



City of Fond du Lac, WI
First on the Lake



**Annual Comprehensive Financial Report
with Single Audit
Year ended December 31, 2022**

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INTRODUCTORY SECTION

July 31, 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, 2022. 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, 2022 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 44,412.

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's local unemployment remained historically low throughout 2022. The average unemployment rate in 2022 for the City of Fond du Lac was 2.6 percent, which is down from the average a year ago of 3.5 percent. The average unemployment rate for the State of Wisconsin in 2022 was 2.9 percent.

In 2022, 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 93 new housing units constructed, of which 31 units were one- and two-family and 62 were multi-family. Commercial and industrial growth continued in 2022 with \$115 million in construction of 9 new buildings and 166 additions and alterations.

Total equalized value (estimated fair market value) of real estate and personal property increased by 11.3% to \$3.6 billion in 2022 from 2021. Net new construction increased by over \$42.7 million, or 1.28% in 2022.

The former Northern Casket Company and Winnebago Cheese started their conversion and redevelopment into 62 multifamily units along the Brooke Street Corridor.

Aurora started their 60,000 sf clinic expansion and micro hospital addition to enhance their healthcare services to the community.

Wisconsin Lighting Lab completed their 22,000 sf building addition.

McNeilus Steel put the finishing details into their 72,000 sf building expansion in the City's Southwest Industrial Park.

The new 32,000 sf office building for Compeer Financial broke ground on Police Memorial Drive. The City saw increased interest from regional and national retailers including Scooters Coffee, Caribou Coffee, Tropical Smoothie Café, Club Car Wash and Harbor Freight.

Within the downtown, 25 new small businesses opened in spaces varying from retail spaces fronting Main Street to upper level office spaces. Of note, Hang 10 Poke moved from a being vendor at the farmers market to a bricks and mortar location. Fast Taco opened in a long vacant downtown building and offers both restaurant services as well as a small grocery store.

The former Younkens/Northwest Fabrics buildings were razed in preparation a future Froedtert/ThedaCare facility. IHOP opened in the former Applebee's/Monkey Joe's Pizza restaurant.

Long-term financial planning

Unassigned fund balance in the general fund (14.5 of the originally budgeted general fund expenditures) falls just outside 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. City leadership has implemented expenditure reduction commitments in 2023 along with a significant reduction in the use of fund balance applied to the 2024 budget in order to ensure a return to the 15% minimum policy.

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 2022 included a 0.8% increase in the property tax levy and no rate increases for residential garbage pickup or water and sewer utilities. The most significant issues facing the City for 2022 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 Annual Comprehensive 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 Annual Comprehensive Financial Report, whose contents conform to program standards. This report satisfies both generally accepted accounting principles and applicable legal requirements.

This is the twenty-seventh consecutive year the City of Fond du Lac has prepared an Annual Comprehensive Financial Report. The City received the Certificate of Achievement from the GFOA for the 1995 through 2021 Annual Comprehensive Financial Reports.

Acknowledgment

The preparation of the Annual Comprehensive 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



Tricia M. Davi
Director of Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fond du Lac
Wisconsin**

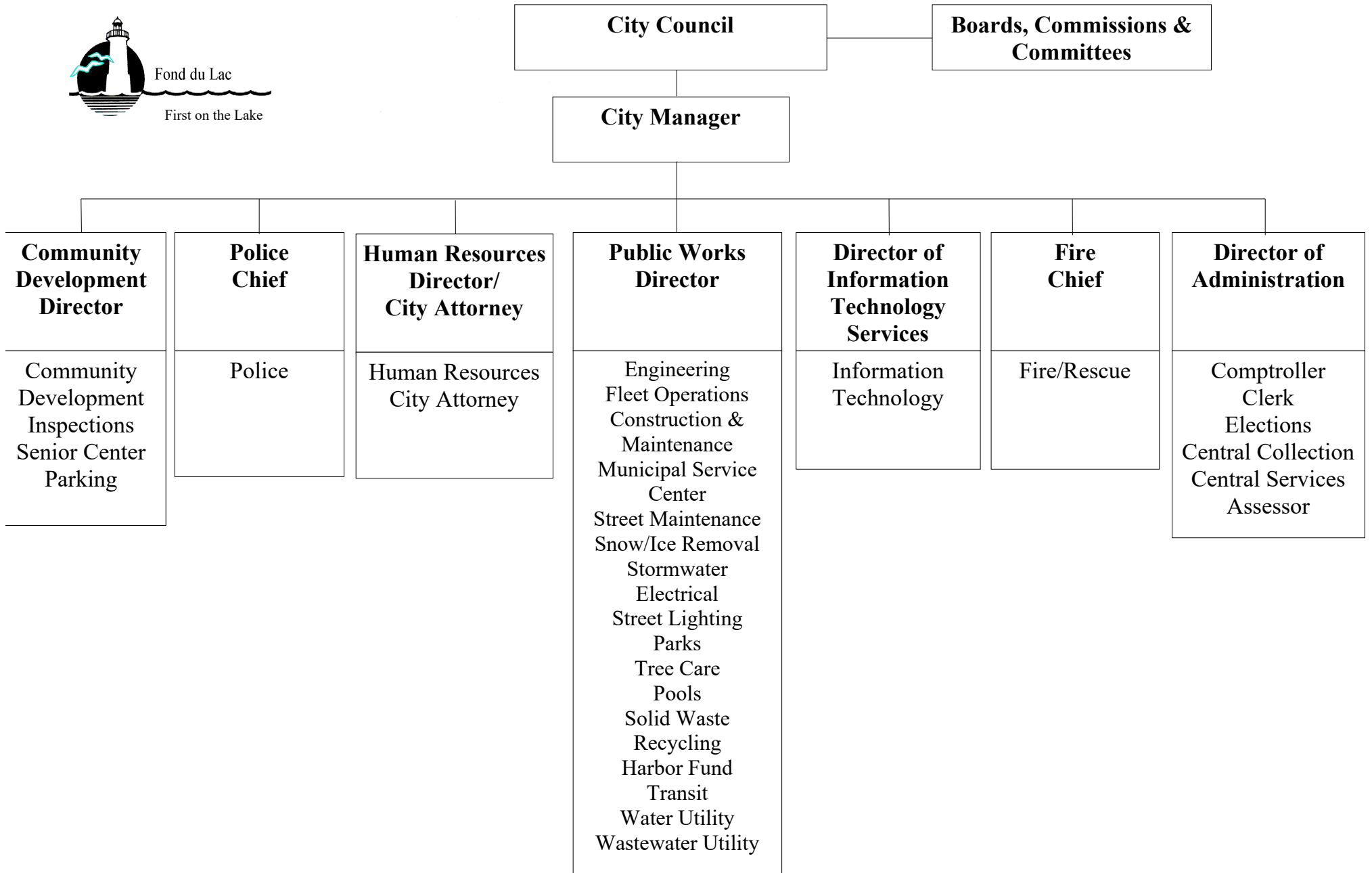
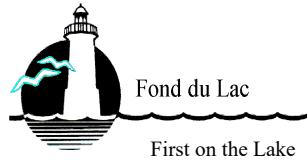
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Table of Organization



