INDICATORS BY FUNCTION/PROGRAM	116
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	117
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	118
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 <i>STATE SINGLE AUDIT GUIDELINES</i>	120
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	124
SCHEDULE OF EXPENDITURES OF STATE AWARDS	125
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS	126
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	127

INTRODUCTORY SECTION



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 26, 2022

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

We are pleased to present the Annual Comprehensive Financial Report of the City of Fond du Lac for the year ended December 31, 2021. 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 Annual Comprehensive Financial Report 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, 2021 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 44,349.

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 decreased to 3.5 percent in 2021 from the previous year's 6.5 percent. The April 2022 unemployment rate is 2.3 percent, down from a coronavirus pandemic induced 19.3 percent from April 2020.

In 2021, Fond du Lac continued to experience growth in residential, commercial and industrial development. The cost and delay in materials did affect the timing of developments as well as the number of development projects. There were 104 new housing units constructed, of which 26 units were one- and two-family and 78 were multi-family. Commercial and industrial growth continued in 2021 with \$52.6 million in construction of 5 new buildings and 140 additions and alterations.

Total equalized value (estimated fair market value) of real estate and personal property increased by 5.7% to \$3,329,718,700 in 2021 from 2020. Over the past 10 years, the City's equalized value has increased 29.9%.

The former Shopko property was redeveloped into two retail spaces for Big Lots and Hobby Lobby. An outlot was created for the construction of a new Taco John's restaurant.

Excel Engineering completed a 28,980 sf building addition to accommodate their continued growth.

The new 7,840 sf office building for Huberty & Associates opened on Pioneer Road, completing the buildout of a significant vacant property.

Badger Liquor completed a 60,000 sq ft warehouse addition.

The new 68 room Fairfield Inn Hotel opened on Rolling Meadows Drive.

Within the downtown, 10 new small businesses opened in spaces varying from retail spaces fronting Main Street to upper level office spaces. Of note, The Cellar District restaurant opened in a former church and Gathered Roots, a store focusing on local products and gifts, opened near the newly renovated Hotel Retlaw.

The new mall owners, ATR Cornith, continued to work with Meijer as part of the redevelopment of Forest Mall. A portion of the mall was razed in preparation of Meijer's future location. TJ Maxx relocated to the former Staples space.

Long-term financial planning

Unassigned fund balance in the general fund (17.0% 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 2021 included a 2.0% decrease 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 2021 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-sixth 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 2020 Comprehensive Annual Financial Reports.

Acknowledgment

The preparation of the Comprehensive Annual Financial Reports 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**

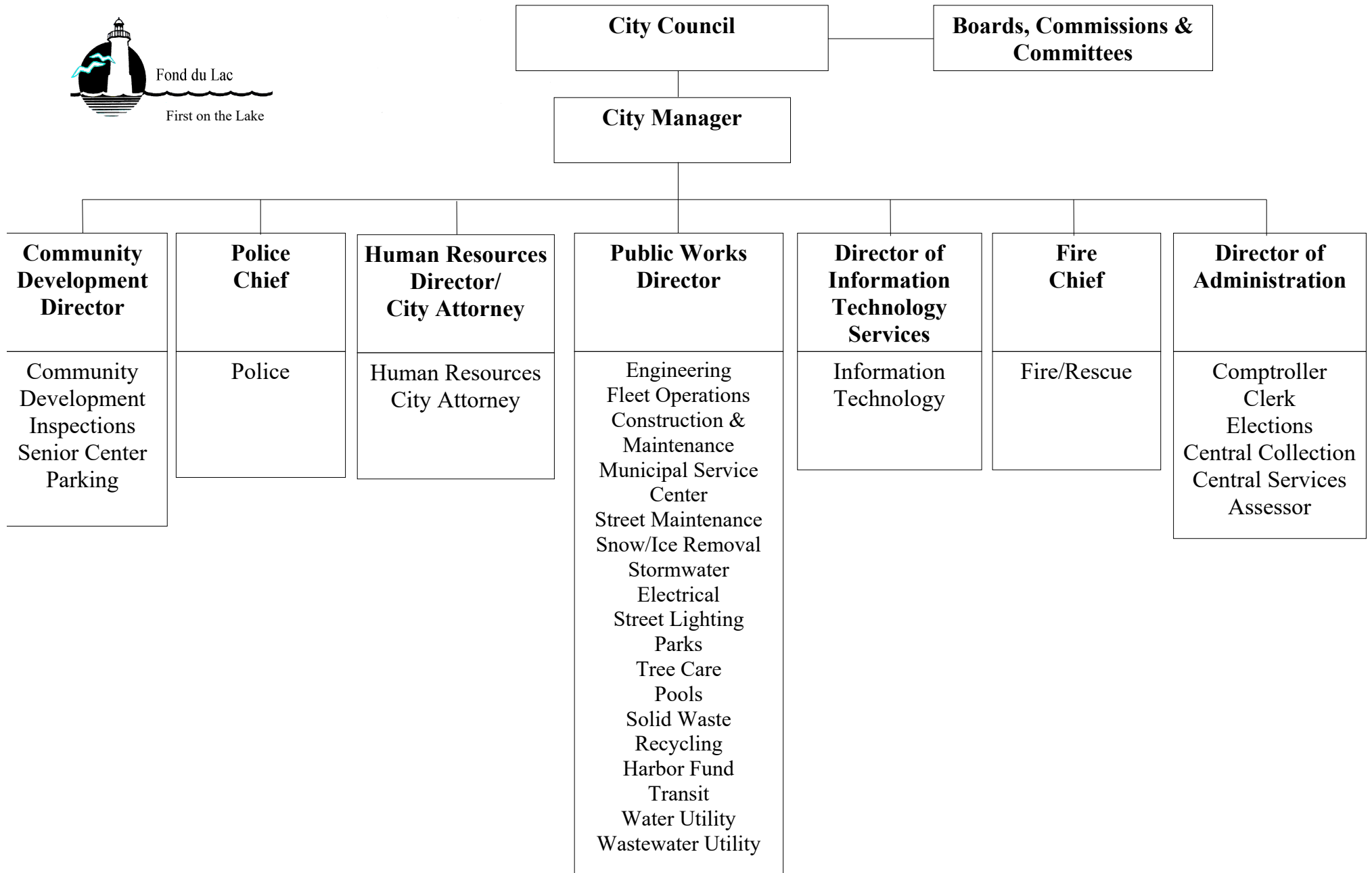
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

Table of Organization



CITY OF FOND DU LAC

List of Principal Officials

December 31, 2021

Elected Officials

		<u>Term Expires</u>
Kay A. Miller	City Council President	April, 2022
Patrick C. Mullen	City Council Vice-President	April, 2023
Benjamin G. Giles	City Council Member	April, 2022
Arletta R. Allen	City Council Member	April, 2022
Donna H. Richards	City Council Member	April, 2022
Tiffany S. Brault	City Council Member	April, 2023
Keith D. Heisler	City Council Member	April, 2023

Non-Elected Officials

Joseph P. Moore	City Manager
Tracy C. Salter	Director of Administration
Deborah S.R. Hoffmann	City Attorney/Director of Human Resources
Paul C. De Vries	Director of Public Works
Dyann L. Benson	Director of Community Development
Kathryn A. Duveneck	Director of Information Technology Services
Aaron T. Goldstein	Chief of Police
Peter O’Leary	Fire Chief
Jon Mark Bolthouse	Public Library Director
Christopher S. Johnson	City Engineer
Margaret L. Hefter	City Clerk



INDEPENDENT AUDITORS' REPORT

City Council
City of Fond du Lac, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pension and other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund statements, individual fund budget to actual comparison schedules, supporting schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund statements, individual fund budget to actual comparison schedules, supporting schedules 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022, 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.

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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021. 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 2021 general fund operations was experienced through expenditures.
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows of resources at December 31, 2021 by \$260.9 million. Of this amount, \$25 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 \$15.8 million over the January 1 net position. The business-type activities had a \$5.2 million increase while the governmental activities had a \$10.6 million increase. The City incurred significant expenditures related to mitigating and dealing with the effects of the COVID-19 pandemic, which were reimbursed by federal COVID-19 funding. This, along with careful managing of expenditures resulted in the increase in net position for the governmental activities.
- The unrestricted net position of the governmental activities was \$9.1 million.
- The unrestricted net position of the business-type activities was \$15.9 million.
- The City's general fund balance decreased by \$267,000, compared to the 2020 fund balance increase of \$248,000. While fund balance was budgeted to decrease \$1.9 million in 2021, careful managing of expenditures during the COVID-19 pandemic led to a lesser decrease in fund balance. This lessened decrease will be helpful as the 2022 adopted budget anticipates using \$1.6 million in general fund balance.
- The debt service fund balance increased \$10.3 million, while in 2020 the fund balance increased \$146,000. The City has a negative \$6.2 million deficiency of revenues under expenditures compared to a negative \$1.8 in 2020. Also, the City had \$16.6 million in refunding debt issued in 2021 while in 2020 long term debt issued was \$11 million.
- The internal service fund for the self-funded City group health insurance benefits started 2021 with a net position of \$3 million and finished with a net position of \$3.3 million. Premium revenues increased slightly due to a change in the mix of single and family coverage participants enrolled in the health plan. Expenditures, primarily medical claims, came in lower than budget and are responsible for the increase in net position for 2021. With the temporary changes made by the medical community during the COVID-19 pandemic, the City experienced a decline in participant usage of health benefits and the resulting claims.
- Other governmental funds had combined increase in fund balances of \$2.2 million. All non-major governmental funds, with the exception of the solid waste and recycling fund, had positive fund balances at December 31, 2021.
- During 2021, non-major capital project funds produced a net \$2.1 million 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, Streets, Storm Sewer and Special Assessments Funds completed capital purchases and construction that were funded and started prior to 2021. 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.
- Non-major special revenue funds had an overall increase in fund balance of \$162,000.
 - The Transit Fund had an increase in fund balance of \$100,000. While the COVID-19 pandemic significantly affected ridership and revenues, expenditures were carefully managed to ensure a positive impact on the Transit fund balance.
 - The Community Development Block Grant loan repayments were higher than loan project expenditures which contributed to the net increase in fund balance of \$804,000.
 - The Library Fund had an increase in fund balance of \$109,000 due to short-term staffing vacancies throughout the year.
 - The Solid Waste and Recycling fund had a decrease in fund balance of \$20,000. In the Solid Waste portion of the fund, user fees and revenues exceeded expenditures by \$18,000.
 - The Residential Development Improvement Program Fund, experienced a \$8,000 decrease in fund balance due to loans being given to business owners and citizens to assist with financial difficulties during the COVID-19 pandemic.
 - The Harbor and Boating Facilities fund experienced a \$117,000 increase in fund balance, due to a slight increase in boat slip fees, with less dock maintenance expenses than anticipated.
 - The fourteen TIF Districts with activity in 2021 had a net fund balance decrease of \$1.2 million. TID increments

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

had an increase in Capital Outlay of \$2.2 million.

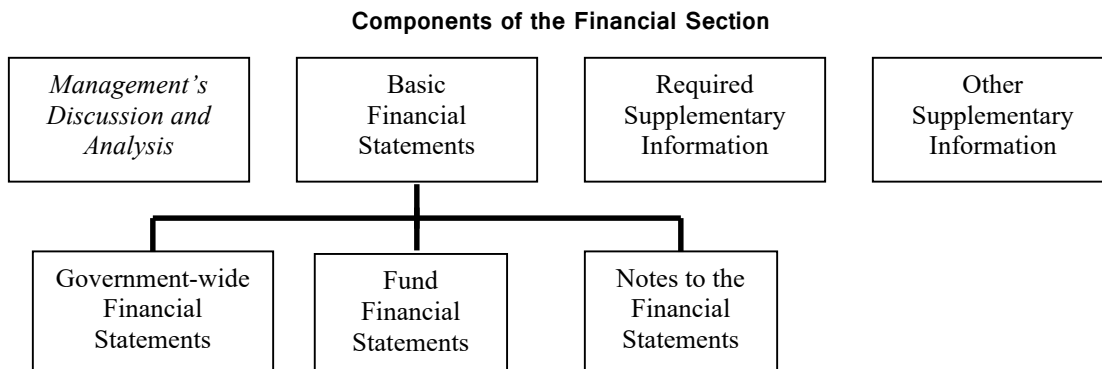
Overview of the Financial Statement

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a supplementary information section that presents combining statements for non-major 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, including the water and sewer systems.

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 non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.



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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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 twenty two governmental funds are combined into single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City 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, 2021

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 \$260,943,426 at the close of 2021.

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

Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 101,079	\$ 72,994	\$ 27,644	\$ 30,362	\$ 128,723	\$ 103,356
Capital assets	141,869	142,436	186,288	186,939	328,157	329,375
Total assets	242,948	215,430	213,932	217,301	456,880	432,731
Deferred outflows of resources						
Pension/OPEB	21,515	15,728	1,617	1,219	23,132	16,947
Non-current liabilities	76,192	77,083	36,442	44,738	112,634	121,821
Current and other liabilities	33,593	20,055	10,793	11,238	44,386	31,293
Total liabilities	109,785	97,138	47,235	55,976	157,020	153,114
Deferred inflows of resources						
Property taxes	32,695	30,889	-	-	32,695	30,889
Pension /OPEB	27,360	19,110	1,994	1,443	29,354	20,553
Total deferred inflows	60,055	49,999	1,994	1,443	62,049	51,442
Net position:						
Net investment in						
capital assets	53,631	62,109	142,287	134,752	195,918	196,861
Restricted	31,890	16,735	8,135	8,142	40,025	24,877
Unrestricted	9,102	5,177	15,898	18,207	25,000	23,384
Total net position	\$ 94,623	\$ 84,021	\$ 166,320	\$ 161,101	\$ 260,943	\$ 245,122

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

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 2021.

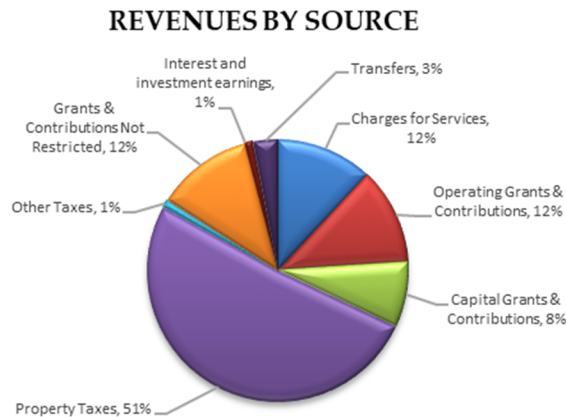
Changes in Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 7,273	\$ 6,392	\$ 24,709	\$ 24,541	\$ 31,982	\$ 30,933
Operating grants and contributions	7,453	7,931	-	2	7,453	7,933
Capital grants and contributions	5,040	456	-	628	5,040	1,084
General revenues:						
Property taxes	30,318	30,116	-	-	30,318	30,116
Other taxes	455	393	-	-	455	393
Federal and State grants and other contributions not restricted to specific functions	7,458	7,392	15	4	7,473	7,396
Interest and investment earnings	-	353	139	302	139	655
Miscellaneous	556	226	-	-	556	226
Gain on sale of asset	224	107	14	-	238	107
Total revenues	58,777	53,366	24,877	25,477	83,654	78,843
Expenses:						
General government	2,864	3,469	-	-	2,864	3,469
Public safety	18,624	21,368	-	-	18,624	21,368
Public works	14,756	17,674	-	-	14,756	17,674
Culture and recreation	5,687	6,082	-	-	5,687	6,082
Community and development	5,694	3,422	-	-	5,694	3,422
Interest and fiscal charges	2,380	2,651	-	-	2,380	2,651
Water	-	-	8,134	8,542	8,134	8,542
Wastewater	-	-	9,694	8,346	9,694	8,346
Total expenses	50,005	54,666	17,828	16,888	67,833	71,554
Increase (decrease) in net position before transfers	8,772	(1,300)	7,049	8,589	15,821	7,289
Transfers	1,829	1,894	(1,829)	(1,894)	-	-
Increase (decrease) in net position	10,601	594	5,220	6,695	15,821	7,289
Net position - 1/1	84,022	83,428	161,100	154,407	245,122	237,835
Net position - 12/31	\$ 94,623	\$ 84,022	\$ 166,320	\$ 161,102	\$ 260,943	\$ 245,124

City of Fond du Lac, Wisconsin

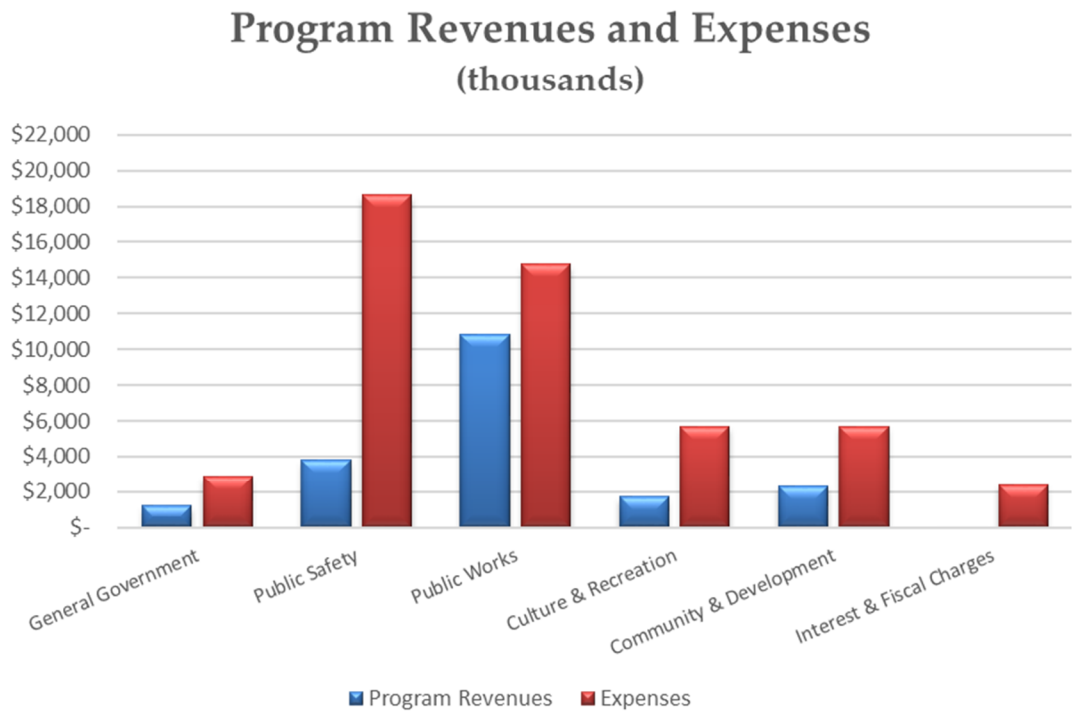
MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Governmental activities.