CITY OF FOND DU LAC

List of Principal Officials

December 31, 2022

Elected Officials

		<u>Term Expires</u>
Patrick C. Mullen	City Council President	April, 2023
Keith D. Heisler	City Council Vice-President	April, 2023
Tiffany S. Brault	City Council Member	April, 2023
Kenneth W. Cassaday	City Council Member	April, 2024
Jane E. Ricchio	City Council Member	April, 2024
Thomas A. Schuessler	City Council Member	April, 2024
Brett A. Zimmermann	City Council Member	April, 2024

Non-Elected Officials

Joseph P. Moore	City Manager
Tricia M. Davi	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
Erick S. Gerritson	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, 2022, 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, 2022, 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.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

As described in Note 19, the City recorded a prior period adjustment in the nonmajor governmental funds to decrease assets \$170,485, increase deferred inflows of resources \$827,690 and to decrease fund balance in the amount of \$998,175. In addition, the prior period adjustment effected the governmental activities and resulted in a decrease in assets and net position in the amount of \$170,486.

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 the 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 the 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 GAAS, 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, and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards, 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 also 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.

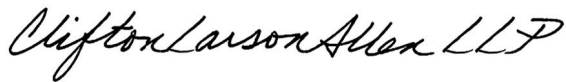
Other Information

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 27, 2023, 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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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, 2022. 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 2022 general fund operations was experienced through expenses.
- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows of resources at December 31, 2022 by \$273.4 million. Of this amount, \$26.2 million is unrestricted net position and may be used to meet City obligations to citizens and creditors.
- The City reported a total net position increase of \$12.6 million over the January 1 net position. The business-type activities had a \$5.8 million increase while the governmental activities had a \$6.8 million increase. The City incurred significant expenditures related to mitigating and dealing with the effects of the COVID-19 pandemic, which were reimbursed by CARES Act funding received by the State of Wisconsin. 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 \$10.5 million.
- The unrestricted net position of the business-type activities was \$15.7 million.
- The City's general fund balance increased by \$708,000, compared to the 2021 fund balance decrease of \$267,000. While fund balance was budgeted to decrease \$1.6 million in 2022, careful managing of expenditures led to a lessor decrease in fund balance. This lessened decrease will be helpful as the 2023 adopted budget anticipates using \$2.9 million in general fund balance.
- The debt service fund balance decreased \$9.9 million, while in 2021 the fund balance increased \$10.3 million. This large shift was due to timing of debt refinancing proceeds and debt redemption payments crossing over the end of the fiscal year. The City has a negative \$1.8 million deficiency of revenues under expenditures compared to a negative \$6.2 in 2021.
- The internal service fund for the self-funded City group health insurance benefits started 2022 with a net position of \$3.3 million and finished with a net position of \$1.8 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 and prescription claims, came in higher than budget and are responsible for the decrease in net position for 2022. Medical claims increased 39% when compared to 2021 and prescription claims 58% when compared to the same time period.
- Other governmental funds had combined increase in fund balances of \$9.3 million. All non-major governmental funds, with the exception of the solid waste and recycling fund, city grant programs, and transit had positive fund balances at December 31, 2022.
- During 2022, non-major capital project funds produced a net \$6.8 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 2022 which caused the net decrease in its fund balance. All other capital project funds had a net increase in fund balance due to the funding of projects that were not completed at year end.
- Non-major special revenue funds had an overall increase in fund balance of \$2.5 million. Significant increases and decreases are explained in more detail below:
 - The Transit Fund had a decrease in fund balance of \$802,000. This is due to the timing of the receipt of Federal Operating Aids. Funds for program year 2022 were not made available to the City until April of 2023, resulting in a recording of deferred revenues of \$747,000. The funds were received in 2023 and will return the Transit fund to a more positive 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 \$1.0 mil.
 - The Library Fund had an increase in fund balance of \$76,000 due to short-term staffing vacancies throughout the year and a more focused approach to expenditure monitoring.
 - The Solid Waste and Recycling fund had a decrease in fund balance of \$163,000. In the Solid Waste portion of the fund, the increased costs of purchasing new capital equipment in the form of garbage trucks resulted in a decrease in fund balance of \$92,000. In the Recycling portion of the fund, costs for disposal of recycling materials increased 3%, while the amount of funding received from the State Recycling Grant decreased 0.3%.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

- The Tax Incremental Financing Districts Fund experienced a \$1.4 million increase in fund balance due increased increment values in the TIDs. The average increase in each of the City's 12 active TIDs was 9%.
- The Harbor and Boating Facilities fund experienced a \$95,000 increase in fund balance, due to a slight increase in boat slip fees, with less dock maintenance expenses than anticipated.