Revenues and transfers for the City’s governmental activities were \$60.6 million. Property taxes are the largest source of governmental activity revenues at \$30.8 million, or 51 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 \$18.6 million or 37 percent. Public works is the next largest area of expense at \$14.8 million or 29 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, 2021

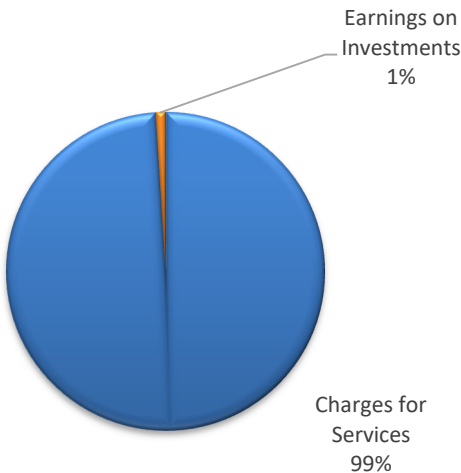
Business-type activities.

The business-type activities of the Water and Wastewater utilities increased the City’s net position by \$5.2 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.

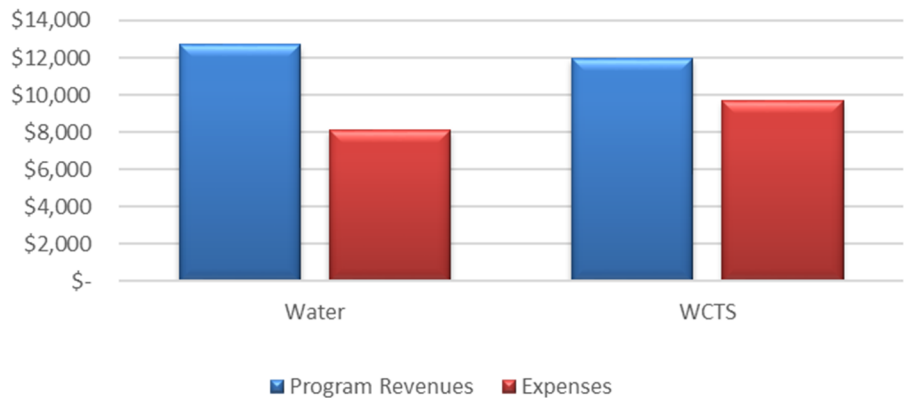
The last Wastewater Utility- rate increase was implemented in 2009.

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, 2021

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, 2021 represents 17.9 percent of total actual 2021 general fund expenditures, while total fund balance represents 25.7 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2022 budgeted expenditures. Total general fund balance decreased by \$267,000 in 2021, significantly better than the budgeted decrease of \$1.9 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 2021 while the unrestricted net position decreased \$4.8 million due largely to investment in capital assets from operations. Increases from large capital projects offset by annual depreciation costs has increased the net investment in capital assets \$7.0 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 \$577,000. The changes between original budget and the final budget were the result of the roll-over of encumbrances from 2021. 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 2022 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 \$470,000 negative budget variance.
 - While revenues in fines and forfeits and public charges for services were lower than budgeted intergovernmental and special assessments came in higher than budgeted.
- Total expenditures provided for a net \$2.2 million favorable budget variance across all general fund divisions.
 - General government had an overall favorable variance of \$266,000 due to efficiencies implemented and delays in filling vacancies.
 - Public safety saw a favorable budget variance of \$936,000. Police wages and benefits were under budget by \$846,000, primarily due to a younger workforce choosing single health insurance coverage. Police also experienced \$65,000 lower than anticipated costs in custodial services, lab supplies, equipment expenses, building maintenance and ammunition. Lower fuel costs and vehicle usage resulted in a favorable budget variance of \$46,000 for Police and \$8,000 for Fire and Rescue. Due to the COVID-19 pandemic, some training opportunities were cancelled in 2021, which resulted in a \$32,000 favorable budget variance for Fire and Rescue.
 - The department of public works had a net \$395,000 favorable variance.
 - Snow & Ice removal experienced a \$82,000 favorable variance due to less major snow events requiring plowing and salting of City streets. This positive variance offset negative variances in other

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

- public works areas.
 - Street Lights ended with a \$5,000 positive variance. Conduit & wiring replacements were budgeted to be completed in 2021, but due to unfavorable bid prices and contractor availability, the project was not undertaken.
 - The municipal service center ended with a \$33,000 positive variance.
 - Fleet Operations wages and benefits were under budget by \$70,000, primarily due to a younger workforce choosing single health insurance coverage.
 - Favorable spending compared to budget in the Municipal service center, highway maintenance, fleet, and construction & maintenance and projects that were not completed in 2021 make up the remaining \$205,000 favorable variance for public works
- Culture and recreation had a \$280,000 favorable variance.
 - Parks had a favorable budget variance of \$77,000 primarily due to the inability to hire interested long-term seasonal employees and the cancellation of concerts held in the parks due to COVID-19.
 - One of the City's two outdoor swimming pools did not open for the season due to COVID-19, which resulted in a net positive budget variance of \$149,000.
 - Due to COVID-19, the Senior Center was closed for 4 months, which resulted in a \$53,000 positive budget variance.
- Community and development had a \$217,000 favorable variance.
 - Community development had a favorable variance of \$11,000 due to savings in group health insurance costs and small savings in other operational accounts. Parking facilities was under budget \$95,000. The majority of the variance was due to lower than anticipated maintenance project costs.
 - Economic development had a favorable variance of \$140,000, due to a decrease in funding requests for various downtown improvement projects.
 - Parking Facilities had a \$45,000 favorable variance in road repair and supplies due to actual expenses being less than budgeted for the year.
 - Inspections had a \$30,000 favorable variance in outside services due to managing expenses internally.

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, 2021, amounts to \$328,156,880 (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	
	2021	2020	2021	2020	2021	2020
Land and construction in progress	\$ 7,791	\$ 15,273	\$ 3,040	\$ 3,003	\$ 10,831	\$ 18,276
Infrastructure	104,750	101,832	-	-	104,750	101,832
Buildings and improvements	16,700	11,282	53,960	56,169	70,660	67,451
Land improvements	3,037	3,085	101,413	98,947	104,450	102,032
Machinery and equipment	9,591	10,964	27,875	28,820	37,466	39,784
Total	\$ 141,869	\$ 142,436	\$ 186,288	\$ 186,939	\$ 328,157	\$ 329,375

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Capital assets net of depreciation decreased by \$1.2 million, or .6 percent. The business-type activities had a net decrease of \$651,000. Governmental capital assets, net of depreciation decreased by \$567,000 due largely to 2021 depreciation expense outpacing capital asset additions.

Major governmental capital activity included street and stormwater infrastructure of \$3.2 million. Construction in progress at the end of the year includes the North Main Street Reconstruction and building renovations to various facilities with combined costs incurred of \$1 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 \$2.8 million of utility street reconstruction. Significant Wastewater projects included \$2.9 million of utility street reconstruction, \$2.2 million in sewer manhole rehab. Depreciation expense for 2021 was \$6.2 million which included \$3.1 million for water and \$3.1 million for wastewater.

Additional information on the City's capital assets can be found in Note 5 of the Notes to Basic Financial Statements.

Long-term debt.

At the end of the current fiscal year, the City of Fond du Lac had total general obligation, note anticipation note, and revenue bond debt outstanding of \$131,899,122.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 23,750	\$ 32,645	\$ -	\$ -	\$ 23,750	\$ 32,645
General obligation notes	65,345	49,155	-	-	65,345	49,155
Note anticipation notes	-	2,695	-	-	-	2,695
Revenue bonds	-	-	42,804	52,023	42,804	52,023
Total	\$ 89,095	\$ 84,495	\$ 42,804	\$ 52,023	\$ 131,899	\$ 136,518

The total debt of the City of Fond du Lac decreased \$4.6 million, or 3 percent during 2021.

- The City issued tax-exempt general obligation notes of \$19,350,000. \$6,560,000 was to finance the portion of the City's 2021 general capital improvement projects not funded by operating revenues or existing financial resources. \$12,790,000 was to refinance 2011 and 2012 General Obligation Bonds at a lower interest rate
- The City issued taxable general obligation bonds of \$3,825,000. These funds were used for current and advanced refunding of Tax Increment District outstanding obligations for TID #22 and TID #13
- The City issued waterworks system refunding bonds of \$9,300,000. These funds were used for current refunding outstanding 2010 and 2011 waterworks system revenue bonds at a lower interest rate.

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

State statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City on December 31, 2021 was \$166,485,935, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$89,095,000. The available legal margin for new debt was \$77,390,935.

Additional information on the City's debt may be found in note 7 of the Notes to Basic Financial Statements.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Economic Factors and Next Year's budgets and Rates

- The 2021 average unemployment rate for the City of Fond du Lac was 3.5 percent, which is down from an average of 6.5 percent a year ago. The April 2022 unemployment rate is 2.3 percent, down from a coronavirus pandemic induced 19.3 percent from April 2020.
- Population in the City of Fond du lac increased slightly from 2020 to 2021.
- The City's total 2021 property tax levy to fund the 2022 budget increased 6.7 percent. \$1.3 million of the increase was the result of the Public Safety Referendum.
- The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of the organization, and local communities. Specific to the City, COVID-19 may impact various parts of its 2022 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown.

Rates for the City's business-type activities for 2021 are as follows:

- The water utility had a 6.8 percent rate increase in December 2015, with no proposed rate increase for 2022. 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 2022 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2022.

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, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 48,038,789	\$ 7,334,225	\$ 55,373,014
Receivables:			
Taxes and Special Charges	30,817,257	-	30,817,257
Delinquent Taxes	726,463	-	726,463
Accounts	1,997,864	6,097,317	8,095,181
Special Assessments	327,679	885,024	1,212,703
Loans	4,476,963	-	4,476,963
Internal Balances	(602,865)	602,865	-
Due from Other Governments	1,822,335	3,974,602	5,796,937
Prepaid Supplies and Items	1,004,367	538,359	1,542,726
Other Noncurrent Assets	-	76,138	76,138
Restricted Assets:			
Cash and Investments	-	7,227,438	7,227,438
Net Pension Asset	12,470,628	907,890	13,378,518
Capital Assets, Nondepreciable	7,791,213	3,039,877	10,831,090
Capital Assets, Depreciable, Net	134,077,611	183,248,179	317,325,790
Total Assets	242,948,304	213,931,914	456,880,218
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	20,672,555	1,513,226	22,185,781
Other Postemployment Benefit Related Amounts	842,692	104,153	946,845
Total Deferred Outflows of Resources	21,515,247	1,617,379	23,132,626
LIABILITIES			
Accounts Payable	1,957,513	549,340	2,506,853
Accrued and Other Current Liabilities	1,616,546	2,093,924	3,710,470
Due to Other Governments	28,435	-	28,435
Accrued Interest Payable	643,144	176,022	819,166
Special Deposits	904,830	1,600	906,430
Unearned Revenues	8,234,360	155,878	8,390,238
Long-Term Obligations:			
Due Within One Year	19,988,510	7,785,847	27,774,357
Due in More Than One Year:	74,053,926	36,180,762	110,234,688
Other Postemployment Benefits Liability			
Due Within One Year	220,000	30,000	250,000
Due in More Than One Year	2,137,490	261,375	2,398,865
Total Liabilities	109,784,754	47,234,748	157,019,502
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	32,694,593	-	32,694,593
Pension Related Amounts	27,312,289	1,988,398	29,300,687
Other Postemployment Benefit Related Amounts	48,627	6,010	54,637
Total Deferred Inflows of Resources	60,055,509	1,994,408	62,049,917
NET POSITION			
Net Investment in Capital Assets	53,631,196	142,286,554	195,917,750
Restricted for Debt Service	9,825,199	3,328,964	13,154,163
Restricted for Equipment Replacement	-	3,898,474	3,898,474
Restricted for Community Development and Loans	7,145,563	-	7,145,563
Restricted for Tax Incremental District Activities	2,448,697	-	2,448,697
Restricted for Pension Benefits	12,470,628	907,890	13,378,518
Unrestricted	9,102,005	15,898,255	25,000,260
Total Net Position	\$ 94,623,288	\$ 166,320,137	\$ 260,943,425

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:							
General Government	\$ 2,863,982	\$ 1,077,321	\$ 127,200	\$ -	\$ (1,659,461)	\$ -	\$ (1,659,461)
Public Safety:							
Police	11,679,797	138,311	353,138	-	(11,188,348)	-	(11,188,348)
Fire and Rescue	6,943,652	2,531,383	760,967	-	(3,651,302)	-	(3,651,302)
Public Works	14,756,219	1,814,142	3,984,558	5,039,814	(3,917,705)	-	(3,917,705)
Culture and Recreation	5,687,074	487,444	1,214,078	-	(3,985,552)	-	(3,985,552)
Community and Development	5,693,986	1,177,300	1,012,751	-	(3,503,935)	-	(3,503,935)
Interest and Fiscal Charges	2,380,328	-	-	-	(2,380,328)	-	(2,380,328)
Total Governmental Activities	50,005,038	7,225,901	7,452,692	5,039,814	(30,286,631)	-	(30,286,631)
Business-Type Activities:							
Water Utility	8,133,455	12,719,274	-	-	-	4,585,819	4,585,819
Wastewater Utility	9,694,168	11,989,363	-	-	-	2,295,195	2,295,195
Total Business-Type Activities	17,827,623	24,708,637	-	-	-	6,881,014	6,881,014
Total	<u>\$ 67,832,661</u>	<u>\$ 31,934,538</u>	<u>\$ 7,452,692</u>	<u>\$ 5,039,814</u>	(30,286,631)	6,881,014	(23,405,617)
GENERAL REVENUES							
Taxes:							
Property Taxes					30,317,955	-	30,317,955
Other Taxes					455,065	-	455,065
Federal and State Grants and Other Contributions							
Not Restricted to Specific Functions					7,458,353	14,890	7,473,243
Interest and Investment Earnings					47,445	138,976	186,421
Miscellaneous					641,562	-	641,562
Gain on Sale of Asset					138,797	13,658	152,455
TRANSFERS					1,829,153	(1,829,153)	-
Total General Revenues and Transfers					40,888,330	(1,661,629)	39,226,701
CHANGE IN NET POSITION					10,601,699	5,219,385	15,821,084
Net Position - Beginning of Year					84,021,589	161,100,752	245,122,341
NET POSITION - END OF YEAR					<u>\$ 94,623,288</u>	<u>\$ 166,320,137</u>	<u>\$ 260,943,425</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	ARPA	Debt Service	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 11,523,383	\$ 6,896,077	\$ 10,472,275	\$ 14,984,394	\$ 43,876,129
Receivables:					
Taxes and Special Charges	13,240,720	-	8,680,000	8,896,537	30,817,257
Delinquent Taxes	726,463	-	-	-	726,463
Accounts	1,953,705	-	-	44,159	1,997,864
Special Assessments	301,010	-	-	26,669	327,679
Loans	-	-	-	4,476,963	4,476,963
Due from Other Governments	150,360	-	-	1,671,975	1,822,335
Prepaid Supplies and Items	913,767	-	-	22,581	936,348
Total Assets	<u>\$ 28,809,408</u>	<u>\$ 6,896,077</u>	<u>\$ 19,152,275</u>	<u>\$ 30,123,278</u>	<u>\$ 84,981,038</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 540,901	\$ -	\$ 3,932	\$ 844,014	\$ 1,388,847
Accrued and Other Current Liabilities	1,480,309	-	-	115,484	1,595,793
Due to Other Governments	-	-	-	28,435	28,435
Special Deposits	891,880	-	-	12,950	904,830
Unearned Revenues	65,140	6,896,077	-	1,273,143	8,234,360
Total Liabilities	<u>2,978,230</u>	<u>6,896,077</u>	<u>3,932</u>	<u>2,274,026</u>	<u>12,152,265</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	16,381,069	-	8,680,000	7,633,524	32,694,593
Loans Receivable	-	-	-	4,476,963	4,476,963
Special Assessments	163,950	-	-	-	163,950
Other	1,013,139	-	-	-	1,013,139
Total Deferred Inflows of Resources	<u>17,558,158</u>	<u>-</u>	<u>8,680,000</u>	<u>12,110,487</u>	<u>38,348,645</u>
FUND BALANCES					
Nonspendable	913,767	-	-	22,581	936,348
Restricted	-	-	10,468,343	8,234,172	18,702,515
Committed	48,000	-	-	7,775,161	7,823,161
Assigned	1,561,055	-	-	-	1,561,055
Unassigned	5,750,198	-	-	(293,149)	5,457,049
Total Fund Balances	<u>8,273,020</u>	<u>-</u>	<u>10,468,343</u>	<u>15,738,765</u>	<u>34,480,128</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,809,408</u>	<u>\$ 6,896,077</u>	<u>\$ 19,152,275</u>	<u>\$ 30,123,278</u>	<u>\$ 84,981,038</u>

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET
POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Fund Balances - Total Governmental Funds	\$ 34,480,128
--	---------------

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.	141,868,824
---	-------------

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	5,654,052
--	-----------

Long-term assets are not current financial resources and therefore are not reported in the funds	
Net Pension Asset	12,470,628

Net position of the internal service fund is reported in the statement of net position as governmental activities	3,629,451
---	-----------

Some deferred outflows and inflows of resources are not reported in the funds.	
Deferred Outflows Related to Pensions	20,672,555
Deferred Inflows Related to Pensions	(27,312,289)
Deferred Outflows Related to Other Postemployment Benefits	842,692
Deferred Inflows Related to Other Postemployment Benefits	(48,627)

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.	(602,865)
---	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(89,095,000)
Debt Premium	(3,192,614)
Compensated Absences	(1,743,013)
Other Postemployment Benefits Liability	(2,357,490)
Accrued Interest on Long-Term Obligations	(643,144)

Net Position of Governmental Activities	<u>\$ 94,623,288</u>
---	----------------------

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	ARPA	Debt Service Fund	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 15,039,062	\$ -	\$ 8,390,000	\$ 7,343,958	\$ 30,773,020
Special Assessments	139,814	-	-	-	139,814
Intergovernmental	10,623,710	-	-	8,728,438	19,352,148
Licenses and Permits	1,388,206	-	-	-	1,388,206
Fines and Forfeits	345,423	-	-	-	345,423
Public Charges for Services	2,102,143	-	-	1,854,034	3,956,177
Intergovernmental Charges for Services	2,993	-	-	-	2,993
Miscellaneous	678,611	-	-	1,516,023	2,194,634
Total Revenues	30,319,962	-	8,390,000	19,442,453	58,152,415
EXPENDITURES					
Current:					
General Government	3,285,519	-	7,500	29,750	3,322,769
Public Safety	19,939,536	-	-	189,901	20,129,437
Public Works	5,630,941	-	-	4,005,848	9,636,789
Culture and Recreation	1,918,058	-	-	3,431,175	5,349,233
Community and Development	1,300,184	-	-	191,781	1,491,965
Debt Service:					
Principal	-	-	11,605,000	-	11,605,000
Interest and Fiscal Charges	-	-	2,937,189	5,996	2,943,185
Capital Outlay	114,443	-	-	10,962,073	11,076,516
Total Expenditures	32,188,681	-	14,549,689	18,816,524	65,554,894
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,868,719)	-	(6,159,689)	625,929	(7,402,479)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	6,560,000	6,560,000
Refunding Debt Issued	-	-	16,615,000	-	16,615,000
Premium on Debt Issued	-	-	1,264,127	-	1,264,127
Principal Paid from Refunding Debt	-	-	(6,970,000)	-	(6,970,000)
Proceeds from Sale of Capital Assets	70,112	-	-	-	70,112
Transfers In	1,829,153	-	5,537,412	3,021,202	10,387,767
Transfers Out	(297,761)	-	-	(7,992,162)	(8,289,923)
Total Other Financing Sources (Uses)	1,601,504	-	16,446,539	1,589,040	19,637,083
NET CHANGE IN FUND BALANCES	(267,215)	-	10,286,850	2,214,969	12,234,604
Fund Balances - Beginning of Year	8,540,235	-	181,493	13,523,796	22,245,524
FUND BALANCES - END OF YEAR	<u>\$ 8,273,020</u>	<u>\$ -</u>	<u>\$ 10,468,343</u>	<u>\$ 15,738,765</u>	<u>\$ 34,480,128</u>

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ 12,234,604

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	11,076,516
Items Reported as Capital Outlay, But Not Capitalized	(3,701,191)
Depreciation Expense Reported in the Statement of Activities	(7,923,868)
Net Book Value of Disposals	(18,471)

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.