Overview of the Financial Statement

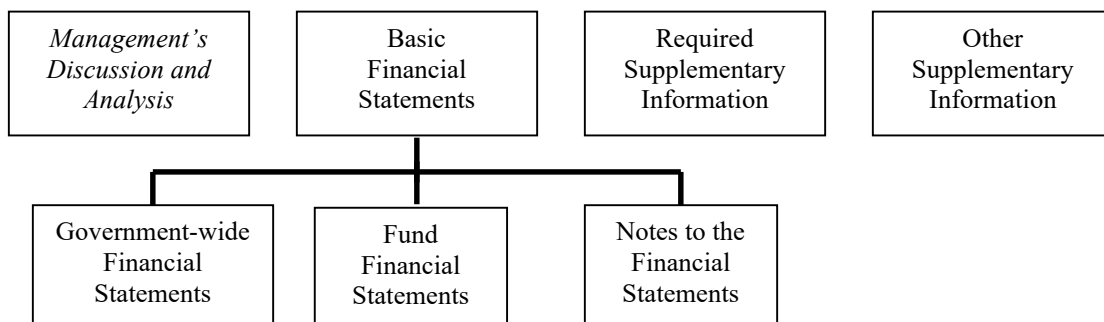
This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds and internal service funds. The basic financial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

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

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

Components of the Financial Section



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).

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fond du Lac, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fond du Lac can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Data from the other twenty three 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, 2022

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 \$273,412,537 at the close of 2022.

By far, the largest portion of the City of Fond du Lac's net position, 77 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 113,762	\$ 101,079	\$ 28,075	\$ 27,644	\$ 141,837	\$ 128,723
Capital assets	143,651	141,869	187,297	186,288	330,948	328,157
Total assets	257,413	242,948	215,372	213,932	472,785	456,880
Deferred outflows of resources						
Pension/OPEB	31,888	21,515	2,516	1,617	34,404	23,132
Non-current liabilities	81,789	76,192	32,240	36,442	114,029	112,634
Current and other liabilities	33,342	33,593	10,608	10,793	43,950	44,386
Total liabilities	115,131	109,785	42,848	47,235	157,979	157,020
Deferred inflows of resources						
Property taxes	34,949	32,695	-	-	34,949	32,695
Other	44	-	-	-	44	-
Pension /OPEB	37,939	27,360	2,926	1,994	40,865	29,354
Total deferred inflows	72,932	60,055	2,926	1,994	75,858	62,049
Net position:						
Net investment in						
capital assets	63,747	53,631	147,664	142,287	211,411	195,918
Restricted	26,959	31,890	8,752	8,135	35,711	40,025
Unrestricted	10,532	9,102	15,697	15,898	26,229	25,000
Total net position	\$ 101,238	\$ 94,623	\$ 172,113	\$ 166,320	\$ 273,351	\$ 260,943

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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 2022.

Changes in Net Position (in thousands)

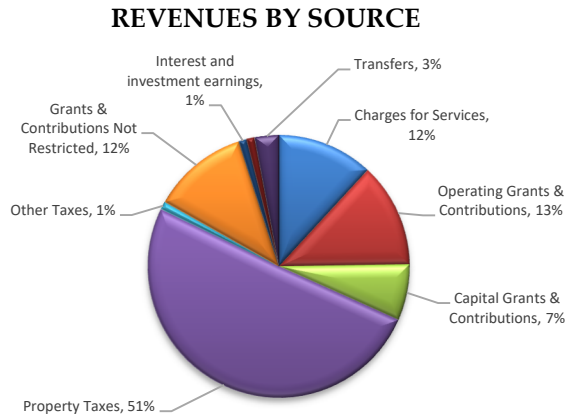
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 7,414	\$ 7,273	\$ 26,111	\$ 24,709	\$ 33,525	\$ 31,982
Operating grants and contributions	8,602	7,453	286	-	8,888	7,453
Capital grants and contributions	3,716	4,869	-	-	3,716	4,869
General revenues:						
Property taxes	32,433	30,318	-	-	32,433	30,318
Other taxes	526	455	-	-	526	455
Federal and State grants and other contributions not restricted to specific functions	7,596	7,458	-	15	7,596	7,473
Interest and investment earnings	336	-	226	139	562	139
Miscellaneous	324	556	-	-	324	556
Gain on sale of asset	270	224	40	14	310	238
Total revenues	61,217	58,606	26,663	24,877	87,880	83,483
Expenses:						
General government	3,420	2,864	-	-	3,420	2,864
Public safety	20,809	18,624	-	-	20,809	18,624
Public works	18,464	14,756	-	-	18,464	14,756
Culture and recreation	6,179	5,687	-	-	6,179	5,687
Community and development	5,934	5,694	-	-	5,934	5,694
Interest and fiscal charges	1,858	2,380	-	-	1,858	2,380
Water	-	-	8,746	8,134	8,746	8,134
Wastewater	-	-	9,892	9,694	9,892	9,694
Total expenses	56,664	50,005	18,638	17,828	75,302	67,833
Increase (decrease) in net position before transfers	4,553	8,601	8,025	7,049	12,578	15,650
Transfers	2,233	1,829	(2,233)	(1,829)	-	-
Increase (decrease) in net position	6,786	10,430	5,792	5,220	12,578	15,650
Net position - 1/1 restated	94,452	84,022	166,320	161,100	260,772	245,122
Net position - 12/31	\$ 101,238	\$ 94,452	\$ 172,112	\$ 166,320	\$ 273,350	\$ 260,772