573,528

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	(23,175,000)
Premium on Debt Issued	(1,264,127)
Principal Repaid	18,575,000

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	137,392
Amortization of Premiums	419,846
Compensated Absences	6,317
Net Pension Asset	6,114,239
Net Pension Liability	-
Deferred Outflows of Resources Related to Pensions	5,805,056
Deferred Inflows of Resources Related to Pensions	(8,256,625)
Other Postemployment Benefits Liability	(198,789)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(18,117)
Deferred Inflows of Resources Related to Other Postemployment Benefits	5,464

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.

209,925

Change in Net Position of Governmental Activities \$ 10,601,699

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$15,045,112	\$15,045,112	\$15,039,062	\$ (6,050)
Special Assessments	100,000	100,000	139,814	39,814
Intergovernmental	10,576,201	10,576,201	10,623,710	47,509
Licenses and Permits	1,376,605	1,379,205	1,388,206	9,001
Fines and Forfeits	460,000	460,000	345,423	(114,577)
Public Charges for Services	2,785,465	2,785,465	2,102,143	(683,322)
Intergovernmental Charges for Services	5,000	5,000	2,993	(2,007)
Miscellaneous	439,100	439,100	678,611	239,511
Total Revenues	<u>30,787,483</u>	<u>30,790,083</u>	<u>30,319,962</u>	<u>(470,121)</u>
EXPENDITURES				
Current:				
General Government	3,171,955	3,551,397	3,285,519	265,878
Public Safety	20,796,702	20,875,129	19,939,536	935,593
Public Works	6,003,618	6,026,131	5,630,941	395,190
Culture and Recreation	2,177,614	2,198,090	1,918,058	280,032
Community and Development	1,513,509	1,517,604	1,300,184	217,420
Capital Outlay	150,000	225,000	114,443	110,557
Total Expenditures	<u>33,813,398</u>	<u>34,393,351</u>	<u>32,188,681</u>	<u>2,204,670</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,025,915)	(3,603,268)	(1,868,719)	1,734,549
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	2,500	2,500	70,112	67,612
Transfers In	2,021,193	2,021,193	1,829,153	(192,040)
Transfers Out	(283,396)	(283,396)	(297,761)	(14,365)
Total Other Financing Sources (Uses)	<u>1,740,297</u>	<u>1,740,297</u>	<u>1,601,504</u>	<u>(138,793)</u>
NET CHANGE IN FUND BALANCE	(1,285,618)	(1,862,971)	(267,215)	1,595,756
Fund Balance - Beginning of Year	<u>8,540,235</u>	<u>8,540,235</u>	<u>8,540,235</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,254,617</u>	<u>\$ 6,677,264</u>	<u>\$ 8,273,020</u>	<u>\$ 1,595,756</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
ASSETS				
Current Assets:				
Cash and Investments	\$ 455,118	\$ 6,879,107	\$ 7,334,225	\$ 4,162,659
Receivables:				
Customer Accounts	3,383,696	2,713,621	6,097,317	-
Special Assessments	636,207	248,817	885,024	-
Prepaid Supplies and Items	538,359	-	538,359	68,019
Total Current Assets	5,013,380	9,841,545	14,854,925	4,230,678
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	3,328,964	3,898,474	7,227,438	-
Due from Other Governments	-	3,974,602	3,974,602	-
Other Assets	76,138	-	76,138	-
Net Pension Asset	356,676	551,214	907,890	-
Capital Assets:				
Nondepreciable	387,830	2,652,047	3,039,877	-
Depreciable, Net	76,664,682	106,583,497	183,248,179	-
Total Capital Assets	77,052,512	109,235,544	186,288,056	-
Total Noncurrent Assets	80,814,290	117,659,834	198,474,124	-
Total Assets	85,827,670	127,501,379	213,329,049	4,230,678
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	574,960	938,266	1,513,226	-
Other Postemployment Benefit Related Amounts	47,342	56,811	104,153	-
Total Deferred Outflows of Resources	622,302	995,077	1,617,379	-

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Enterprise Funds			Governmental
	Water	Wastewater		Activities - Internal
	Utility	Utility	Totals	Service Funds
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 128,611	\$ 420,729	\$ 549,340	\$ 568,665
Accrued and Other Current Liabilities	2,025,172	68,752	2,093,924	20,753
Accrued Interest Payable	105,142	70,880	176,022	-
Special Deposits	1,600	-	1,600	-
Unearned Revenue	135,767	20,111	155,878	-
Compensated Absences	16,600	41,977	58,577	11,809
Current Portion of Long-Term Debt	3,749,452	3,977,818	7,727,270	-
Current Portion of Other				
Postemployment Benefits Liability	15,000	15,000	30,000	-
Total Current Liabilities	6,177,344	4,615,267	10,792,611	601,227
Long-Term Obligations, Less Current Portion:				
Revenue Bonds	20,565,123	14,511,729	35,076,852	-
Debt Premium	1,103,910	-	1,103,910	-
Other Postemployment Benefits Liability	117,443	143,932	261,375	-
Total Long-Term Liabilities	21,786,476	14,655,661	36,442,137	-
Total Liabilities	27,963,820	19,270,928	47,234,748	601,227
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	722,663	1,265,735	1,988,398	-
Other Postemployment Benefit Related Amounts	2,732	3,278	6,010	-
Total Deferred Inflows of Resources	725,395	1,269,013	1,994,408	-
NET POSITION				
Net Investment in Capital Assets	51,605,394	90,681,160	142,286,554	-
Restricted for Debt Service	3,328,964	-	3,328,964	-
Restricted for Equipment Replacement	-	3,898,474	3,898,474	-
Restricted for Pension Benefits	356,676	551,214	907,890	-
Unrestricted	2,469,723	12,825,667	15,295,390	3,629,451
Total Net Position	\$ 57,760,757	\$ 107,956,515	165,717,272	\$ 3,629,451
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			602,865	
Net Position of Business-Type Activities as Reported on the Statement of Net Position			\$ 166,320,137	

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
OPERATING REVENUES				
Charges for Services	\$ 12,402,650	\$ 11,903,185	\$ 24,305,835	\$ 7,381,508
Other	121,954	86,268	208,222	-
Total Operating Revenues	12,524,604	11,989,453	24,514,057	7,381,508
OPERATING EXPENSES				
Personal Services	906,660	1,879,322	2,785,982	624,151
Contractual Services	798,935	2,007,376	2,806,311	819,398
Materials and Supplies	1,641,188	1,741,586	3,382,774	135,211
Utilities	578,582	556,931	1,135,513	5,336
Insurance Claims and Expenses	-	-	-	5,232,765
Depreciation	3,084,143	3,106,948	6,191,091	-
Taxes	95,199	-	95,199	-
Total Operating Expenses	7,104,707	9,292,163	16,396,870	6,816,861
OPERATING INCOME	5,419,897	2,697,290	8,117,187	564,647
NONOPERATING REVENUES (EXPENSES)				
Rent	202,491	-	202,491	-
Interest Income	21,561	117,415	138,976	-
Intergovernmental Grants	14,800	-	14,800	-
Gain on Disposal of Capital Assets	13,658	-	13,658	1,384
Interest and Fiscal Charges	(1,076,878)	(441,290)	(1,518,168)	-
Total Nonoperating Revenues (Expenses)	(832,189)	(323,875)	(1,156,064)	1,384
INCOME BEFORE TRANSFERS	4,587,708	2,373,415	6,961,123	566,031
Transfers Out	(1,829,153)	-	(1,829,153)	(268,691)
CHANGE IN NET POSITION	2,758,555	2,373,415	5,131,970	297,340
Net Position - Beginning of Year	55,002,202	105,583,100	160,585,302	3,332,111
NET POSITION - END OF YEAR	<u>\$ 57,760,757</u>	<u>\$ 107,956,515</u>	<u>\$ 165,717,272</u>	<u>\$ 3,629,451</u>
Change in Net Position, Per Above			\$ 5,131,970	
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			87,415	
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities			<u>\$ 5,219,385</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 12,306,154	\$ 12,841,375	\$ 25,147,529	\$ 7,411,275
Cash Received from Other	316,624	86,268	402,892	-
Cash Paid for Employee Wages and Benefits	(2,273,704)	(1,999,869)	(4,273,573)	(622,571)
Cash Paid to Suppliers	(1,533,582)	(4,780,326)	(6,313,908)	(6,213,195)
Net Cash Provided by Operating Activities	8,815,492	6,147,448	14,962,940	575,509
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Revenues	14,800	-	14,800	-
Transfer Out	(1,829,153)	-	(1,829,153)	(268,691)
Net Cash Used by Noncapital Financing Activities	(1,814,353)	-	(1,814,353)	(268,691)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(2,816,181)	(2,849,154)	(5,665,335)	-
Special assessments levied	3,127	-	3,127	-
Capital Contributions	-	84,093	84,093	-
Sale of Capital Assets	(62,029)	-	(62,029)	1,384
Proceeds from Issuance of Long-Term Debt	9,300,000	-	9,300,000	-
Premium on Long-Term Debt	1,115,909	-	1,115,909	-
Principal Paid on Long-Term Debt	(14,632,667)	(3,886,399)	(18,519,066)	-
Interest Paid on Long-Term Debt	(1,324,514)	(470,993)	(1,795,507)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,416,355)	(7,122,453)	(15,538,808)	1,384
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	21,561	117,415	138,976	-
CHANGE IN CASH AND CASH EQUIVALENTS	(1,393,655)	(857,590)	(2,251,245)	308,202
Cash and Cash Equivalents - Beginning of Year	5,177,737	11,635,171	16,812,908	3,854,457
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,784,082</u>	<u>\$ 10,777,581</u>	<u>\$ 14,561,663</u>	<u>\$ 4,162,659</u>

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Enterprise Funds			Governmental
	Water	Wastewater	Totals	Activities - Internal
	Utility	Utility		Service Funds
RECONCILIATION OF OPERATING INCOME TO				
NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 5,419,897	\$ 2,697,290	\$ 8,117,187	\$ 564,647
Adjustments to Reconcile Operating Income				
to Net Cash Provided by Operating Activities:				
Depreciation	3,084,143	3,106,948	6,191,091	-
Depreciation Charged to Operating Accounts	294,285	-	294,285	-
Rent	202,491	-	202,491	-
Effects of Changes in Operating Assets, Deferred				
Outflows, Liabilities, and Deferred Inflows:				
Accounts Receivables	(99,786)	59,808	(39,978)	29,767
Due from Other Governments	-	878,391	878,391	-
Prepaid Supplies and Items	57,747	53	57,800	16,205
Accounts Payable	(102,745)	(474,486)	(577,231)	(36,690)
Accrued and Other Current Liabilities	134,788	(4,144)	130,644	3,370
Unearned Revenue	3,290	(9)	3,281	-
Compensated Absences	577	(8,710)	(8,133)	(1,790)
Change in WRS Pension Asset/Liability	(80,957)	(347,923)	(428,880)	-
Change in WRS Pension Related				
Deferred Outflows of Resources	17,838	(429,280)	(411,442)	-
Change in WRS Pension Related				
Deferred Inflows of Resources	(103,907)	656,292	552,385	-
Change in Postemployment Benefits Liability	(14,741)	11,748	(2,993)	-
Change in Postemployment Benefits				
Deferred Outflows of Resources	11,349	1,880	13,229	-
Change in Postemployment Benefits				
Deferred Inflows of Resources	(956)	(410)	(1,366)	-
Net Cash Provided by Operating Activities	<u>\$ 8,815,492</u>	<u>\$ 6,147,448</u>	<u>\$ 14,962,940</u>	<u>\$ 575,509</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 455,118	\$ 6,879,107	\$ 7,334,225	\$ 4,162,659
Cash and Cash Equivalents in Restricted Assets	3,328,964	3,898,474	7,227,438	-
Total Cash and Cash Equivalents	<u>\$ 3,784,082</u>	<u>\$ 10,777,581</u>	<u>\$ 14,561,663</u>	<u>\$ 4,162,659</u>
Noncash Capital and Related Financing Activity				
Capital Related Accounts Payable	<u>\$ 28,633</u>	<u>\$ 64,837</u>	<u>\$ 93,470</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021**

ASSETS

Cash and Investments	\$ 5,252,538
Receivables:	
Taxes and Special Charges	20,618,235
Due from Other Governments	<u>17,146,790</u>
Total Assets	<u>43,017,563</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year	<u>43,017,563</u>
---	-------------------

FIDUCIARY NET POSITION

Restricted for Other Governments	<u><u>\$ -</u></u>
----------------------------------	--------------------

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2021**

ADDITIONS

Property Tax Collections	\$ 44,148,516
--------------------------	---------------

DEDUCTIONS

Payments to Other Taxing Jurisdictions	<u>44,148,516</u>
--	-------------------

CHANGE IN NET POSITION

Net Position - Beginning of Year	<u>-</u>
----------------------------------	----------

NET POSITION - END OF YEAR

<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 (U.S. 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 U.S. 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. 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.

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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

ARPA

This fund accounts for the federal ARPA funding that has been received and the related expenditures.

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

This fund accounts for health self-insurance and information technology provided to other departments of the City on a cost reimbursement basis.

The City also reports the following fiduciary fund:

Custodial Fund

The fund accounts for property taxes and special charges collected on behalf of other governments.

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 and custodial 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 ambulance revenues to be available if they are collected within 150 days and all other 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.

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.

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflow/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 15 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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position or Fund Balance (Continued)

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. Prepaid Supplies and Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid supplies and items and are expensed during the period benefitted.

Prepaid supplies and 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.

8. 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Capital Assets (Continued)

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

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

	Governmental Activities	Business-Type Activities
Assets	Years	
Land Improvements	15 - 20	15 - 20
Buildings and Improvements	30 - 40	12 - 47
Machinery and Equipment	2 - 20	5 - 45
Improvements Other Than Buildings	-	25 - 77
Infrastructure	20 - 40	-

9. 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.

10. 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.

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. 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.

12. 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 (revenue), 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.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

Single-Employer Defined Postemployment 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.

14. Fund Equity

Governmental Fund Financial Statements

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

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

Nonspendable Fund Balance: Amounts that are not in spendable form (such as prepaid supplies and 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 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 U.S. GAAP 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, 2021.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

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, 2021 as follows:

Funds	Excess Expenditures
Special Revenue:	
Library:	
Culture and Recreation	\$ 63,552
Solid Waste & Recycling:	
Public Works	281,502
Debt Service:	
General Government	7,500
Interest and Fiscal Charges	444,456

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, 2021:

Funds	Deficit Fund Balance
Special Revenue:	
Solid Waste and Recycling	\$ 42,078

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

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 2022 and 2021 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 2021 budget was 1.64%. The actual limit for the City for the 2022 budget was 1.43%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 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 \$67,852,990 on December 31, 2021 as summarized below:

Petty Cash and Cash On Hand	\$ 14,925
Deposits with Financial Institutions	40,212,122
Investments	27,625,943
Total	<u><u>\$ 67,852,990</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 55,373,014
Restricted Cash and Investments	7,227,438
Fiduciary Fund Statement of Net Position:	
Custodial Fund	5,252,538
Total	<u><u>\$ 67,852,990</u></u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. 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, 2021:

	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasury securities	\$ -	\$ 17,461,083	\$ -	\$ 17,461,083
Federal Farm Credit Bank	-	2,995,083	-	2,995,083
Fond du Lac Area Foundation	-	-	179,038	179,038
Federal Home Loan Bank	-	2,942,923	-	2,942,923
Federal Home Loan Mortgage Corp.	-	3,006,126	-	3,006,126
Federal National Mortgage Assoc.	-	1,040,911	-	1,040,911
Total	<u><u>\$ -</u></u>	<u><u>\$ 27,446,126</u></u>	<u><u>\$ 179,038</u></u>	<u><u>\$ 27,625,164</u></u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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

<u>Investment Type</u>	<u>Valuation Method</u>
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
Federal Home Loan Mortgage Corp.	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Federal National Mortgage Assoc.	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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Custodial Credit Risk (Continued)

As of December 31, 2021, the City's bank balances related to deposits with financial institutions were in excess of federal and state depository limits by \$16,080,683. This entire balance was collateralized with securities held by the pledging financial institution in the City's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit 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	\$ 17,461,083	\$ 17,461,083	\$ -	\$ -
Federal Farm Credit Bank	2,995,083	-	2,995,083	-
Fond du Lac Area Foundation	179,038	-	-	179,038
Federal Home Loan Bank	2,942,923	-	2,942,923	-
Federal Home Loan Mortgage Corp.	3,006,126	-	3,006,126	-
Federal National Mortgage Assoc.	1,040,911	-	1,040,911	-
Wisconsin Local Government Investment Pool	779	-	-	779
Totals	<u>\$ 27,625,943</u>	<u>\$ 17,461,083</u>	<u>\$ 9,985,043</u>	<u>\$ 179,817</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	\$ 2,995,083	11%
Federal Home Loan Bank	Bonds	2,942,923	11%
Federal Home Loan Mortgage Corp.	Bonds	3,006,126	11%

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury Securities	\$ 17,461,083	\$ 7,275,790	\$ 8,125,566	\$ 2,059,727
Federal Farm Credit Bank	2,995,083	2,003,485	991,598	-
Fond du Lac Area Foundation	179,038	179,038	-	-
Federal Home Loan Bank	2,942,923	1,951,798	991,125	-
Federal Home Loan Mortgage Corp.	3,006,126	3,006,126	-	-
Federal National Mortgage Assoc.	1,040,911	-	1,040,911	-
Wisconsin Local Government Investment Pool	779	779	-	-
Total	<u>\$ 27,625,943</u>	<u>\$ 14,417,016</u>	<u>\$ 11,149,200</u>	<u>\$ 2,059,727</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):

	Fair Value at Year End
Federal Farm Credit Bank	\$ 2,995,083
Federal Home Loan Bank	2,942,923
Federal Home Loan Mortgage Corp.	3,006,126
Federal National Mortgage Assoc.	1,040,911

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$779 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. As of December 31, 2021, the Wisconsin local government investment pool has a weighted average maturity of 74 days.