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

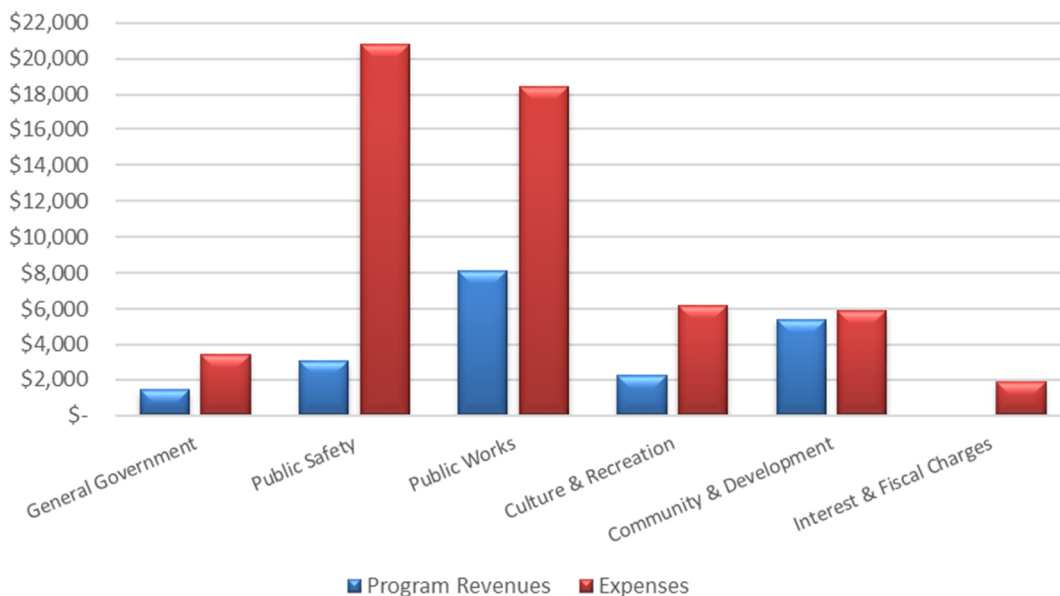
Governmental activities.

Revenues and transfers for the City's governmental activities were \$63.4 million. Property taxes are the largest source of governmental activity revenues at \$32.4 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 \$20.8 million or 37 percent. Public works is the next largest area of expense at \$18.5 million or 33 percent. The blue bars indicate the program revenues by function. The graph reflects that most of the expenses are not financed by program revenues, but rather by general property tax and other general revenues. Community Development includes the Inspections Division which collects significant revenues in the form of building permits. Public Safety includes ambulance services with fees billed to the patient. Public works program revenues includes state transportation aids for streets and highways, solid waste collection user fees, state recycling grants, and state and federal transit aids and user fees.

Program Revenues and Expenses
(thousands)



City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

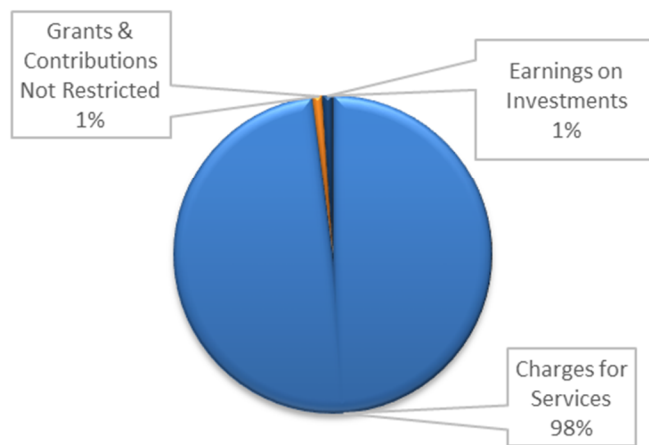
Business-type activities.

The business-type activities of the Water and Wastewater utilities increased the City's net position by \$5.8 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.

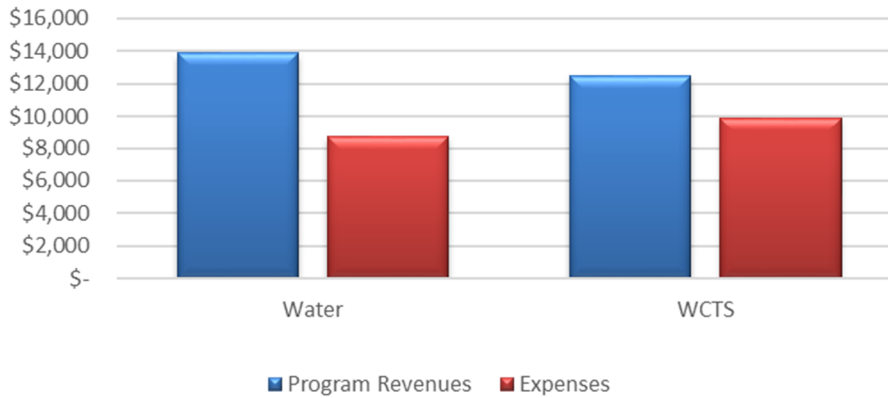
The last Wastewater Utility- rate increase was implemented in 2009.

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, 2022

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, 2022 represents 15.6 percent of total actual 2022 general fund expenditures, while total fund balance represents 26.7 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 increased by \$708,000 in 2022, significantly better than the budgeted decrease of \$1.6 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 \$5.9 million during 2022. The net investment in capital assets increased from 142 million in 2021 to 148 million in 2022. Increases from large capital projects offset by annual depreciation costs has increased the net investment in capital assets. 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 \$301,510. The changes between original budget and the final budget were the result of the roll-over of encumbrances from 2022. 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 2023 budget.

General fund revenue and expenditure budget variances-explanation.

During this year, the net increase in fund balance was \$2.6 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$16,000 positive budget variance.
 - While revenues in fines and forfeits and public charges for services were lower than budgeted intergovernmental and licenses and permits came in higher than budgeted.
- Total expenditures provided for a net \$2.7 million favorable budget variance across all general fund divisions.
 - General government had an overall negative variance of \$76,000 due to efficiencies implemented and delays in filling vacancies.
 - Public safety saw a favorable budget variance of \$1.9 million. Police wages and benefits were under budget by \$1.2 million, and Fire Rescue wages and benefits were under budget by \$604,000, both primarily due to a younger workforce choosing single health insurance coverage and unfilled vacancies. Police also experienced \$80,000 lower than anticipated costs in custodial services, lab supplies, equipment expenses, and ammunition, due to supply issues.
 - The department of public works had a net \$398,000 favorable variance.
 - Snow & Ice removal experienced a \$96,000 favorable variance due to less major snow events requiring plowing and salting of City streets. This positive variance offset negative variances in other public works areas.
 - Street Lights ended with a \$41,000 unfavorable variance, due to high bid prices, contractor availability, and the high price of materials.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

- The municipal service center ended with a \$104,000 negative variance. The variance is due to the high price of automotive maintenance and supplies.
 - Fleet Operations wages and benefits were under budget by \$86,000, 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 2022 make up the remaining \$362,000 favorable variance for public works
 - Culture and recreation had a \$184,000 favorable variance.
 - Parks had a favorable budget variance of \$51,000 primarily due to the inability to hire interested long-term seasonal employees..
 - The City pools had a positive budget variance of 90,000, due to favorable bids for outside services and building and equipment repairs.
 - Tree Care had a favorable budget variance of \$32,000, due to undertaking tree care projects internally versus needing outside services.
 - Community and development had a \$182,000 favorable variance.
 - Community development had a favorable variance of \$53,000 due to savings in group health insurance costs, employment vacancy, and small savings in other operational accounts.
 - Economic development had a favorable variance of \$17,000, due to a decrease in funding requests for various downtown improvement projects.
 - Parking Facilities had a \$70,000 favorable variance in road repair and supplies due to actual expenses being less than budgeted for the year.
 - Inspections had a \$43,000 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, 2022, amounts to \$330,947,760 (net of accumulated depreciation and amortization). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, equipment, and right to use assets.

Capital Assets

(net of depreciation and amortization, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and construction in progress	\$ 10,461	\$ 7,791	\$ 3,168	\$ 3,040	\$ 13,629	\$ 10,831
Infrastructure	104,929	104,750	-	-	104,929	104,750
Buildings and improvements	15,756	16,700	51,672	53,960	67,428	70,660
Land improvements	3,021	3,037	111,455	101,413	114,476	104,450
Machinery and equipment	9,484	9,591	21,002	27,875	30,486	37,466
Total	\$ 143,651	\$ 141,869	\$ 187,297	\$ 186,288	\$ 330,948	\$ 328,157

Capital assets net of depreciation and amortization increased by \$2.8 million, or .9 percent. The business-type activities had a net increase of \$1,008,654. Governmental capital assets, net of depreciation and amortization increased by \$1,782,226 due largely to 2022 capital asset additions outpacing depreciation and amortization expense.

City of Fond du Lac, Wisconsin

MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Major governmental capital activity included street and stormwater infrastructure of \$7.1 million. Construction in progress at the end of the year includes the Street reconstruction projects and building renovations to various facilities with combined costs incurred of \$3.6 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 \$3.9 million of utility street reconstruction. Significant Wastewater projects included \$3.3 million of utility street reconstruction. Depreciation and amortization expense for 2022 was \$6.5 million which included \$3.4 million for water and \$3.1 million for wastewater.

Additional information on the City’s capital assets can be found in Note 6 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 \$125,016,852.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 13,365	\$ 23,750	\$ -	\$ -	\$ 13,365	\$ 23,750
General obligation notes	73,295	65,345	-	-	73,295	65,345
Note anticipation notes	-	-	-	-	-	-
Revenue bonds	-	-	38,357	42,804	38,357	42,804
Total	\$ 86,660	\$ 89,095	\$ 38,357	\$ 42,804	\$ 125,017	\$ 131,899

The total debt of the City of Fond du Lac decreased \$6.9 million, or 5 percent during 2022.

- The City issued tax-exempt general obligation notes of \$16,015,000 to finance the portion of the City’s 2022 general capital improvement projects not funded by operating revenues or existing financial resources.
- The City issued waterworks system refunding bonds of \$3,280,000. 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, 2022 was \$185,150,775, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$86,660,000. The available legal margin for new debt was \$98,490,775.

Additional information on the City’s debt may be found in note 8 of the Notes to Basic Financial Statements.

Economic Factors and Next Year’s budgets and Rates

- The 2022 average unemployment rate for the City of Fond du Lac was 2.6 percent, which is down from an average of 3.5 percent a year ago. The current unemployment rate is drastically lower than the coronavirus pandemic induced 19.3 percent from April 2020.
- Population in the City of Fond du lac increased slightly from 2021 to 2022.

City of Fond du Lac, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

- The City's total 2022 property tax levy to fund the 2023 budget increased 3.5 percent. \$360,973 of the increase was the result of the allowable growth increase, but increased debt service was the primary source of the levy limit increase.
- 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 2023 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 2022 are as follows:

- The water utility had a 6.8 percent rate increase in December 2015, with no proposed rate increase for 2023. 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 2023 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2023.