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 RESTRICTED ASSETS

Restricted assets on December 31, 2021 totaled \$7,227,438 and consisted of cash and investments held for the following purposes:

	Amount	Purpose
Enterprise:		
Water Utility:		
Bond Redemption	\$ 3,328,964	To meet debt service requirements
Wastewater Utility:		
Equipment Replacement	<u>3,898,474</u>	For future equipment replacement needs
Total Enterprise Funds	<u><u>\$ 7,227,438</u></u>	

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Nondepreciable:				
Land	\$ 6,662,884	\$ 113,200	\$ -	\$ 6,776,084
Construction In Progress	<u>8,609,661</u>	<u>732,231</u>	<u>8,326,763</u>	<u>1,015,129</u>
Total Capital Assets, Nondepreciable	15,272,545	845,431	8,326,763	7,791,213
Capital Assets, Depreciable:				
Land Improvements	11,464,487	381,384	-	11,845,871
Buildings and Improvements	29,107,903	6,197,593	-	35,305,496
Machinery and Equipment	30,943,027	1,493,974	313,314	32,123,687
Infrastructure	<u>217,663,050</u>	<u>6,783,706</u>	<u>-</u>	<u>224,446,756</u>
Subtotals	289,178,467	14,856,657	313,314	303,721,810
Less Accumulated Depreciation For:				
Land Improvements	8,379,672	429,079	-	8,808,751
Buildings and Improvements	17,825,532	780,353	-	18,605,885
Machinery and Equipment	19,978,621	2,849,249	294,843	22,533,027
Infrastructure	<u>115,831,349</u>	<u>3,865,187</u>	<u>-</u>	<u>119,696,536</u>
Subtotals	162,015,174	7,923,868	294,843	169,644,199
Total Capital Assets, Depreciable, Net	<u>127,163,293</u>	<u>6,932,789</u>	<u>18,471</u>	<u>134,077,611</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 142,435,838</u></u>	<u><u>\$ 7,778,220</u></u>	<u><u>\$ 8,345,234</u></u>	141,868,824
Less: Capital Related Debt				87,745,000
Add: Unspent Bond Proceeds				3,116,876
Less: Debt Premium				3,158,786
Less: Contracts Payable Related to Capital Assets				450,718
Net Investment in Capital Assets				<u><u>\$ 53,631,196</u></u>

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Nondepreciable:				
Land	\$ 387,830	\$ -	\$ -	\$ 387,830
Construction In Progress	2,615,136	2,222,221	2,185,310	2,652,047
Total Capital Assets, Nondepreciable	3,002,966	2,222,221	2,185,310	3,039,877
Capital Assets, Depreciable:				
Buildings and Improvements	89,551,593	78,283	-	89,629,876
Machinery and Equipment	53,482,146	942,772	79,992	54,344,926
Improvements Other Than Buildings	134,158,581	4,700,838	365,663	138,493,756
Subtotals	277,192,320	5,721,893	445,655	282,468,558
Less Accumulated Depreciation For:				
Buildings and Improvements	33,382,375	2,287,650	-	35,670,025
Machinery and Equipment	24,662,493	2,232,376	424,410	26,470,459
Improvements Other Than Buildings	35,211,478	1,965,350	96,933	37,079,895
Subtotals	93,256,346	6,485,376	521,343	99,220,379
Total Capital Assets, Depreciable, Net	183,935,974	(763,483)	(75,688)	183,248,179
Business-Type Activities Capital Assets, Net	<u>\$ 186,938,940</u>	<u>\$ 1,458,738</u>	<u>\$ 2,109,622</u>	186,288,056
Less: Capital Related Debt				42,804,122
Less: Debt Premium				1,103,910
Less: Capital related accounts payable				93,470
Net Investment in Capital Assets				<u>\$ 142,286,554</u>

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

Governmental Activities:	
General Government	\$ 417,712
Public Safety:	
Police	328,695
Fire and Rescue	723,685
Public Works	5,434,562
Culture and Recreation	536,371
Community Development	482,843
Total Governmental Activities	<u>\$ 7,923,868</u>
Business-Type Activities:	
Water Utility	\$ 3,084,143
Water Utility Charged to Operating Accounts	294,285
Wastewater Utility	3,106,948
Total Business-Type Activities	<u>\$ 6,485,376</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

There were no Interfund receivables and payables as of December 31, 2021.

Interfund transfers for the year ended December 31, 2021 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 1,829,153	\$ 297,761
Debt Service Fund	5,537,412	-
Nonmajor Governmental Funds:		
Solid Waste and Recycling	-	100,000
HazMat Agreement	7,500	-
Public Safety Training Fund	35,000	-
TIF Districts	34,911	1,416,803
Highway 45 Transfer	-	4,743,341
Affordable Housing	37,081	-
General Capital Projects	1,600,553	1,244,194
Streets	1,020,593	278,845
Storm Sewers	213,296	125,703
Parks	72,268	83,276
Subtotal Nonmajor Governmental Funds	3,021,202	7,992,162
Enterprise Fund:		
Water Utility	-	1,829,153
Internal Service Fund:		
Information Technology	-	268,691
Total	<u>\$ 10,387,767</u>	<u>\$ 10,387,767</u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility	
to General Fund	\$ 1,829,153
Transfers to Debt Service for Debt Retirement	5,537,412
To Move Revenues from Funds that are Required to Collect	
Them to Fund that is Allowed to Expend Them	77,412
Transfer to Affordable Housing from TIF District	
to Start Fund	37,080
To Reimburse Capital Project Funds for Project Costs	2,906,710
Total	<u>\$ 10,387,767</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 32,645,000	\$ -	\$ 8,895,000	\$ 23,750,000	\$ 13,975,000
Notes	49,155,000	23,175,000	6,985,000	65,345,000	3,875,000
Subtotal	81,800,000	23,175,000	15,880,000	89,095,000	17,850,000
Note Anticipation Note	2,695,000	-	2,695,000	-	-
Debt Premium	2,348,333	1,264,127	419,846	3,192,614	416,815
Compensated Absences	1,762,929	19,431	27,538	1,754,822	1,721,695
Total	<u>\$ 88,606,262</u>	<u>\$ 24,458,558</u>	<u>\$ 19,022,384</u>	<u>\$ 94,042,436</u>	<u>\$ 19,988,510</u>
Business-Type Activities:					
Revenue Bonds	\$ 14,700,000	\$ 9,300,000	\$ 12,825,000	\$ 11,175,000	\$ 1,900,000
Revenue Bonds - Direct					
Borrowings and Placements	37,323,188	-	5,694,066	31,629,122	5,827,270
Debt Premium	63,246	1,115,909	75,245	1,103,910	-
Compensated Absences	66,710	578	8,711	58,577	58,577
Total	<u>\$ 52,153,144</u>	<u>\$ 10,416,487</u>	<u>\$ 18,603,022</u>	<u>\$ 43,966,609</u>	<u>\$ 7,785,847</u>

Total interest paid during the year on long-term debt totaled \$4,149,664.

The City's outstanding notes from direct borrowings related to business type activities of \$31,629,122 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

Current Refunding

During 2021, the City currently refunded general obligation bond issues from 2011 and 2012. The City issued general obligation promissory notes in the amount of \$19,350,000. A portion of this debt issue was utilized to call the refunded debt. These current refundings were undertaken to reduce total debt service payments over the next 10 years by \$2,055,410. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$1,759,314.

During 2021, the City also currently refunded a note anticipation note issue from 2019. The City issued general obligation promissory bonds in the amount of \$3,825,000. A portion of this debt issue was utilized to call the refunded debt. This current refunding were undertaken to extend the debt repayment terms over the next 10 years.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Current Refunding (Continued)

Additionally, the City currently refunded water system revenue bond issues from 2010 and 2011. The City issued revenue bonds in the amount of \$9,300,000 to call the refunded debt. These current refundings were undertaken to reduce total debt service payments over the next 10 years by \$2,556,125. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$ 1,576,867.

Advance Refunding

During 2021, the City advance refunded a general obligation refunding bond issue from 2013. The City issued \$3,825,000 of general obligation bonds, a portion of this debt issue was utilized to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments of the next 10 years by \$90,894 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$80,539.

At December 31, 2021, \$1,000,000 of outstanding general obligation refunding bonds are considered defeased.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
2012 Refunding Bonds	5/23/12	9/1/32	3.72%	\$ 7,650,000	\$ 6,875,000
2012 Refunding Bonds	5/23/12	9/1/27	3.40%	5,475,000	3,725,000
2013 Refunding Bonds	2/27/13	4/1/24	2.67%	3,975,000	1,575,000
2013 Refunding Bonds	2/27/13	4/1/32	3.79%	1,800,000	200,000
2013 Refunding Bonds	2/27/13	3/1/23	2.39%	3,085,000	1,350,000
2014 Capital Improvement Project Notes	2/5/14	9/2/23	2.45%	2,000,000	675,000
2014 Taxable Bonds	7/9/14	6/1/28	4.04%	1,055,000	600,000
2014 TIF #18 Taxable Notes	7/9/14	6/1/24	3.75%	1,040,000	675,000
2015 Refunding Bonds	3/11/15	3/1/30	2.90%	7,275,000	6,000,000
2015 Capital Improvement Project Notes	3/11/15	3/1/25	2.53%	2,800,000	1,625,000
2016 Refunding Bonds	3/9/16	3/1/28	2.74%	2,275,000	1,825,000
2016 Capital Improvement Project Notes	3/9/16	3/1/26	2.32%	2,525,000	700,000
2016 TIF #10 Notes	3/9/16	3/1/26	2.60%	1,300,000	1,900,000
2017 G.O. Promissory Notes	3/22/17	3/1/27	2.00 - 3.00%	5,025,000	4,425,000
2017 Refunding Bonds	9/27/17	4/1/22	2.00%	7,050,000	1,600,000
2018 G.O. Promissory Notes	3/28/18	3/1/28	2.00-3.50%	9,025,000	8,125,000
2019 G.O Promissory Note	10/23/19	4/1/28	2.00-2.75%	6,295,000	6,295,000
2020 G.O Promissory Note	8/27/20	3/1/30	2.00%	19,630,000	17,750,000
2021A GO Promissory Note	12/1/21	3/1/31	2.00 - 3.00%	19,350,000	19,350,000
2021B GO Refunding Bonds	12/1/21	4/1/33	.3 - 2.00%	3,825,000	3,825,000
Total Outstanding General Obligation Debt					<u>\$ 89,095,000</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$89,095,000 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 17,850,000	\$ 2,078,140	\$ 19,928,140
2023	8,570,000	1,810,161	10,380,161
2024	8,950,000	1,566,368	10,516,368
2025	8,190,000	1,334,274	9,524,274
2026	8,340,000	1,106,824	9,446,824
2027 - 2031	36,655,000	2,133,631	38,788,631
2032 - 2033	540,000	9,270	549,270
Total	<u>\$ 89,095,000</u>	<u>\$ 10,038,668</u>	<u>\$ 99,133,668</u>

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2021 was \$77,390,935 as follows:

Equalized Valuation of the City	\$ 3,329,718,700
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	166,485,935
Total Outstanding General Obligation Debt Applicable to Debt Limitation	89,095,000
Legal Margin for New Debt	<u>\$ 77,390,935</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2021 totaled \$42,804,122 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 12/31/21</u>
2013 Waterworks System Revenue Bonds	10/1/13	9/1/23	3.05%	\$ 4,325,000	\$ 475,000
2014 Waterworks System Revenue Bonds	7/9/14	9/1/23	4.00%	5,275,000	1,400,000
Safe Drinking Water Loan	4/23/08	5/1/27	2.37%	21,753,247	7,956,764
Safe Drinking Water Loan	2/23/11	5/1/29	2.20%	10,990,743	5,182,810
Clean Water Fund Loan	12/14/05	5/1/25	2.37%	59,000,000	15,905,528
Clean Water Fund Loan	4/25/18	5/1/37	1.87%	3,131,186	2,584,020
2021 Waterworks System Revenue Bonds	12/1/21	9/1/29	3.0% - 4.0%	9,300,000	9,300,000
Total Outstanding Revenue Bonds					<u>\$ 42,804,122</u>

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$42,804,122 on December 31, 2021 are detailed below:

Year Ended December 31,	Business-Type Activities					
	Bonded Debt		Direct Borrowings / Placements		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,900,000	\$ 342,975	\$ 5,827,270	\$ 659,319	\$ 7,727,270	\$ 1,002,294
2023	1,375,000	356,300	5,963,594	521,398	7,338,594	877,698
2024	1,170,000	301,300	6,103,113	380,245	7,273,113	681,545
2025	1,235,000	254,500	6,245,900	235,786	7,480,900	490,286
2026	1,265,000	205,100	2,177,291	137,886	3,442,291	342,986
2027 - 2031	4,230,000	298,300	4,252,229	221,832	8,482,229	520,132
2031 - 2035	-	-	874,824	58,792	874,824	58,792
2036 - 2037	-	-	184,901	1,729	184,901	1,729
Total	<u>\$ 11,175,000</u>	<u>\$ 1,758,475</u>	<u>\$ 31,629,122</u>	<u>\$ 2,216,987</u>	<u>\$ 42,804,122</u>	<u>\$ 3,975,462</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 \$27,119,514. Principal and interest paid for the current year and total customer net revenues were \$15,780,249 and \$8,525,601, respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$19,660,070. Principal and interest paid for the current year and total customer net revenues were \$4,357,390 and \$5,921,653, respectively.

NOTE 8 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, 2021, there were 5 series of industrial revenue bonds outstanding. The aggregate principal amount payable was \$13,076,904.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PENSION PLAN

A. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year 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 Annual Comprehensive Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 (54 for protective occupations, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit, based on a formula factor, their final average earnings, and creditable service.

Final average earnings are 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PENSION PLAN (CONTINUED)

B. Postretirement 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 (%)
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0

C. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 ended December 31, 2021, the WRS recognized \$2,500,270 in contributions from the City.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Executives, and Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PENSION PLAN (CONTINUED)

D. Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported an asset of \$13,378,518 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.21429154%, which was an increase of 0.0023054% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension revenue of \$1,459,149.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 19,362,820	\$ 4,170,717
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	25,117,077
Changes in Assumptions	303,450	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	19,241	12,893
Employer Contributions Subsequent to the Measurement Date	2,500,270	-
Total	<u>\$ 22,185,781</u>	<u>\$ 29,300,687</u>

\$2,500,270 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2022	\$ (2,476,155)
2023	(670,658)
2024	(4,545,614)
2025	(1,922,749)
Total	<u>\$ (9,615,176)</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PENSION PLAN (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
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
Postretirement Adjustments*	1.9%

** No postretirement 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 postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2019 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PENSION PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets (Continued)

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 %
<u>Core Fund Asset Class:</u>			
Global Equities	51.0 %	7.2 %	4.7 %
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6	4.1
<u>Variable Fund Asset Class:</u>			
U.S. Equities	70.0 %	6.6	4.1
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0 %	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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, for the current and 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 2.00%. 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 member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PENSION PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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%, 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%) or 1-percentage-point higher (8.00%) 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)	\$ 12,734,495	\$ 13,378,518	\$ 32,558,331

Pension Plan Fiduciary Net Position

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

F. Payables to the Pension Plan

At December 31, 2021, the City reported a payable of \$368,005 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

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.