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, 2022**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 54,156,205	\$ 7,857,607	\$ 62,013,812
Receivables:			
Taxes and Special Charges	32,126,553	-	32,126,553
Delinquent Taxes	388,083	-	388,083
Accounts	1,953,254	6,391,591	8,344,845
Special Assessments	229,870	865,146	1,095,016
Loans	4,549,221	-	4,549,221
Leases	44,136	-	44,136
Internal Balances	(425,216)	425,216	-
Due from Other Governments	3,912,756	3,147,803	7,060,559
Prepaid Supplies and Items	823,011	559,317	1,382,328
Other Noncurrent Assets	-	76,138	76,138
Restricted Assets:			
Cash and Investments	-	7,526,036	7,526,036
Net Pension Asset	16,003,814	1,226,015	17,229,829
Capital Assets, Not Being Depreciated	10,461,488	3,167,678	13,629,166
Capital Assets, Being Depreciated and Amortized, Net	133,189,562	184,129,032	317,318,594
Total Assets	<u>257,412,737</u>	<u>215,371,579</u>	<u>472,784,316</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	31,202,544	2,413,300	33,615,844
Other Postemployment Benefit Related Amounts	685,952	102,499	788,451
Total Deferred Outflows of Resources	<u>31,888,496</u>	<u>2,515,799</u>	<u>34,404,295</u>
LIABILITIES			
Accounts Payable	3,293,150	575,702	3,868,852
Accrued and Other Current Liabilities	2,553,915	2,015,084	4,568,999
Due to Other Governments	957,342	-	957,342
Accrued Interest Payable	768,051	244,293	1,012,344
Special Deposits	1,351,561	1,600	1,353,161
Unearned Revenues	12,116,074	231,565	12,347,639
Long-Term Obligations:			
Due Within One Year	12,081,304	7,510,836	19,592,140
Due in More Than One Year:	79,824,292	31,942,877	111,767,169
Other Postemployment Benefits Liability			
Due Within One Year	220,000	30,000	250,000
Due in More Than One Year	1,965,091	296,508	2,261,599
Total Liabilities	<u>115,130,780</u>	<u>42,848,465</u>	<u>157,979,245</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	34,949,622	-	34,949,622
Lease Related	44,136	-	44,136
Pension Related Amounts	37,671,036	2,885,891	40,556,927
Other Postemployment Benefit Related Amounts	267,685	40,000	307,685
Total Deferred Inflows of Resources	<u>72,932,479</u>	<u>2,925,891</u>	<u>75,858,370</u>
NET POSITION			
Net Investment in Capital Assets	63,746,886	147,664,406	211,411,292
Restricted for:			
Debt Service	-	3,328,964	3,328,964
Equipment Replacement	-	4,197,072	4,197,072
Community Development and Loans	7,116,740	-	7,116,740
Tax Incremental District Activities	3,838,704	-	3,838,704
Pension Benefits	16,003,814	1,226,015	17,229,829
Unrestricted	<u>10,531,830</u>	<u>15,696,565</u>	<u>26,228,395</u>
Total Net Position	<u>\$ 101,237,974</u>	<u>\$ 172,113,022</u>	<u>\$ 273,350,996</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) 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	\$ 3,420,020	\$ 1,129,913	\$ 288,020	\$ -	\$ (2,002,087)	\$ -	\$ (2,002,087)
Public Safety:							
Police	12,121,884	171,270	404,087	-	(11,546,527)	-	(11,546,527)
Fire and Rescue	8,686,938	2,100,284	752,973	-	(5,833,681)	-	(5,833,681)
Public Works	18,463,648	1,968,219	4,165,545	1,949,025	(10,380,859)	-	(10,380,859)
Culture and Recreation	6,178,699	559,083	1,405,514	272,018	(3,942,084)	-	(3,942,084)
Community and Development	5,934,201	1,485,569	1,585,419	1,494,554	(1,368,659)	-	(1,368,659)
Interest and Fiscal Charges	1,858,431	-	-	-	(1,858,431)	-	(1,858,431)
Total Governmental Activities	56,663,821	7,414,338	8,601,558	3,715,597	(36,932,328)	-	(36,932,328)
BUSINESS-TYPE ACTIVITIES							
Water Utility	8,745,669	13,595,801	286,493	-	-	5,136,625	5,136,625
Wastewater Utility	9,892,152	12,514,920	-	-	-	2,622,768	2,622,768
Total Business-Type Activities	18,637,821	26,110,721	286,493	-	-	7,759,393	7,759,393
Total	\$ 75,301,642	\$ 33,525,059	\$ 8,888,051	\$ 3,715,597	(36,932,328)	7,759,393	(29,172,935)
GENERAL REVENUES							
Taxes:							
Property Taxes					32,433,029	-	32,433,029
Other Taxes					526,031	-	526,031
Federal and State Grants and Other Contributions							
Not Restricted to Specific Functions					7,595,989	-	7,595,989
Interest and Investment Earnings					336,133	226,353	562,486
Miscellaneous					323,573	-	323,573
Gain on Sale of Asset					269,880	40,004	309,884
TRANSFERS					2,232,865	(2,232,865)	-
Total General Revenues and Transfers					43,717,500	(1,966,508)	41,750,992
CHANGE IN NET POSITION							
					6,785,172	5,792,885	12,578,057
Net Position - Beginning of Year, as Originally Reported					94,623,288	166,320,137	260,943,425
Prior Period Adjustment					(170,486)	-	(170,486)
Net Position - Beginning of Year, as Restated					94,452,802	166,320,137	260,772,939
NET POSITION - END OF YEAR					\$ 101,237,974	\$ 172,113,022	\$ 273,350,996

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

ASSETS	General	ARPA	Debt Service	Other Governmental Funds	Totals
Cash and Investments	\$ 13,843,546	\$ 11,687,187	\$ 614,987	\$ 25,086,783	\$ 51,232,503
Receivables:					
Taxes and Special Charges	13,851,444	-	9,300,000	8,975,109	32,126,553
Delinquent Taxes	388,083	-	-	-	388,083
Accounts	1,703,991	-	-	175,353	1,879,344
Special Assessments	211,381	-	-	18,489	229,870
Loans	-	-	-	4,549,221	4,549,221
Leases	44,136	-	-	-	44,136
Due from Other Funds	452,317	-	-	-	452,317
Due from Other Governments	474,976	570,606	-	2,867,174	3,912,756
Prepaid Supplies and Items	719,001	-	-	37,338	756,339
Total Assets	\$ 31,688,875	\$ 12,257,793	\$ 9,914,987	\$ 41,709,467	\$ 95,571,122
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 589,792	\$ 312,080	\$ -	\$ 2,203,660	\$ 3,105,532
Accrued and Other Current Liabilities	1,557,543	-	-	129,412	1,686,955
Due to Other Funds	-	-	-	452,317	452,317
Due to Other Governments	957,342	-	-	-	957,342
Special Deposits	1,341,611	-	-	9,950	1,351,561
Unearned Revenues	53,817	11,945,713	-	116,544	12,116,074
Total Liabilities	4,500,105	12,257,793	-	2,911,883	19,669,781
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	16,675,872	-	9,300,000	8,973,750	34,949,622
Loans Receivable	-	-	-	4,549,221	4,549,221
Lease Related	44,136	-	-	-	44,136
Special Assessments	123,431	-	-	-	123,431
Other Unavailable Revenues	1,364,553	538,802	-	1,208,246	3,111,601
Total Deferred Inflows of Resources	18,207,992	538,802	9,300,000	14,731,217	42,778,011
FUND BALANCES					
Nonspendable	719,001	-	-	37,338	756,339
Restricted	-	-	614,987	17,660,749	18,275,736
Committed	110,600	-	-	7,299,170	7,409,770
Assigned	2,919,895	-	-	-	2,919,895
Unassigned	5,231,282	(538,802)	-	(930,890)	3,761,590
Total Fund Balances	8,980,778	(538,802)	614,987	24,066,367	33,123,330
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,688,875	\$ 12,257,793	\$ 9,914,987	\$ 41,709,467	\$ 95,571,122