Changes in benefit terms subsequent to the December 31, 2017 actuarial valuation have occurred. Spouses or participating retirees are no longer allowed to remain on the City's group plan once the retiree, or the spouse themselves, becomes eligible for Medicare. In addition, the City has fully funded certain benefits for active Police-Supervisory employees. As a result, this benefit is now considered to be accounted for as an actively-funded benefit and is no longer included in the December 31, 2019 actuarial valuation.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	14
Active Employees	<u>313</u>
Total	<u><u>327</u></u>

Total OPEB Liability

The City's total other postemployment benefit (OPEB) liability was determined by an actuarial valuation as of December 31, 2019 and includes a measurement date of December 31, 2020.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 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:	2.25%
Healthcare Cost Trend Rates:	6.40% decreasing by .10% per year down to 5.0%, and level thereafter
Mortality Assumptions:	Wisconsin 2018 Mortality Table

The actuarial assumptions used in the December 31, 2019 valuation were based on the "Wisconsin Retirement System 2015 – 2017 Experience Study". Based on the experience study, actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the discount rate, mortality and separation rates and the healthcare cost trend rates.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25%, as opposed to a discount rate of 2.75% for the prior year. 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - December 31, 2019	\$ 2,453,069
Changes for the Year:	
Service Cost	185,389
Interest	67,990
Changes of Assumptions or Other Input	89,204
Benefit Payments	<u>(146,787)</u>
Net Changes	<u>195,796</u>
Balance - December 31, 2020	<u>\$ 2,648,865</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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB Liability	\$ 2,833,910	\$ 2,648,865	\$ 2,472,814

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 (5.4% decreasing to 4.0%) or 1-percentage-point higher (7.4% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.4% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.4% Decreasing to 5.0%)	1% Increase (7.4% Decreasing to 6.0%)
Total OPEB Liability	\$ 2,345,289	\$ 2,648,865	\$ 3,011,836

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$337,798. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 181,542	\$ -
Changes in Assumptions	647,818	54,637
City Benefit Payments Made Subsequent to the Measurement Date	117,485	-
Total	<u>\$ 946,845</u>	<u>\$ 54,637</u>

\$117,485 reported as deferred outflows of resources related to OPEB resulting from City benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021 and reported in the year ended December 31, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2022	\$ 84,419
2023	84,419
2024	84,419
2025	84,419
2026	84,419
Thereafter	352,628
Total	<u>\$ 774,723</u>

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 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, 2021, nonspendable fund balances were as follows:

General Fund:	
Prepaid Supplies and Items	\$ 913,767
Special Revenue Funds:	
Prepaid Supplies and Items	
Solid Waste and Recycling	<u>22,581</u>
Total Nonspendable Fund Balance	<u><u>\$ 936,348</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, 2021, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Community Development Block Grant:	
Community Development Projects and Loans	\$ 2,668,601
TIF Districts:	
Tax Incremental Districts	2,448,697
Debt Service Fund:	
Restricted for:	
Debt Service	10,468,343
Capital Projects Funds:	
Restricted for:	
Capital Projects	<u>3,116,875</u>
Total Restricted Fund Balance	<u><u>\$ 18,702,516</u></u>

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 FUND EQUITY (CONTINUED)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2021, governmental fund balance was committed as follows:

General Fund:

Committed for:

Public Site Fee	\$ 48,000
-----------------	-----------

Special Revenue Funds:

Committed for:

Library	407,226
City Grant Programs	516
Harbor and Boating Facilities	616,130
Community Projects	289,342
Transit	435,982
HazMat Agreement	217,966
Fuel Pump Maintenance	84,143
Special Events	246,528
Property Insurance Deductible	50,005
Residential Development Improvement Program	70,801
Public Safety Training Center	2,446
Affordable Housing	37,081
Highway 45 Transfer	155,909
Total Special Revenue Funds Committed	<u>2,614,075</u>

Capital Projects Funds:

Committed for:

General Capital Projects	3,204,740
Storm Sewers	1,090,266
Parks	719,458
Harbor Improvements	146,622
Total Capital Improvements Funds Committed	<u>5,161,086</u>

Total Committed Fund Balance	<u><u>\$ 7,823,161</u></u>
------------------------------	----------------------------

Assigned Fund Balance

In the fund financial statements, portions of government fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2021, fund balance has been assigned as follows:

General Fund:

Assigned for Subsequent Years Budget	<u><u>\$ 1,561,055</u></u>
--------------------------------------	----------------------------

CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 FUND EQUITY (CONTINUED)

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 2022 General Fund Expenditures	\$ 35,984,868
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	<u>\$ 5,397,732</u>

The City's unassigned general fund balance of \$5,750,198 is above the minimum fund balance amount.

NOTE 12 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.

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:

	<u>Termination Year</u>
TID No. 10	2027
TID No. 12	2035
TID No. 13	2030
TID No. 14	2037
TID No. 15	2038
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

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 13 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, 2021, the City abated property taxes totaling \$571,443 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- Property tax abatements of \$75,176 to developers for residential apartment and housing projects within the Districts.
- A property tax abatement of \$170,018 to a developer for a residential apartment housing project within the District.
- Property tax abatements of \$326,249 to local business relate to development within the Districts.

NOTE 14 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, 2021**

NOTE 14 RISK MANAGEMENT (CONTINUED)

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, 2021, the City's health insurance internal service fund reported ending net position in the amount of \$3,255,191. The claims payable liability of \$495,057 reported in the fund at December 31, 2021 is based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the funds reported liability amount for 2021 and 2020 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2021	\$ 497,448	\$ 5,232,765	\$ 5,235,156	\$ 495,057
2020	689,241	4,769,180	4,960,973	497,448

All other risks, which include comprehensive general liability, automobile, workers' 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.

NOTE 15 CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period 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	32.43 %	96.45 %
12/31/19	0.21198614 %	(6,835,399)	23,067,146	29.63 %	102.96 %
12/31/20	0.21429154 %	(13,378,518)	23,684,460	56.49 %	105.26 %

**CITY OF FOND DU LAC, WISCONSIN
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	-	23,067,146	9.65 %
12/31/20	2,471,229	2,471,229	-	23,684,460	10.43 %
12/31/21	2,500,270	2,500,270	-	23,910,500	10.46 %

See Notes to Requirement Supplementary Information.

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 MEASUREMENT PERIODS*

	2021	2020	2019	2018
Total OPEB Liability:				
Service Cost	\$ 185,389	\$ 133,879	\$ 139,898	\$ 139,898
Interest	67,990	71,810	69,438	74,256
Changes of Benefit Terms	-	(275,384)	-	-
Differences Between Expected and Actual Experience	-	221,884	-	-
Changes of Assumptions	89,204	692,660	(75,127)	-
Benefit Payments	(146,787)	(240,165)	(399,620)	(304,035)
Net Change in Total OPEB Liability	195,796	604,684	(265,411)	(89,881)
Total OPEB Liability - Beginning	2,453,069	1,848,385	2,113,796	2,203,677
Total OPEB Liability - Ending	<u>\$ 2,648,865</u>	<u>\$ 2,453,069</u>	<u>\$ 1,848,385</u>	<u>\$ 2,113,796</u>
Covered-Employee Payroll	\$ 21,795,396	\$ 21,795,396	\$ 21,223,899	\$ 21,223,899
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	12.15 %	11.25 %	8.71 %	9.96 %

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

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Single-Employer Defined Postemployment Benefit Plan

Changes in assumption and other inputs that affected the measurement of the total OPEB liability for the December 31, 2019 actuarial valuation include the following:

- Demographic assumptions have been updated based upon the most recent WRS experience study.
- Mortality assumptions have been updated based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale.
- Medical care trend rates have remained the same from a starting point of 6.4% down to 5.0% per the December 31, 2019 actuarial valuation.
- Discount rate has changed from 2.75% per the December 31, 2019 actuarial valuation to 2.25% for the December 31, 2020 actuarial valuation.

Changes in benefit terms subsequent to the December 31, 2017 actuarial valuation have occurred. Spouses or participating retirees are no longer allowed to remain on the City's group plan once the retiree, or the spouse themselves, becomes eligible for Medicare. In addition, the City has fully funded certain benefits for active Police-Supervisory employees. As a result, this benefit is now considered to be accounted for as an actively-funded benefit and is no longer included in the December 31, 2019 actuarial valuation.

Changes in assumptions and other inputs that effected the December 31, 2020 measurement period include the change in discount rate. Please refer to the actuarial assumptions section of Note 10.

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 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 2 WISCONSIN RETIREMENT SYSTEM

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

No significant change in assumptions were noted from the prior year.

The City is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**CITY OF FOND DU LAC, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Special Revenue						
	Library	City Grant Programs	Community Development Block Grant	Harbor and Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
ASSETS							
Cash and Investments	\$ 527,598	\$ 516	\$ 1,369,729	\$ 618,842	\$ 302,468	\$ 9,616	\$ 149,591
Receivables:							
Taxes and Special Charges	2,007,413	-	-	-	-	1,863,013	210,120
Accounts	1,635	-	-	-	1,745	6,499	412
Special Assessments	-	-	-	-	-	26,669	-
Loans	-	-	4,476,963	-	-	-	-
Due from Other Governments	-	-	1,302,007	-	-	-	369,968
Prepaid Supplies and Items	-	-	-	-	-	22,581	-
Total Assets	<u>\$ 2,536,646</u>	<u>\$ 516</u>	<u>\$ 7,148,699</u>	<u>\$ 618,842</u>	<u>\$ 304,213</u>	<u>\$ 1,928,378</u>	<u>\$ 730,091</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 44,417	\$ -	\$ 3,136	\$ 577	\$ 1,921	\$ 97,165	\$ 48,378
Accrued and Other Current Liabilities	77,590	-	-	-	-	11,449	26,445
Due to Other Governments	-	-	-	-	-	-	-
Special Deposits	-	-	-	-	12,950	-	-
Unearned Revenues	-	-	-	2,135	-	1,261,842	9,166
Total Liabilities	<u>122,007</u>	<u>-</u>	<u>3,136</u>	<u>2,712</u>	<u>14,871</u>	<u>1,370,456</u>	<u>83,989</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	2,007,413	-	-	-	-	600,000	210,120
Loans Receivable	-	-	4,476,963	-	-	-	-
Total Deferred Inflows of Resources	<u>2,007,413</u>	<u>-</u>	<u>4,476,963</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>210,120</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	22,581	-
Restricted	-	-	2,668,600	-	-	-	-
Committed	407,226	516	-	616,130	289,342	-	435,982
Unassigned	-	-	-	-	-	(64,659)	-
Total Fund Balances	<u>407,226</u>	<u>516</u>	<u>2,668,600</u>	<u>616,130</u>	<u>289,342</u>	<u>(42,078)</u>	<u>435,982</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,536,646</u>	<u>\$ 516</u>	<u>\$ 7,148,699</u>	<u>\$ 618,842</u>	<u>\$ 304,213</u>	<u>\$ 1,928,378</u>	<u>\$ 730,091</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Special Revenue								
	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Highway 45 Transfer	Public Safety Training Center	Affordable Housing
ASSETS									
Cash and Investments	\$ 254,085	\$ 84,426	\$ 246,528	\$ 2,464,195	\$ 53,771	\$ 70,801	\$ 155,909	\$ 3,730	\$ 37,081
Receivables:									
Taxes and Special Charges	-	-	-	3,025,543	-	-	-	-	-
Accounts	700	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-	-	-
Prepaid Supplies and Items	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 254,785</u>	<u>\$ 84,426</u>	<u>\$ 246,528</u>	<u>\$ 5,489,738</u>	<u>\$ 53,771</u>	<u>\$ 70,801</u>	<u>\$ 155,909</u>	<u>\$ 3,730</u>	<u>\$ 37,081</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 8,384	\$ 283	\$ -	\$ 15,498	\$ 3,766	\$ -	\$ -	\$ 1,284	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-
Due to Other Governments	28,435	-	-	-	-	-	-	-	-
Special Deposits	-	-	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>36,819</u>	<u>283</u>	<u>-</u>	<u>15,498</u>	<u>3,766</u>	<u>-</u>	<u>-</u>	<u>1,284</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for Subsequent Year	-	-	-	3,025,543	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,025,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	2,448,697	-	-	-	-	-
Committed	217,966	84,143	246,528	-	50,005	70,801	155,909	2,446	37,081
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>217,966</u>	<u>84,143</u>	<u>246,528</u>	<u>2,448,697</u>	<u>50,005</u>	<u>70,801</u>	<u>155,909</u>	<u>2,446</u>	<u>37,081</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 254,785</u>	<u>\$ 84,426</u>	<u>\$ 246,528</u>	<u>\$ 5,489,738</u>	<u>\$ 53,771</u>	<u>\$ 70,801</u>	<u>\$ 155,909</u>	<u>\$ 3,730</u>	<u>\$ 37,081</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Capital Projects						
	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Harbor Improvements	Totals
ASSETS							
Cash and Investments	\$ 5,119,227	\$ 1,114,580	\$ 1,145,346	\$ 1,001,400	\$ 108,333	\$ 146,622	\$ 14,984,394
Receivables:							
Taxes and Special Charges	630,448	1,050,000	110,000	-	-	-	8,896,537
Accounts	-	33,168	-	-	-	-	44,159
Special Assessments	-	-	-	-	-	-	26,669
Loans	-	-	-	-	-	-	4,476,963
Due from Other Governments	-	-	-	-	-	-	1,671,975
Prepaid Supplies and Items	-	-	-	-	-	-	22,581
Total Assets	<u>\$ 5,749,675</u>	<u>\$ 2,197,748</u>	<u>\$ 1,255,346</u>	<u>\$ 1,001,400</u>	<u>\$ 108,333</u>	<u>\$ 146,622</u>	<u>\$ 30,123,278</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 487,227	\$ 71,958	\$ 55,080	\$ 4,940	\$ -	\$ -	\$ 844,014
Accrued and Other Current Liabilities	-	-	-	-	-	-	115,484
Due to Other Governments	-	-	-	-	-	-	28,435
Special Deposits	-	-	-	-	-	-	12,950
Unearned Revenues	-	-	-	-	-	-	1,273,143
Total Liabilities	<u>487,227</u>	<u>71,958</u>	<u>55,080</u>	<u>4,940</u>	<u>-</u>	<u>-</u>	<u>2,274,026</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	630,448	1,050,000	110,000	-	-	-	7,633,524
Loans Receivable	-	-	-	-	-	-	4,476,963
Total Deferred Inflows of Resources	<u>630,448</u>	<u>1,050,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,110,487</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	22,581
Restricted	1,427,260	1,304,280	-	277,002	108,333	-	8,234,172
Committed	3,204,740	-	1,090,266	719,458	-	146,622	7,775,161
Unassigned	-	(228,490)	-	-	-	-	(293,149)
Total Fund Balances	<u>4,632,000</u>	<u>1,075,790</u>	<u>1,090,266</u>	<u>996,460</u>	<u>108,333</u>	<u>146,622</u>	<u>15,738,765</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,749,675</u>	<u>\$ 2,197,748</u>	<u>\$ 1,255,346</u>	<u>\$ 1,001,400</u>	<u>\$ 108,333</u>	<u>\$ 146,622</u>	<u>\$ 30,123,278</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue						
	Library	City Grant Programs	Community Development Block Grant	Harbor and Boating Facilities	Community Projects	Solid Waste and Recycling	Transit
REVENUES							
Taxes	\$ 1,968,052	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 210,120
Intergovernmental	923,593	-	1,012,751	14,517	-	157,389	1,521,932
Public Charges for Services	39,372	-	-	248,589	-	1,413,593	141,260
Miscellaneous	355,740	-	801,941	-	172,702	35,086	41,471
Total Revenues	3,286,757	-	1,814,692	263,106	172,702	2,206,068	1,914,783
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	9,663	-	-	93,861	-	-
Public Works	-	-	-	-	-	2,125,577	1,815,039
Culture and Recreation	3,178,188	-	-	144,616	63,409	-	-
Conservation and Development	-	-	142,710	-	4,086	-	-
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	-	-	867,875	1,876	-	-	-
Total Expenditures	3,178,188	9,663	1,010,585	146,492	161,356	2,125,577	1,815,039
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	108,569	(9,663)	804,107	116,614	11,346	80,491	99,744
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(100,000)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	(100,000)	-
NET CHANGE IN FUND BALANCES	108,569	(9,663)	804,107	116,614	11,346	(19,509)	99,744
Fund Balances - Beginning of Year	298,657	10,179	1,864,493	499,516	277,996	(22,569)	336,238
FUND BALANCES - END OF YEAR	<u>\$ 407,226</u>	<u>\$ 516</u>	<u>\$ 2,668,600</u>	<u>\$ 616,130</u>	<u>\$ 289,342</u>	<u>\$ (42,078)</u>	<u>\$ 435,982</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue								
	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Residential Development Improvement Program	Highway 45 Transfer	Public Safety Training Center	Affordable Housing
REVENUES									
Taxes	\$ -	\$ -	\$ 86,477	\$ 2,506,544	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	36,518	-	-	161,738	-	-	4,900,000	-	-
Public Charges for Services	125	-	-	-	-	-	-	-	-
Miscellaneous	-	20,560	-	8,000	57,306	-	-	1,072	-
Total Revenues	36,643	20,560	86,477	2,676,282	57,306	-	4,900,000	1,072	-
EXPENDITURES									
Current:									
General Government	-	-	-	18,737	11,013	-	-	-	-
Public Safety	26,415	-	-	-	-	-	-	59,962	-
Public Works	-	65,232	-	-	-	-	-	-	-
Culture and Recreation	-	-	44,962	-	-	-	-	-	-
Conservation and Development	-	-	-	37,411	-	7,574	-	-	-
Debt Service:									
Interest and Fiscal Charges	-	-	-	5,246	-	-	750	-	-
Capital Outlay	-	-	-	2,404,151	-	-	-	-	-
Total Expenditures	26,415	65,232	44,962	2,465,545	11,013	7,574	750	59,962	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,228	(44,672)	41,515	210,737	46,293	(7,574)	4,899,250	(58,890)	-
OTHER FINANCING SOURCES (USES)									
Long-Term Debt Issued	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	-	-
Transfers In	7,500	-	-	34,911	-	-	-	35,000	37,081
Transfers Out	-	-	-	(1,416,803)	-	-	(4,743,341)	-	-
Total Other Financing Sources (Uses)	7,500	-	-	(1,381,892)	-	-	(4,743,341)	35,000	37,081
NET CHANGE IN FUND BALANCES	17,728	(44,672)	41,515	(1,171,155)	46,293	(7,574)	155,909	(23,890)	37,081
Fund Balances - Beginning of Year	200,238	128,815	205,013	3,619,852	3,712	78,375	-	26,336	-
FUND BALANCES - END OF YEAR	<u>\$ 217,966</u>	<u>\$ 84,143</u>	<u>\$ 246,528</u>	<u>\$ 2,448,697</u>	<u>\$ 50,005</u>	<u>\$ 70,801</u>	<u>\$ 155,909</u>	<u>\$ 2,446</u>	<u>\$ 37,081</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Capital Projects							
	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Harbor Improvements	Totals
REVENUES							
Taxes	\$ 1,074,765	\$ 800,000	\$ 98,000	\$ -	\$ -	\$ -	\$ 7,343,958
Intergovernmental	-	-	-	-	-	-	8,728,438
Public Charges for Services	-	-	11,095	-	-	-	1,854,034
Miscellaneous	22,145	-	-	-	-	-	1,516,023
Total Revenues	1,096,910	800,000	109,095	-	-	-	19,442,453
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	29,750
Public Safety	-	-	-	-	-	-	189,901
Public Works	-	-	-	-	-	-	4,005,848
Culture and Recreation	-	-	-	-	-	-	3,431,175
Conservation and Development	-	-	-	-	-	-	191,781
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	5,996
Capital Outlay	2,898,457	2,684,129	483,725	1,434,750	187,110	-	10,962,073
Total Expenditures	2,898,457	2,684,129	483,725	1,434,750	187,110	-	18,816,524
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,801,547)	(1,884,129)	(374,630)	(1,434,750)	(187,110)	-	625,929
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	2,840,500	2,265,000	660,500	569,000	225,000	-	6,560,000
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-
Transfers In	1,600,553	1,020,593	213,296	72,268	-	-	3,021,202
Transfers Out	(1,244,194)	(278,845)	(125,703)	(83,276)	-	-	(7,992,162)
Total Other Financing Sources (Uses)	3,196,859	3,006,748	748,093	557,992	225,000	-	1,589,040
NET CHANGE IN FUND BALANCES	1,395,312	1,122,619	373,463	(876,758)	37,890	-	2,214,969
Fund Balances - Beginning of Year	3,236,688	(46,829)	716,803	1,873,218	70,443	146,622	13,523,796
FUND BALANCES - END OF YEAR	<u>\$ 4,632,000</u>	<u>\$ 1,075,790</u>	<u>\$ 1,090,266</u>	<u>\$ 996,460</u>	<u>\$ 108,333</u>	<u>\$ 146,622</u>	<u>\$ 15,738,765</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,968,052	\$ 1,968,052	\$ 1,968,052	\$ -
Intergovernmental	921,901	921,901	923,593	1,692
Public Charges for Services	53,000	53,000	39,372	(13,628)
Miscellaneous	169,877	169,877	355,740	185,863
Total Revenues	3,112,830	3,112,830	3,286,757	173,927
EXPENDITURES				
Current:				
Culture and Recreation	3,114,636	3,114,636	3,178,188	(63,552)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,806)	(1,806)	108,569	110,375
Fund Balance - Beginning of Year	298,657	298,657	298,657	-
FUND BALANCE - END OF YEAR	<u>\$ 296,851</u>	<u>\$ 296,851</u>	<u>\$ 407,226</u>	<u>\$ 110,375</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
CITY GRANT PROGRAMS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,000	\$ 14,000	\$ -	\$ (14,000)
EXPENDITURES				
Current:				
Public Safety	11,340	11,340	9,663	1,677
Culture and Recreation	5,000	5,000	-	5,000
Total Expenditures	16,340	16,340	9,663	6,677
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,340)	(2,340)	(9,663)	(7,323)
Fund Balance - Beginning of Year	10,179	10,179	10,179	-
FUND BALANCE - END OF YEAR	<u>\$ 7,839</u>	<u>\$ 7,839</u>	<u>\$ 516</u>	<u>\$ (7,323)</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
HARBOR AND BOATING FACILITIES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 14,517	\$ 14,517
Public Charges for Services	247,500	247,500	248,589	1,089
Miscellaneous	2,500	2,500	-	(2,500)
Total Revenues	250,000	250,000	263,106	13,106
EXPENDITURES				
Current:				
Culture and Recreation	148,321	148,321	144,616	3,705
Capital Outlay	12,000	12,000	1,876	10,124
Total Expenditures	160,321	160,321	146,492	13,829
EXCESS OF REVENUES OVER EXPENDITURES	89,679	89,679	116,614	26,935
Fund Balance - Beginning of Year	499,516	499,516	499,516	-
FUND BALANCE - END OF YEAR	<u>\$ 589,195</u>	<u>\$ 589,195</u>	<u>\$ 616,130</u>	<u>\$ 26,935</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
SOLID WASTE AND RECYCLING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
Intergovernmental	156,655	156,655	157,389	734
Public Charges for Services	1,321,741	1,321,741	1,413,593	91,852
Miscellaneous	7,000	7,000	35,086	28,086
Total Revenues	2,085,396	2,085,396	2,206,068	120,672
EXPENDITURES				
Current:				
Public Works	1,844,075	1,844,075	2,125,577	(281,502)
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	241,321	241,321	80,491	(160,830)
OTHER FINANCING USES				
Transfers Out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	141,321	141,321	(19,509)	(160,830)
Fund Balance - Beginning of Year	(22,569)	(22,569)	(22,569)	-
FUND BALANCE - END OF YEAR	<u>\$ 118,752</u>	<u>\$ 118,752</u>	<u>\$ (42,078)</u>	<u>\$ (160,830)</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
TRANSIT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 210,120	\$ 210,120	\$ 210,120	\$ -
Intergovernmental	1,579,064	1,579,064	1,521,932	(57,132)
Public Charges for Services	263,000	263,000	141,260	(121,740)
Miscellaneous	30,000	30,000	41,471	11,471
Total Revenues	2,082,184	2,082,184	1,914,783	(167,401)
EXPENDITURES				
Current:				
Public Works	2,081,932	2,081,932	1,815,039	266,893
EXCESS OF REVENUES OVER EXPENDITURES	252	252	99,744	99,492
Fund Balance - Beginning of Year	336,238	336,238	336,238	-
FUND BALANCE - END OF YEAR	<u>\$ 336,490</u>	<u>\$ 336,490</u>	<u>\$ 435,982</u>	<u>\$ 99,492</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
HAZMAT AGREEMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 31,514	\$ 31,514	\$ 36,518	\$ 5,004
Public Charges for Services	-	-	125	125
Total Revenues	31,514	31,514	36,643	5,129
EXPENDITURES				
Current:				
Public Safety	53,147	53,147	26,415	26,732
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,633)	(21,633)	10,228	31,861
OTHER FINANCING SOURCES				
Transfers In	7,500	7,500	7,500	-
NET CHANGE IN FUND BALANCE	(14,133)	(14,133)	17,728	31,861
Fund Balance - Beginning of Year	200,238	200,238	200,238	-
FUND BALANCE - END OF YEAR	<u>\$ 186,105</u>	<u>\$ 186,105</u>	<u>\$ 217,966</u>	<u>\$ 31,861</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FUEL PUMP MAINTENANCE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 20,560	\$ (1,440)
EXPENDITURES				
Current:				
Public Works	<u>9,363</u>	<u>67,994</u>	<u>65,232</u>	<u>2,762</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,637	(45,994)	(44,672)	1,322
Fund Balance - Beginning of Year	<u>128,815</u>	<u>128,815</u>	<u>128,815</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 141,452</u></u>	<u><u>\$ 82,821</u></u>	<u><u>\$ 84,143</u></u>	<u><u>\$ 1,322</u></u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
TIF DISTRICTS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,985,721	\$ 2,985,721	\$ 2,506,544	\$ (479,177)
Intergovernmental	162,162	166,700	161,738	(4,962)
Miscellaneous	-	-	8,000	8,000
Total Revenues	3,147,883	3,152,421	2,676,282	(476,139)
EXPENDITURES				
Current:				
General Government	24,450	24,450	18,737	5,713
Conservation and Development	637,972	637,972	37,411	600,561
Debt Service:				
Interest and Fiscal Charges	6,400	6,400	5,246	1,154
Capital Outlay	3,775,000	3,876,948	2,404,151	1,472,797
Total Expenditures	4,443,822	4,545,770	2,465,545	2,080,225
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(1,295,939)	(1,393,349)	210,737	1,604,086
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	1,200,000	1,200,000	-	(1,200,000)
Transfers In	178,634	178,634	34,911	(143,723)
Transfers Out	(1,229,520)	(1,229,520)	(1,416,803)	(187,283)
Total Other Financing Sources (Uses)	149,114	149,114	(1,381,892)	(1,531,006)
NET CHANGE IN FUND BALANCE	(1,146,825)	(1,244,235)	(1,171,155)	73,080
Fund Balance - Beginning of Year	3,619,852	3,619,852	3,619,852	-
FUND BALANCE - END OF YEAR	<u>\$ 2,473,027</u>	<u>\$ 2,375,617</u>	<u>\$ 2,448,697</u>	<u>\$ 73,080</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 8,390,000	\$ 8,390,000	\$ 8,390,000	\$ -
EXPENDITURES				
Current:				
General Government	-	-	7,500	(7,500)
Debt Service:				
Principal	11,605,000	11,605,000	11,605,000	-
Interest and Fiscal Charges	2,492,733	2,492,733	2,937,189	(444,456)
Total Expenditures	<u>14,097,733</u>	<u>14,097,733</u>	<u>14,549,689</u>	<u>(451,956)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,707,733)	(5,707,733)	(6,159,689)	(451,956)
OTHER FINANCING SOURCES (USES)				
Refunding Debt Issued	-	-	16,615,000	16,615,000
Premium on Debt Issued	-	-	1,264,127	1,264,127
Payment to Current Noteholder	-	-	(6,970,000)	(6,970,000)
Transfers In	5,537,412	5,537,412	5,537,412	-
Total Other Financing Sources (Uses)	<u>5,537,412</u>	<u>5,537,412</u>	<u>16,446,539</u>	<u>10,909,127</u>
NET CHANGE IN FUND BALANCE	(170,321)	(170,321)	10,286,850	10,457,171
Fund Balance - Beginning of Year	<u>181,493</u>	<u>181,493</u>	<u>181,493</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 11,172</u>	<u>\$ 11,172</u>	<u>\$ 10,468,343</u>	<u>\$ 10,457,171</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2021**

	<u>Health Insurance</u>	<u>Information Technology</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 3,750,248	\$ 412,411	\$ 4,162,659
Prepaid supplies and items	-	68,019	68,019
Total Assets	<u>3,750,248</u>	<u>480,430</u>	<u>4,230,678</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	495,057	73,608	568,665
Accrued and Other Current Liabilities	-	20,753	20,753
Compensated Absences	-	11,809	11,809
Total Current Liabilities	<u>495,057</u>	<u>106,170</u>	<u>601,227</u>
NET POSITION			
Unrestricted	<u>\$ 3,255,191</u>	<u>\$ 374,260</u>	<u>\$ 3,629,451</u>

CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2021

	Health Insurance	Information Technology	Total
OPERATING REVENUES			
Charges for Services	\$ 5,444,198	\$ 1,937,310	\$ 7,381,508
OPERATING EXPENSES			
Personal Services	-	624,151	624,151
Contractual Services	-	819,398	819,398
Materials and Supplies	-	135,211	135,211
Utilities	-	5,336	5,336
Insurance Claims and Expenses	5,232,765	-	5,232,765
Total Operating Expenses	<u>5,232,765</u>	<u>1,584,096</u>	<u>6,816,861</u>
OPERATING INCOME	211,433	353,214	564,647
NONOPERATING REVENUES			
Gain on Disposal of Capital Assets	<u>-</u>	<u>1,384</u>	<u>1,384</u>
INCOME BEFORE TRANSFERS	211,433	354,598	566,031
Transfers Out	<u>-</u>	<u>(268,691)</u>	<u>(268,691)</u>
CHANGE IN NET POSITION	211,433	85,907	297,340
Net Position - Beginning of Year	<u>3,043,758</u>	<u>288,353</u>	<u>3,332,111</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,255,191</u></u>	<u><u>\$ 374,260</u></u>	<u><u>\$ 3,629,451</u></u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Health Insurance	Information Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 5,473,965	\$ 1,937,310	\$ 7,411,275
Cash Paid for Employee Wages and Benefits	-	(622,571)	(622,571)
Cash Paid to Suppliers	(5,235,156)	(978,039)	(6,213,195)
Net Cash Provided by Operating Activities	238,809	336,700	575,509
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer Out	-	(268,691)	(268,691)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sale of Capital Assets	-	1,384	1,384
CHANGE IN CASH AND CASH EQUIVALENTS	238,809	69,393	308,202
Cash and Cash Equivalents - Beginning of Year	3,511,439	343,018	3,854,457
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,750,248</u>	<u>\$ 412,411</u>	<u>\$ 4,162,659</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Health Insurance	Information Technology	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 211,433	\$ 353,214	\$ 564,647
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Effect of Changes in Operating Assets and Liabilities:			
Accounts Receivable	29,767	-	29,767
Prepaid Supplies and Items	-	16,205	16,205
Accounts Payable	(2,391)	(34,299)	(36,690)
Accrued and Other Current Liabilities	-	3,370	3,370
Compensated Absences	-	(1,790)	(1,790)
Net Cash Provided by Operating Activities	<u>\$ 238,809</u>	<u>\$ 336,700</u>	<u>\$ 575,509</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY SOURCE
DECEMBER 31, 2021

Governmental Capital Assets:	
Land	\$ 6,776,084
Buildings and Improvements	35,305,496
Land Improvements	11,845,871
Machinery and Equipment	32,123,687
Infrastructure	224,446,756
Construction In Progress	<u>1,015,129</u>
Total Governmental Capital Assets	<u><u>\$ 311,513,023</u></u>
Investments in Governmental Capital Assets	
Capital Projects Funds - General Obligation Bonds/Notes	\$ 260,648,468
General Fund Revenues	31,198,641
Gifts	605,091
Private Development	3,458,365
City Owned	67,750
Noncash Transactions	86,922
Special Revenue Funds	9,241,373
Federal Grants	5,637,314
State Grants	<u>569,099</u>
Total Investments in Governmental Capital Assets	<u><u>\$ 311,513,023</u></u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2021

	Land	Buildings and Improvements	Land Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 1,761,262	\$ 3,210,881	\$ 511,684	\$ 3,810,291	\$ -	\$ -	\$ 9,294,118
Public Safety:							
Police Protection	490,200	3,714,056	116,469	2,937,493	-	277,812	7,536,030
Fire Protection	712,056	7,624,548	195,243	6,651,175	-	454,419	15,637,441
Ambulance	-	-	-	1,877,908	-	-	1,877,908
Public Works	223,605	6,249,248	386,763	12,014,085	224,446,756	-	243,320,457
Culture and Recreation	1,576,750	3,689,371	9,568,810	1,482,215	-	282,898	16,600,044
Library	19,200	5,516,439	-	325,017	-	-	5,860,656
Transit	-	485,272	127,483	2,941,977	-	-	3,554,732
Parking	1,993,011	4,815,681	939,419	83,526	-	-	7,831,637
Total Governmental Capital Assets	<u>\$ 6,776,084</u>	<u>\$ 35,305,496</u>	<u>\$ 11,845,871</u>	<u>\$ 32,123,687</u>	<u>\$ 224,446,756</u>	<u>\$ 1,015,129</u>	<u>\$ 311,513,023</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2021

	Balance December 31, 2020	Additions and Transfers	Deductions and Transfers	Balance December 31, 2021
General Government	\$ 9,294,118	\$ 64,300	\$ 64,300	\$ 9,294,118
Public Safety:				
Police Protection	6,480,109	1,370,769	314,848	7,536,030
Fire Protection	14,724,763	5,021,277	4,108,599	15,637,441
Ambulance	1,877,908	-	-	1,877,908
Public Works	239,544,866	7,441,475	3,665,884	243,320,457
Culture and Recreation	15,289,042	1,782,219	471,217	16,600,044
Library	5,860,656	-	-	5,860,656
Transit	3,554,732	-	-	3,554,732
Parking	7,824,818	22,048	15,229	7,831,637
Total Governmental Capital Assets	<u>\$ 304,451,012</u>	<u>\$ 15,702,088</u>	<u>\$ 8,640,077</u>	<u>\$ 311,513,023</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.	98 - 102
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	103 - 106
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.	107 - 112
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.	113 - 114
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.	115 - 117

City of Fond du Lac, Wisconsin

NET POSITION BY COMPONENT Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 81,618,359	\$ 76,912,015	\$ 71,413,644	\$ 66,751,968	\$ 64,124,339	\$ 62,208,570	\$ 62,628,518	\$ 62,680,554	\$ 62,575,834	\$ 53,631,196
Restricted	1,443,920	1,406,998	1,899,422	11,309,785	2,262,072	2,174,764	12,359,657	7,072,529	16,735,150	31,890,087
Unrestricted	14,581,825	16,351,636	16,833,015	17,686,779	24,935,506	22,629,230	10,294,390	13,674,016	4,710,605	9,102,005
Total government activities net assets	\$ 97,644,104	\$ 94,670,649	\$ 90,146,081	\$ 95,748,532	\$ 91,321,917	\$ 87,012,564	\$ 85,282,565	\$ 83,427,099	\$ 84,021,589	\$ 94,623,288
Business-type activities										
Net investment in capital assets	\$ 80,275,705	\$ 90,430,362	\$ 98,116,652	\$ 103,316,344	\$ 109,793,752	\$ 115,427,437	\$ 121,667,593	\$ 127,222,768	\$ 134,751,819	\$ 142,286,554
Restricted	8,393,145	6,452,250	6,230,592	7,056,462	5,979,656	6,233,897	3,468,983	3,637,262	8,142,359	8,135,328
Unrestricted	29,752,670	25,931,756	22,650,707	21,916,243	20,568,256	20,667,978	24,175,806	23,547,207	18,206,574	15,898,255
Total business-type activities net assets	\$ 118,421,520	\$ 122,814,368	\$ 126,997,951	\$ 132,289,049	\$ 136,341,664	\$ 142,329,312	\$ 149,312,382	\$ 154,407,237	\$ 161,100,752	\$ 166,320,137
Primary government										
Net investment in capital assets	\$ 161,894,064	\$ 167,342,377	\$ 169,530,296	\$ 170,068,312	\$ 173,918,091	\$ 177,636,007	\$ 184,296,111	\$ 189,903,322	\$ 197,327,653	\$ 195,917,750
Restricted	9,837,065	7,859,248	8,130,014	18,366,247	8,241,728	8,408,661	15,828,640	10,709,791	24,877,509	40,025,415
Unrestricted	44,334,495	42,283,392	39,483,722	39,603,022	45,503,762	43,297,208	34,470,196	37,221,223	22,917,179	25,000,260
Total primary government	\$ 216,065,624	\$ 217,485,017	\$ 217,144,032	\$ 228,037,581	\$ 227,663,581	\$ 229,341,876	\$ 234,594,947	\$ 237,834,336	\$ 245,122,341	\$ 260,943,425

Note: In 2020, Restricted governmental activities was broken out to include Tax Incremental Districts and Pension Assets. Data on these items are not available for years 2011 through 2019.