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, 2022**

Fund Balances - Total Governmental Funds	\$ 33,123,330
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.	143,649,608
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	7,784,255
Long-term assets are not current financial resources and, therefore, are not reported in the funds.	
Net Pension Asset	16,003,814
Net position of the internal service fund is reported in the statement of net position as governmental activities.	1,999,560
Some deferred outflows and inflows of resources are not reported in the funds.	
Deferred Outflows Related to Pensions	31,202,544
Deferred Inflows Related to Pensions	(37,671,036)
Deferred Outflows Related to Other Postemployment Benefits	685,952
Deferred Inflows Related to Other Postemployment Benefits	(267,685)
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.	(425,216)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(86,660,000)
Lease Liability	(159,451)
Debt Premium	(3,304,511)
Compensated Absences	(1,770,048)
Other Postemployment Benefits Liability	(2,185,091)
Accrued Interest on Long-Term Obligations	(768,051)
Net Position of Governmental Activities	<u><u>\$ 101,237,974</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	ARPA	Debt Service Fund	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 16,795,182	\$ -	\$ 8,680,000	\$ 7,483,878	\$ 32,959,060
Special Assessments	107,774	-	-	-	107,774
Intergovernmental	10,649,689	1,890,439	-	5,216,235	17,756,363
Licenses and Permits	1,595,292	-	-	-	1,595,292
Fines and Forfeits	325,740	-	-	-	325,740
Public Charges for Services	2,375,073	-	-	1,899,012	4,274,085
Intergovernmental Charges for Services	3,661	-	-	-	3,661
Miscellaneous	760,887	-	-	896,447	1,657,334
Total Revenues	<u>32,613,298</u>	<u>1,890,439</u>	<u>8,680,000</u>	<u>15,495,572</u>	<u>58,679,309</u>
EXPENDITURES					
Current:					
General Government	3,435,216	30,000	9,500	342,563	3,817,279
Public Safety	20,645,498	217,213	-	231,127	21,093,838
Public Works	5,865,121	6,600	-	4,257,694	10,129,415
Culture and Recreation	2,099,748	-	-	3,694,914	5,794,662
Community and Development	1,349,183	-	-	1,097,721	2,446,904
Debt Service:					
Principal	6,649	-	8,200,000	-	8,206,649
Interest and Fiscal Charges	4,830	-	2,296,735	-	2,301,565
Capital Outlay	186,730	2,175,428	-	12,286,220	14,648,378
Total Expenditures	<u>33,592,975</u>	<u>2,429,241</u>	<u>10,506,235</u>	<u>21,910,239</u>	<u>68,438,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(979,677)	(538,802)	(1,826,235)	(6,414,667)	(9,759,381)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	16,015,000	16,015,000
Lease Proceeds	166,100	-	-	-	166,100
Premium on Debt Issued	-	-	679,938	-	679,938
Principal Paid from Refunding Debt	-	-	(10,250,000)	-	(10,250,000)
Proceeds from Sale of Capital Assets	161,774	-	-	108,106	269,880
Transfers In	1,683,961	-	1,542,941	2,986,724	6,213,626
Transfers Out	(324,400)	-	-	(3,369,385)	(3,693,785)
Total Other Financing Sources (Uses)	<u>1,687,435</u>	<u>-</u>	<u>(8,027,121)</u>	<u>15,740,445</u>	<u>9,400,759</u>
NET CHANGE IN FUND BALANCES	<u>707,758</u>	<u>(538,802)</u>	<u>(9,853,356)</u>	<u>9,325,778</u>	<u>(358,622)</u>
Fund Balances - Beginning of Year, as Originally Reported	8,273,020	-	10,468,343	15,738,765	34,480,128
Prior Period Adjustment	-	-	-	(998,176)	(998,176)
Fund Balances - Beginning of Year, as Restated	<u>8,273,020</u>	<u>-</u>	<u>10,468,343</u>	<u>14,740,589</u>	<u>33,481,952</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,980,778</u>	<u>\$ (538,802)</u>	<u>\$ 614,987</u>	<u>\$ 24,066,367</u>	<u>\$ 33,123,330</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, 2022**

Net Changes in Fund Balances - Total Governmental Funds \$ (358,622)

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	14,648,378
Items Reported as Capital Outlay, But Not Capitalized	(2,541,274)
Depreciation and Amortization Expense Reported in the Statement of Activities	(10,326,320)

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.

1,302,513

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 the repayment reduces long-term liabilities in the statement of net position.

Long-Term Debt Issued	(16,015,000)
Lease Liability Issued	(166,100)
Premium on Debt Issued	(679,938)
Principal Repaid on General Obligation Bonds and Notes	18,450,000
Principal Repaid on Lease Liability	6,649

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	(124,907)
Amortization of Premiums	568,041
Compensated Absences	(27,035)
Net Pension Asset	3,533,186
Deferred Outflows of Resources Related to Pensions	10,529,989
Deferred Inflows of Resources Related to Pensions	(10,358,747)
Other Postemployment Benefits Liability	172,399
Deferred Outflows of Resources Related to Other Postemployment Benefits	(156,740)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(219,058)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

(1,452,242)