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 2,660,933	\$ 2,419,911	\$ 2,563,667	\$ 4,034,444	\$ 4,949,836	\$ 4,457,171	\$ 3,732,198	\$ 3,946,183	\$ 3,468,986	\$ 2,863,982
Public safety										
Police	10,333,412	9,326,591	9,144,237	9,629,937	10,270,290	10,961,595	11,413,736	11,568,063	11,682,058	11,679,797
Fire/Rescue	9,578,925	8,226,046	8,291,861	8,701,785	10,286,387	10,333,308	10,231,849	9,969,649	9,686,193	6,943,652
Public works	15,441,486	16,542,771	17,214,323	15,748,791	16,618,135	17,515,777	16,314,987	19,672,209	17,674,112	14,756,219
Culture and recreation	5,376,808	6,006,310	6,402,639	6,091,789	5,623,319	5,829,457	5,725,394	5,968,960	6,082,329	5,687,074
Community and development	5,242,287	2,095,011	3,289,740	2,727,994	2,298,011	3,002,089	4,547,770	4,500,545	3,421,614	5,693,986
Interest and fiscal charges	3,357,936	3,218,799	3,123,404	2,674,934	2,900,767	2,793,449	2,618,981	2,847,029	2,650,519	2,380,328
Total governmental activities expenses	51,991,787	47,835,439	50,029,871	49,609,674	52,946,745	54,892,846	54,584,915	58,472,638	54,665,811	50,005,038
Business-type activities										
Water Utility	8,977,193	8,452,508	8,734,239	8,394,123	8,450,320	9,119,285	8,167,128	8,186,352	7,896,757	8,133,455
Wastewater Utility	9,102,462	9,379,421	9,762,358	9,279,524	9,957,259	8,394,201	9,034,623	10,217,055	9,557,290	9,694,168
Total business-type activities	18,079,655	17,831,929	18,496,597	17,673,647	18,407,579	17,513,486	17,201,751	18,403,407	17,454,047	17,827,623
Total primary government expenses	\$ 70,071,442	\$ 65,667,368	\$ 68,526,468	\$ 67,283,321	\$ 71,354,324	\$ 72,406,332	\$ 71,786,666	\$ 76,876,045	\$ 72,119,858	\$ 67,832,661
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 994,003	\$ 1,288,711	\$ 1,192,847	\$ 2,221,332	\$ 2,495,323	\$ 2,304,418	\$ 2,680,806	\$ 2,377,348	\$ 1,113,696	\$ 1,077,321
Public safety										
Police	109,655	126,566	92,561	161,408	178,203	180,661	220,665	197,685	203,160	138,311
Fire/Rescue	2,793,488	1,655,958	1,559,347	1,696,421	1,666,188	1,941,549	1,957,224	2,120,596	1,819,191	2,531,383
Public works	419,502	1,802,173	1,697,518	1,294,954	1,708,605	1,900,004	1,953,057	1,429,898	1,751,622	1,814,142
Culture and recreation	531,292	478,373	459,396	547,380	579,350	540,277	554,945	565,293	405,634	487,444
Community and development	1,272,075	1,327,924	1,894,294	922,074	266,434	387,496	215,478	260,202	1,098,511	1,177,300
Interest and fiscal charges	-	-	-	-	-	133,849	-	1	-	-
Operating grants and contributions	5,567,122	609,096	5,726,793	6,159,199	6,484,854	6,297,493	6,608,228	6,952,887	7,931,237	7,452,692
Capital grants and contributions	3,505,575	1,003,855	968,788	105,428	665,058	469,051	308,237	419,226	456,476	5,039,814
Total governmental activities program revenue	15,192,712	8,292,656	13,591,544	13,108,196	14,044,015	14,154,798	14,498,640	14,323,136	14,779,527	19,718,407
Business-type activities										
Charges for services:										
Water Utility	12,395,916	12,084,957	12,315,152	12,119,334	12,611,440	12,690,954	12,882,550	12,891,819	12,269,432	12,719,274
Wastewater Utility	12,036,787	11,544,534	11,704,905	11,716,802	11,412,924	12,396,642	12,265,217	11,995,418	12,267,350	11,989,363
Operating grants and contributions	-	-	-	-	-	-	-	-	575,106	-
Capital grants and contributions	8,283	-	-	-	1,030	-	551,056	-	627,836	-
Total business-type activities program revenue	24,440,986	23,629,491	24,020,057	23,836,136	24,025,394	25,087,596	25,698,823	24,887,237	25,739,724	24,708,637
Total primary government program revenue	\$ 39,633,698	\$ 31,922,147	\$ 37,611,601	\$ 36,944,332	\$ 38,069,409	\$ 39,242,394	\$ 40,197,463	\$ 39,210,373	\$ 40,519,251	\$ 44,427,044

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Govenmental activities	\$ (36,799,075)	\$ (34,061,783)	\$ (36,438,327)	\$ (36,501,478)	\$ (38,902,730)	\$ (40,738,048)	\$ (40,086,275)	\$ (44,149,502)	\$ (39,886,284)	\$ (30,286,631)
Business-type activities	6,361,331	5,797,562	5,523,460	6,162,489	5,617,815	7,574,110	8,497,072	6,483,830	8,285,677	6,881,014
Total primary government net expense	<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>	<u>\$ (31,600,607)</u>	<u>\$ (23,405,617)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 21,140,460	\$ 21,478,702	\$ 22,270,692	\$ 23,836,592	\$ 25,147,399	\$ 26,929,681	\$ 28,462,381	\$ 29,651,751	\$ 30,116,264	\$ 30,317,955
Other taxes	354,692	377,172	321,744	445,272	458,974	433,384	454,154	479,813	393,115	455,065
Federal and state grants and other contributions not restricted to specific functions	7,432,593	7,801,227	7,073,021	6,587,921	6,651,626	6,818,710	6,879,397	7,422,565	7,392,272	7,458,353
Gain on sale of asset	-	-	30,725	33,887	87,795	34,385	129,917	82,829	106,578	138,797
Interest and investement earnings	229,992	(111,182)	418,826	193,223	222,364	254,756	688,413	740,430	352,839	47,445
Miscellaneous	196	11,239	12,665	20,491	10,931	35,985	4,036	155,786	226,070	641,562
Transfers	1,497,592	1,631,170	1,786,086	1,857,027	1,897,026	1,921,794	1,945,017	1,942,047	1,893,636	1,829,153
Total governmental activities	<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>	<u>40,480,774</u>	<u>40,888,330</u>
Business-type activities:										
Investment earnings	561,116	201,006	440,630	321,961	331,826	316,698	443,467	545,063	302,399	138,976
Federal and state grants and other contributions not restricted to specific functions	-	-	-	-	-	-	-	2,808	-	14,890
Gain on disposal of capital assets	17,862	25,450	5,579	-	-	18,634	-	5,201	-	13,658
Miscellaneous	-	-	-	-	-	-	-	-	(925)	-
Transfers	(1,497,592)	(1,631,170)	(1,786,086)	(1,857,027)	(1,897,026)	(1,921,794)	(1,945,017)	(1,942,047)	(1,893,636)	(1,829,153)
Total business-type activities	<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>	<u>(1,592,162)</u>	<u>(1,661,629)</u>
Total primary government	<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>	<u>\$ 38,888,612</u>	<u>\$ 39,226,701</u>
Changes in Net Position										
Governmental activities	\$ (6,143,550)	\$ (2,873,455)	\$ (4,524,568)	\$ (3,527,065)	\$ (4,426,615)	\$ (4,309,353)	\$ (1,522,960)	\$ (3,674,281)	\$ 594,490	\$ 10,601,699
Business-type activities	5,442,717	4,392,848	4,183,583	4,627,423	4,052,615	5,987,648	6,995,522	5,094,855	6,693,515	5,219,385
Total primary government	<u>\$ (700,833)</u>	<u>\$ 1,519,393</u>	<u>\$ (340,985)</u>	<u>\$ 1,100,358</u>	<u>\$ (374,000)</u>	<u>\$ 1,678,295</u>	<u>\$ 5,472,562</u>	<u>\$ 1,420,574</u>	<u>\$ 7,288,005</u>	<u>\$ 15,821,084</u>

City of Fond du Lac, Wisconsin

Fund Balances, Governmental Funds Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2016	2017	2018	2019	2020	2021
General fund											
Nonspendable	\$ 658,355	\$ 657,434	\$ 788,600	\$ 822,550	\$ 843,454	\$ 791,799	\$ 791,799	\$ 784,385	\$ 815,164	\$ 703,254	\$ 913,767
Committed	83,300	110,500	129,700	160,900	261,300	313,300	313,300	-	56,400	7,600	48,000
Assigned	1,013,681	726,392	1,034,438	1,043,484	866,644	422,359	422,359	243,028	480,431	1,283,018	1,561,055
Unassigned	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	6,546,363	5,750,198
Total general fund	\$ 7,329,961	\$ 8,472,231	\$ 8,756,469	\$ 9,103,655	\$ 7,868,963	\$ 7,271,182	\$ 7,271,182	\$ 7,820,061	\$ 8,292,062	\$ 8,540,235	\$ 8,273,020
All other governmental funds											
Nonspendable	\$ 35,553	\$ 23,541	\$ 16,531	\$ 19,321	\$ 21,088	\$ 10,543	\$ 10,543	\$ 11,185	\$ 11,297	\$ 13,688	\$ 22,581
Restricted, reported in:											
Debt service fund	375,374	164,368	176,731	41,007	30,188	-	-	21,073	35,893	181,493	10,468,343
Other governmental funds	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	8,166,165	8,234,172
Committed	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	6,048,845	7,775,161
Unassigned	-	(8,693)	(19,639)	-	-	(132,616)	(132,616)	-	(158,287)	(704,902)	(293,149)
Total all other governmental funds	\$ 10,475,379	\$ 8,044,337	\$ 7,252,935	\$ 7,424,697	\$ 9,301,334	\$ 9,542,324	\$ 9,542,324	\$ 12,040,299	\$ 14,326,700	\$ 13,705,289	\$ 26,207,108

City of Fond du Lac, Wisconsin

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Taxes	\$ 21,495,152	\$ 21,855,874	\$ 22,592,436	\$ 24,281,864	\$ 25,606,373	\$ 27,363,065	\$ 28,916,535	\$ 30,146,246	\$ 30,509,379	\$ 30,773,020
Licenses and permits	1,219,945	1,584,967	1,502,338	1,575,530	1,643,086	1,540,425	1,761,773	1,510,136	1,327,625	1,388,206
Intergovernmental	15,208,721	13,095,315	12,809,625	12,464,374	12,985,438	13,048,834	13,425,085	14,288,465	15,140,668	19,352,148
Public charges for services	4,181,498	4,190,901	4,057,457	4,267,404	4,401,524	4,651,047	4,673,901	4,818,651	4,235,217	3,956,177
Fines and forfeits	396,288	403,259	353,427	315,075	340,309	350,905	487,268	452,391	371,255	345,423
Special assessments	352,627	310,994	365,625	105,428	477,806	269,051	108,237	219,226	154,398	139,814
Intergovernmental charges for services	-	-	-	-	-	6,388	6,472	4,046	3,125	2,993
Miscellaneous	1,633,668	2,086,125	2,244,555	1,557,074	1,469,201	1,175,931	1,538,684	2,008,987	1,776,656	2,194,634
Total revenues	<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>	<u>53,518,323</u>	<u>58,152,415</u>
EXPENDITURES										
Current:										
General government	2,728,069	2,576,287	2,864,927	2,895,749	3,633,660	3,464,037	2,931,192	3,102,300	3,457,495	3,322,769
Public safety	19,792,977	17,595,580	17,906,887	17,625,723	18,388,065	19,081,135	19,781,489	20,066,298	20,478,753	20,129,437
Public works	7,199,147	8,987,449	9,297,529	9,009,131	9,503,060	10,184,967	9,763,684	10,096,733	9,946,537	9,636,789
Culture and recreation	4,635,061	4,854,418	4,771,827	4,758,803	4,944,540	4,816,143	5,089,696	5,249,645	5,070,898	5,349,233
Community and development	4,386,330	1,795,548	2,354,789	2,651,454	2,202,852	1,364,290	3,400,009	3,817,626	1,660,463	1,491,965
Other	8,401	82,258	7,025	8,400	12,300	-	-	-	-	-
Debt service:										
Principal	9,588,675	7,907,613	3,881,976	11,050,000	6,895,000	5,435,000	6,310,000	7,170,000	7,470,000	11,605,000
Interest and fiscal charges	3,377,101	3,348,985	3,021,170	2,970,803	2,772,456	3,018,509	2,827,421	2,972,124	3,075,613	2,943,185
Capital outlay	6,938,086	8,468,176	6,286,421	5,228,945	6,169,361	8,813,385	13,202,924	9,623,199	13,866,574	11,076,516
Total expenditures	<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>	<u>65,026,333</u>	<u>65,554,894</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(11,508,010)</u>	<u>(7,402,479)</u>
OTHER FINANCING SOURCES (USES)										
Long-term debt issued	16,980,000	12,050,000	4,095,000	10,075,000	6,100,000	12,075,000	12,825,000	8,990,000	19,630,000	23,175,000
Premium on debt issued	63,626	376,520	30,338	132,350	125,000	255,564	347,620	212,975	1,567,782	1,264,127
Payment to current noteholder	(5,432,281)	(3,257,783)	-	-	-	(7,050,000)	-	-	(12,265,000)	(6,970,000)
Proceeds from sale of capital assets	-	-	-	-	-	42,718	130,141	81,823	104,020	70,112
Transfers in	8,205,781	5,923,448	4,799,342	4,152,677	5,419,914	5,185,819	6,430,383	5,539,528	5,863,145	10,387,767
Transfers out	(6,708,189)	(4,292,278)	(2,964,756)	(2,208,818)	(3,405,412)	(3,094,072)	(4,297,830)	(3,416,147)	(3,765,175)	(8,289,923)
Total other financing sources (uses)	<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>	<u>11,134,772</u>	<u>19,637,083</u>
Net change in fund balances	<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>	<u>\$ (373,238)</u>	<u>\$ 12,234,604</u>
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	23.49%	23.02%	14.43%	26.65%	19.23%	16.75%	17.30%	18.35%	19.61%	25.01%

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
2021	\$ 2,979,436,000	\$ 112,065,390	\$ 3,091,501,390	9.997	\$ 3,329,718,700	92.85
2020	\$ 2,947,629,200	\$ 118,068,250	\$ 3,065,697,450	9.460	\$ 3,149,182,700	97.35
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

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

2021				2012			
Name	Type of Business	Assessed ^a Valuation	Percent Total Assessed Valuation	Name	Type of Business	Assessed ^b Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 63,287,500	2.12%	Mercury Marine	Manufacturer of Boat Engines	\$ 37,163,500	1.41%
SSM Health	Hospital/Health Care Facility	37,607,520	1.26%	Agnesian Healthcare Inc	Hospital/Health Care Facility	30,330,320	1.15%
Grande Cheese Company	Food & Dairy	36,551,290	1.23%	John Mark Apt. Complexes	Apartments	27,791,940	1.05%
Countryside Villas	Apartments	26,129,480	0.88%	Simon Properties	Shopping Mall	17,754,840	0.67%
Edward Rose Development Co LLC	Apartments	22,916,720	0.77%	Aurora Medical Group	Health Care Facility	16,374,240	0.62%
Badger Liquor Co Inc	Distributor	19,216,200	0.64%	VH Enterprises	Warehousing	16,128,990	0.61%
CD Smith Construction	Construction	17,896,760	0.60%	Eagle Fond du Lac LLC	Warehousing	16,292,530	0.62%
Aurora Medical Group	Healthcare	17,307,540	0.58%	Wal-Mart	Retail Shopping Facility	15,488,450	0.59%
East Central Warehouse	Warehouses	15,452,600	0.52%	J.F. Ahern	Metal Fabrication	14,196,900	0.54%
Walmart	Retail/Grocery	15,069,050	0.51%	1115 East Johnson LLC	Grocery / Retail	13,203,550	0.50%
Principal Taxpayers Total		271,434,660	9.11%	Principal Taxpayers Total		204,725,260	7.75%
All Other		2,708,001,340	90.89%	All Other		2,435,535,230	92.25%
Total		<u>\$ 2,979,436,000</u>	<u>100.00%</u>	Total		<u>\$ 2,640,260,490</u>	<u>100.00%</u>

Sources:

^a 2021 City Assessment Roll.

^b 2012 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
2021	\$	30,889,400	\$	30,773,020	99.623 %
2020		30,545,749		30,484,242	99.799
2019		29,991,482		29,974,789	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

Notes:

¹ Fiscal year is the year in which the tax is collected. The 2021 fiscal year consists of the 2020 tax bills due in 2021 and used to finance the 2021 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																						
2021	\$	9.460	41.2%	\$	8.583	37.4%	\$	0.622	2.7%	\$	5.777	25.1%	0.000	0.0%	\$	24.442	\$	1.467	6.4%	\$	22.975	100.0%
2020		9.577	0.4		8.647	0.4		0.613	0.0		5.654	0.2	0.000	0.0		24.491		1.504	0.1		22.987	100.0
2019		10.468	43.0		8.813	36.2		0.677	2.8		6.125	25.2	0.000	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
Tax Levies												Total										
2021	\$	30,889,400		\$	24,546,863		\$	1,827,680		\$	16,982,983		\$	-		\$ 74,246,926						
2020		30,545,749			24,539,941			1,787,309			16,487,349			-		73,360,348						
2019		29,991,482			22,497,590			1,773,730			16,053,639			-		70,316,441						
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						

Notes:

¹Fiscal year is the year in which the tax is collected. The 2020 fiscal year consists of the 2019 tax bills due in 2020 and used to finance the 2020 budget.

Notes:

¹Fiscal year is the year in which the tax is collected. The 2020 fiscal year consists of the 2019 tax bills due in 2020 and used to finance the 2020 budget.

City of Fond du Lac, Wisconsin

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income ²	Per Capita ²
	General Obligation Bonds	General Obligation Notes	Note Anticipation Note	Capital Leases ¹	Revenue Bond Debt	General Obligation Bonds			
2021	\$ 23,915,038	\$ 68,372,576	\$ -	\$ -	\$ 43,908,032	\$ -	\$ 136,195,646	N/A	3,071
2020	32,887,182	53,918,133	2,695,000	-	52,086,434	-	141,586,749	N/A	3,198
2019	46,049,327	39,521,851	2,695,000	-	59,524,063	-	147,790,241	N/A	3,336
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

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 from Restricted Net Position-Debt Service	Total	Percentage of Assessed Value¹	Percentage of Equalized Value¹	Per Capita²
2021	44,349	\$ 92,287,614	\$ 9,825,199	\$ 82,462,415	2.67%	2.48	1,859.40
2020	44,279	86,805,315	-	86,805,315	2.83%	2.76%	\$ 1,960.42
2019	44,303	85,571,178	-	85,571,178	2.74	2.76	1,931.50
2018	43,921	83,694,226	-	83,694,226	3.08	2.89	1,905.56
2017	43,679	76,947,526	-	76,947,526	2.82	2.74	1,761.66
2016	43,381	77,179,188	-	77,179,188	2.87	2.84	1,779.10
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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value ^a	\$ 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	\$ 3,065,697,450	\$ 3,091,501,390
Equalized Value ^a	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	3,149,182,700	3,329,718,700
Debt Limit Five Percent of Equalized Value ¹	128,167,495	128,287,255	129,887,200	133,143,625	135,829,325	140,630,195	144,726,775	150,163,790	157,459,135	166,485,935
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	61,190,000	65,400,000	64,395,000	61,545,000	60,205,000	55,790,000	50,900,000	45,730,000	32,645,000	23,750,000
General Obligation Notes	14,055,000	12,805,000	14,050,000	15,925,000	16,470,000	20,475,000	31,880,000	36,175,000	49,155,000	65,345,000
Total Debt	75,245,000	78,205,000	78,445,000	77,470,000	76,675,000	76,265,000	82,780,000	81,905,000	81,800,000	89,095,000
Legal Debt Margin	\$ 52,922,495	\$ 50,082,255	\$ 51,442,200	\$ 55,673,625	\$ 59,154,325	\$ 64,365,195	\$ 61,946,775	\$ 68,258,790	\$ 75,659,135	\$ 77,390,935
Percent of Legal Debt Limit Available	41.3%	39.0%	39.6%	41.8%	43.6%	45.8%	42.8%	45.5%	48.1%	46.5%

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, 2021

	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	\$ 92,287,614	100.0 %	<u>\$ 92,287,614</u>
Overlapping Debt:			
Fond du Lac County	69,680,000	37.0	25,774,632
Moraine Park Technical College	31,460,000	10.2	3,200,206
Fond du Lac School District	118,690,078	71.6	85,017,703
North Fond du Lac School District	24,120,000	13.9	<u>3,352,680</u>
Total - overlapping debt			<u>117,345,220</u>
	TOTAL		<u><u>\$ 209,632,834</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	
2021	\$ 12,524,604	\$ 4,020,564	\$ 252,510	\$ 8,756,550	\$ 14,632,668	\$ 983,697	\$ 15,616,365	0.56
2020	12,269,551	3,892,314	58,200	8,435,437	3,616,830	1,090,508	4,707,338	1.79
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

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	
2021	\$ 11,989,453	\$ 6,185,215	\$ 117,415	\$ 5,921,653	\$ 3,886,398	\$ 470,992	\$ 4,357,390	1.36
2020	12,842,337	5,974,149	243,274	7,111,462	3,797,073	561,324	4,358,397	1.63
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

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
2021	44,349	n/a	n/a	n/a	38.9	3.5	6,662	476
2020	44,279	\$ 55,631	\$ 5,434,541	\$ 52,813	38.9	6.5	7,050	486
2019	44,303	\$ 54,201	\$ 5,164,866	\$ 49,949	38.5	3.1	7,084	490
2018	43,921	\$ 54,777	\$ 4,960,128	\$ 48,126	37.3	2.9	7,204	528
2017	43,679	\$ 48,129	\$ 4,691,921	\$ 45,753	36.9	3.0	7,242	510
2016	43,381	\$ 51,099	\$ 4,562,299	\$ 44,665	36.9	3.6	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	7.3	7,462	485
2012	43,100	\$ 45,730	\$ 4,018,578	\$ 39,459	36.9	7.6	7,415	504

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 U.S. Department of Labor - Bureau of Labor Statistics - average rate, 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

2021			2012		
Name	Employees ^a	Percentage of Total City Employment ¹	Name	Employees ^a	Percentage of Total City Employment ¹
SSM Health	3,450	7.19%	Agnesian Healthcare Inc	2,727	6.07%
Mercury Marine	3,100	6.46%	Mercury Marine	2,632	5.86%
Fond du Lac County	886	1.85%	Fond du Lac County	900	2.00%
Fond du Lac School District	856	1.78%	Fond du Lac School District	803	1.79%
CD Smith Construction Inc	450	0.94%	J.F. Ahern Co.	467	1.04%
Marian University	421	0.88%	Moraine Park Technical College	420	0.94%
Grande Cheese Company	415	0.86%	Taycheedah Correctional Facility	360	0.80%
Moraine Park Technical College	397	0.83%	City of Fond du Lac	309	0.69%
Brenner Tank Inc	365	0.76%	Society Insurance	264	0.59%
Total	10,340	21.54%	Total	8,882	19.65%

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
2021	27.0	150.0	71.0	13.0	12.0	273.0
2020	27.0	150.0	70.8	13.2	12.0	273.0
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

Notes:

Contains governmental funds permanent full and part-time employees under City Council's authority.

Does not include Library employees or enterprise fund employees.

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

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

City of Fond du Lac, Wisconsin

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Community Development										
Building Permits Issued	2,981	3,133	3,157	2,655	1,683	3,724	3,807	4,257	1,346	1,315
Total Valuation of Building Permits	\$ 54,434,778	\$ 67,375,043	\$ 51,921,182	\$ 85,143,513	\$ 40,960,146	\$ 52,278,825	\$ 90,173,120	\$ 73,233,575	\$ 98,770,669	\$ 80,652,243
New site plans reviewed	28	30	26	17	32	26	30	28	27	47
Rezoning/special use permits applied for	19	14	9	14	18	13	16	8	11	14
Variances applied for	26	37	16	14	15	27	14	10	17	8
New lots/parcels created	4	2	4	2	2	4	-	17	7	17
Housing Code Enforcement-complaints filed	414	402	410	415	458	513	552	509	426	439
Housing Code Enforcement-violations cured	648	664	610	645	542	526	544	441	329	347
Housing rehabilitation value of loans approved	\$ 220,798	\$ 258,800	\$ 286,300	\$ 172,099	\$ 142,179	\$ 377,050	\$ 191,300	\$ 93,295	\$ 104,900	\$ 94,009
Downtown parking revenue (permits & meter)	\$ 320,560	\$ 298,400	\$ 276,667	\$ 288,452	\$ 296,981	\$ 306,351	\$ 310,534	\$ 305,663	\$ 227,255	\$ 206,015
Transit ridership	171,119	212,327	200,473	206,139	209,119	200,540	206,364	193,050	103,427	99,403
Transit farebox revenue	\$ 133,065	\$ 252,248	\$ 249,664	\$ 246,530	\$ 256,947	\$ 330,351	\$ 249,051	\$ 250,502	\$ 26,320	\$ 30,094
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	221,833	197,213	198,829	204,418	209,864	203,464	208,313	206,235	204,929	194,396
Circulation	826,121	766,425	779,448	709,154	680,674	641,827	627,249	590,624	453,768	379,826
Senior Center number of visits	53,616	52,508	47,728	51,948	63,359	63,113	62,208	66,274	11,511	45,472
Senior Center volunteer hours worked	18,876	17,812	17,058	21,052	18,114	15,751	15,203	16,644	4,785	17,807
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	14,214	14,238	14,275	14,202	14,246	14,358	14,391	14,433	14,449	14,474
Commercial	1,385	1,380	1,381	1,199	1,204	1,215	1,220	1,222	1,234	1,262
Industrial	56	54	56	53	53	53	54	52	53	55
Multifamily				297	301	311	309	318	309	317
Public	72	74	43	77	75	77	76	76	82	82
Gallons of Water Sold:										
Residential	587,827,244	596,156,554	566,336,950	546,756,404	530,939,376	524,086,200	527,408,068	516,562,068	538,111,948	523,540,908
Commercial	368,500,375	374,618,581	348,345,590	269,906,076	274,917,758	268,340,512	269,833,520	283,578,020	265,229,580	282,623,572
Industrial	346,566,644	320,528,853	321,641,496	290,630,912	279,349,576	262,631,776	309,956,240	261,161,956	219,665,908	248,039,792
Multifamily				83,877,728	81,969,580	83,892,688	85,010,200	92,238,124	90,256,672	93,084,112
Public	58,930,350	61,913,800	59,540,905	63,676,492	68,326,060	63,710,900	63,324,932	75,286,948	67,460,624	64,295,088
Plant Capacity (gallons/day)	6,061,000	6,946,000	6,063,000	6,606,000	5,956,000	6,212,000	6,394,000	5,867,000	5,729,000	7,078,000
Wastewater Collection & Treatment System										
Average No. of Customers:										
Residential	14,214	14,238	14,275	14,202	14,246	14,358	14,391	14,433	14,449	14,474
Commercial	1,385	1,380	1,381	1,199	1,204	1,215	1,220	1,222	1,234	1,262
Industrial	56	54	56	53	53	53	54	52	53	55
Multifamily				297	301	311	309	318	309	317
Public	72	74	43	77	75	77	76	76	82	82
System Usage in Gallons										
Residential	587,827,244	596,156,554	566,366,950	546,756,404	530,939,376	524,086,200	527,408,068	516,562,068	538,111,948	523,540,908
Commercial	368,500,375	374,618,581	348,345,590	269,906,076	274,917,758	268,340,512	269,833,520	283,578,020	265,229,580	282,623,572
Industrial	346,566,644	320,528,853	321,641,496	290,630,912	279,349,576	262,631,776	309,956,240	261,161,956	219,665,908	248,039,792
Multifamily				83,877,728	81,969,580	83,892,688	85,010,200	92,238,124	90,256,672	93,084,112
Public	58,930,350	61,913,800	59,540,905	63,676,492	68,326,060	63,710,900	63,324,932	75,286,948	67,460,624	64,295,088

Notes: N/A = Not Available

Sources:

City of Fond du Lac departmental statistic reports

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	74	73	73	73	73	72	72	73	73	64
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	6	6	6
Public Works										
Miles of Streets	168	171	171	171	171	171	176	177	177	177
Miles of Storm Sewers	175	175	175	175	175	182	192	228	227	237
Recreation and Culture										
Playgrounds	15	15	15	15	16	16	17	17	18	18
City Parks	21	21	21	21	22	22	22	22	23	23
Acres of City Park Land	520	520	520	520	530	530	530	530	530	530
Indoor Skating Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Skating Facility	1	1	1	1	2	2	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	18	18	18	18	18	18	18
Business-type activities:										
Water Utility										
Miles of Mains	220	220	221	223	223	223	224	225	225	216
Hydrants	1,827	1,829	1,833	1,830	1,836	1,836	1,842	1,846	1,856	1,862
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	197	197	198	198	198	198	203	206	205	205

Sources:

City of Fond du Lac departmental 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**

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, 2021, 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 21, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

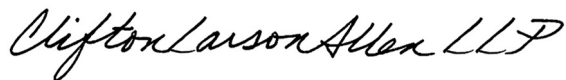
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 21, 2022

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**

City Council
City of Fond du Lac, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on each Major Federal Program and the Major State Program

We have audited the City of Fond du Lac, Wisconsin's (the City) compliance with the types of compliance requirements identified as subject to audit in the 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 the City's major federal programs and major state program for the year ended December 31, 2021. The City's major federal programs and major state program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and the major state program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program and the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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*. Our responsibilities under those standards and the Uniform Guidance and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and the major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

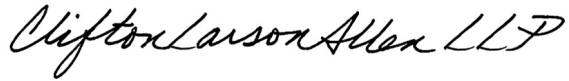
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City Council
City of Fond du Lac, Wisconsin

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.

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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 21, 2022

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/21	Total Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE								
U.S. Forest Service Great Lakes Restoration Initiative	10.675	Bay Lake Regional Planning Commission	16006-10D	\$ (2,500)	\$ -	\$ 2,500	\$ -	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Community Development Block Grants/Entitlement Grants	14.228	Direct Program	N/A	(670,431)	381,173	1,088,917	799,659	87,424
COVID-19: Community Development Block Grants/Entitlement Grants	14.228	Direct Program	N/A	-	-	213,091	213,091	-
Community Development Block Grant-Revolved Loan Funds								
Program Income	14.228	Direct Program	N/A	-	499,871	-	499,871	-
Total Community Development Block Grants				<u>(670,431)</u>	<u>881,044</u>	<u>1,302,008</u>	<u>1,512,621</u>	<u>87,424</u>
Total U.S. Department of Housing and Urban Development				(670,431)	881,044	1,302,008	1,512,621	87,424
U.S. DEPARTMENT OF JUSTICE								
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	Direct Program	N/A	(11,501)	-	11,501	-	-
Bulletproof Vest Partnership Program	16.607	Direct Program	N/A	-	908	-	908	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct Program	N/A	-	-	9,799	9,799	-
Asset Forfeiture Programs Equitable Sharing	16.922	Direct Program	N/A	4,648	-	(4,648)	-	-
Total U.S. Department of Justice				<u>(6,853)</u>	<u>908</u>	<u>16,652</u>	<u>10,707</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION								
Federal Transit Cluster:								
Federal Transit Formula Grants	20.507	Direct Program	N/A	(279,963)	900,483	-	620,520	-
COVID-19: Federal Transit Formula Grants	20.507	Direct Program	N/A	(211,940)	230,368	369,955	388,383	-
Total Federal Transit Cluster				<u>(491,903)</u>	<u>1,130,851</u>	<u>369,955</u>	<u>1,008,903</u>	<u>-</u>
Highway Safety Cluster								
State and Community Highway Safety	20.600	Fond du Lac County, WI	Unknown	-	4,816	-	4,816	-
Total U.S. Department of Transportation				(491,903)	1,135,667	369,955	1,013,719	-
U.S. DEPARTMENT OF TREASURY								
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	Wisconsin Department of Revenue	N/A	-	6,896,077	(6,896,077)	-	-
U.S. DEPARTMENT OF HOMELAND SECURITY								
Disaster Grants Public Assistance	97.036	Direct Program	N/A	-	2,345	-	2,345	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ (1,171,687)</u>	<u>\$ 8,916,041</u>	<u>\$ (5,204,962)</u>	<u>\$ 2,539,392</u>	<u>\$ 87,424</u>

See Notes to the Schedules of Expenditures of Federal and State Awards.

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2021**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 1/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/21	Total Expenditures	Passed Through to Subrecipients
DEPARTMENT OF NATURAL RESOURCES								
Urban Forestry	370.587	Direct Program	N/A	\$ -	\$ -	\$ 23,123	\$ 23,123	\$ -
Recreational Boating Facilities	370.573	Direct Program	N/A	(8,049)	19,528	-	11,479	-
Recreational Boating Facilities	370.573	Direct Program	N/A	(13,366)	16,403	-	3,037	-
Total Department of Natural Resources				(21,415)	35,931	23,123	37,639	-
DEPARTMENT OF TRANSPORTATION								
Transit Operating Aids	395.104	Direct Program	N/A	-	466,781	-	466,781	-
DEPARTMENT OF HEALTH SERVICES								
EMS Funding Assistance Program	435.167	Direct Program	N/A	2,734	-	(2,734)	-	-
DEPARTMENT OF MILITARY AFFAIRS								
Regional Emergency Response Teams	465.306	Direct Program	N/A	6,089	16,514	(11,897)	10,706	-
Hazardous Materials Emergency Preparedness	465.308	Fond du Lac County	11036 & 11163	15,000	15,004	(14,294)	15,710	-
Total Department of Military Affairs				21,089	31,518	(26,191)	26,416	-
TOTAL STATE PROGRAMS				<u>\$ 2,408</u>	<u>\$ 534,230</u>	<u>\$ (5,802)</u>	<u>\$ 530,836</u>	<u>\$ -</u>

See Notes to the Schedules of Expenditures of Federal and State Awards.

CITY OF FOND DU LAC, WISCONSIN
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

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 2021 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines* for all awards with the exception of CFDA 21.027, which follows criteria determined by the Department of the Treasury for allowability of costs. Under these principles, 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.

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
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|------------------------------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? _____ yes | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified? _____ yes | _____ <u>x</u> _____ none reported |
| 3. Noncompliance material to financial statements noted? _____ yes | _____ <u>x</u> _____ no |

Federal Awards

- | | |
|--|------------------------------------|
| 1. Internal control over major federal programs: | |
| • Material weakness(es) identified? _____ <u>x</u> _____ yes | _____ no |
| • Significant deficiency(ies) identified? _____ yes | _____ <u>x</u> _____ none reported |
| 2. Type of auditors' report issued on compliance for major federal programs: | |
| | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ <u>x</u> _____ yes | |
| | _____ no |

Identification of Major Federal Programs

Assistance Listing Numbers

20.507

14.228

Name of Federal Program or Cluster

Federal Transit Cluster

Federal Transit Formula Grants

Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes _____ x _____ no

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors' Results (Continued)

State Financial Assistance

1. Internal control over state programs:

- Material weakness(es) identified? _____ Yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

2. Type of auditors' report issued on compliance for state programs:

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?

_____ yes x no

Identification of Major State Programs

STATE I.D. Number

395.104

Name of State Program

Transit Operating Assistance

Dollar threshold used to distinguish between Type A and Type B state projects:

\$ 250,000

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section III – Findings and Questioned Costs – Federal and State Award Programs

2021-001	Special Reporting for Federal Funding Accountability and Transparency Act
	Federal Agency: U.S. Department of Housing and Urban Development Federal Program Name: Community Development Block Grant Assistance Listing Number – 14.228
Type of Finding:	Material Weakness in Internal Control Over Compliance
Criteria or Specific Requirement:	In accordance with 2 CFR Part 200 <i>Uniform</i> Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Federal Funding Accountability and Transparency Act requires compliance with reporting requirements. The City should have internal controls designed to ensure compliance with those provisions.
Condition:	During our audit testing, we noted that the City did not have adequate internal controls designed to ensure that reporting requirements were completed timely.
Questioned Costs:	None
Context:	While performing audit procedures, it was noted that the City did not report subawards to subrecipients in excess of \$30,000 as required by the Federal Fund Accountability and Transparency Act.
Cause:	The City does not have a system of internal controls in place to ensure compliance over reporting requirements.
Effect:	The City is not in compliance with reporting requirements. The City awarded one subaward in excess of \$30,000 and did not complete the special reporting required by the Federal Funding Accountability and Transparency Act timely.
Recommendation:	We recommend the City design and implement internal controls designed to ensure compliance with reporting requirements under the Federal Funding Accountability and Transparency Act.
Views of Responsible Officials:	There is no disagreement with the finding. The City will continue to review and enhance policies and procedures to ensure compliance in future years.

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section IV – Other Issues

1. Does the auditor have substantial doubt about the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:


Department of Natural Resources No

Department of Transportation No

Department of Health Services No

Department of Military Affairs No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of principal 
Bryan Grunewald, CPA

5. Date of Report July 21, 2022