Change in Net Position of Governmental Activities

\$ 6,785,172

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 16,760,446	\$ 16,760,446	\$ 16,795,182	\$ 34,736
Special Assessments	100,000	100,000	107,774	7,774
Intergovernmental	10,765,282	10,765,282	10,649,689	(115,593)
Licenses and Permits	1,296,530	1,296,530	1,595,292	298,762
Fines and Forfeits	430,000	430,000	325,740	(104,260)
Public Charges for Services	2,825,665	2,825,665	2,375,073	(450,592)
Intergovernmental Charges for Services	5,000	5,000	3,661	(1,339)
Miscellaneous	414,700	414,700	760,887	346,187
Total Revenues	<u>32,597,623</u>	<u>32,597,623</u>	<u>32,613,298</u>	<u>15,675</u>
EXPENDITURES				
Current:				
General Government	3,345,050	3,359,208	3,435,216	(76,008)
Public Safety	22,420,701	22,563,007	20,645,498	1,917,509
Public Works	6,234,600	6,263,210	5,865,121	398,089
Culture and Recreation	2,273,513	2,283,444	2,099,748	183,696
Community and Development	1,561,004	1,531,501	1,349,183	182,318
Debt Service:				
Principal	-	-	6,649	(6,649)
Interest and Fiscal Charges	-	-	4,830	(4,830)
Capital Outlay	150,000	286,008	186,730	99,278
Total Expenditures	<u>35,984,868</u>	<u>36,286,378</u>	<u>33,592,975</u>	<u>2,693,403</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,387,245)	(3,688,755)	(979,677)	2,709,078
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	166,100	166,100
Proceeds from Sale of Capital Assets	2,500	2,500	161,774	159,274
Transfers In	2,155,422	2,155,422	1,683,961	(471,461)
Transfers Out	(331,732)	(331,732)	(324,400)	7,332
Total Other Financing Sources (Uses)	<u>1,826,190</u>	<u>1,826,190</u>	<u>1,687,435</u>	<u>(138,755)</u>
NET CHANGE IN FUND BALANCE	(1,561,055)	(1,862,565)	707,758	2,570,323
Fund Balance - Beginning of Year	<u>8,273,020</u>	<u>8,273,020</u>	<u>8,273,020</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,711,965</u>	<u>\$ 6,410,455</u>	<u>\$ 8,980,778</u>	<u>\$ 2,570,323</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,998,516	\$ 5,859,091	\$ 7,857,607	\$ 2,923,701
Receivables:				
Customer Accounts	3,827,027	2,564,564	6,391,591	73,910
Special Assessments	609,716	255,430	865,146	-
Prepaid Supplies and Items	559,317	-	559,317	66,672
Total Current Assets	<u>6,994,576</u>	<u>8,679,085</u>	<u>15,673,661</u>	<u>3,064,283</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	3,328,964	4,197,072	7,526,036	-
Due from Other Governments	-	3,147,803	3,147,803	-
Other Assets	76,138	-	76,138	-
Net Pension Asset	493,052	732,963	1,226,015	-
Total Noncurrent Assets	<u>3,898,154</u>	<u>8,077,838</u>	<u>11,975,992</u>	<u>-</u>
Capital Assets:				
Not Being Depreciated and Amortized	387,830	2,779,848	3,167,678	-
Being Depreciated and Amortized, Net	<u>77,331,647</u>	<u>106,797,385</u>	<u>184,129,032</u>	<u>1,442</u>
Total Capital Assets	<u>77,719,477</u>	<u>109,577,233</u>	<u>187,296,710</u>	<u>1,442</u>
Total Noncurrent Assets	<u>81,617,631</u>	<u>117,655,071</u>	<u>199,272,702</u>	<u>1,442</u>
Total Assets	88,612,207	126,334,156	214,946,363	3,065,725
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	963,158	1,450,142	2,413,300	-
Other Postemployment Benefit Related Amounts	<u>47,307</u>	<u>55,192</u>	<u>102,499</u>	<u>-</u>
Total Deferred Outflows of Resources	1,010,465	1,505,334	2,515,799	-

See accompanying Notes to Basic Financial Statements.

CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Enterprise Funds		Totals	Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility		
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 237,407	\$ 338,295	\$ 575,702	\$ 187,619
Accrued and Other Current Liabilities	1,935,918	79,166	2,015,084	866,960
Accrued Interest Payable	189,008	55,285	244,293	-
Special Deposits	1,600	-	1,600	-
Unearned Revenue	211,454	20,111	231,565	-
Compensated Absences	17,428	35,231	52,659	10,066
Current Portion of Long-Term Debt	3,382,202	4,071,392	7,453,594	-
Current Portion of Lease Liability	2,364	2,219	4,583	299
Current Portion of Other Postemployment Benefits Liability	15,000	15,000	30,000	-
Total Current Liabilities	<u>5,992,381</u>	<u>4,616,699</u>	<u>10,609,080</u>	<u>1,064,944</u>
Long-Term Obligations, Less Current Portion:				
Revenue Bonds	21,484,190	10,440,336	31,924,526	-
Lease Liability	9,638	8,713	18,351	1,221
Other Postemployment Benefits Liability	135,696	160,812	296,508	-
Total Long-Term Liabilities	<u>21,629,524</u>	<u>10,609,861</u>	<u>32,239,385</u>	<u>1,221</u>
Total Liabilities	27,621,905	15,226,560	42,848,465	1,066,165
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	1,160,584	1,725,307	2,885,891	-
Other Postemployment Benefit Related Amounts	18,461	21,539	40,000	-
Total Deferred Inflows of Resources	<u>1,179,045</u>	<u>1,746,846</u>	<u>2,925,891</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	52,728,833	94,935,573	147,664,406	(78)
Restricted for Debt Service	3,328,964	-	3,328,964	-
Restricted for Equipment Replacement	-	4,197,072	4,197,072	-
Restricted for Pension Benefits	493,052	732,963	1,226,015	-
Unrestricted	4,270,873	11,000,476	15,271,349	1,999,638
Total Net Position	<u>\$ 60,821,722</u>	<u>\$ 110,866,084</u>	171,687,806	<u>\$ 1,999,560</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>425,216</u>	
Net Position of Business-Type Activities as Reported on the Statement of Net Position			<u>\$ 172,113,022</u>	

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, 2022

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
OPERATING REVENUES				
Charges for Services	\$ 13,271,437	\$ 12,403,890	\$ 25,675,327	\$ 7,439,314
Other	324,364	111,030	435,394	-
Total Operating Revenues	<u>13,595,801</u>	<u>12,514,920</u>	<u>26,110,721</u>	<u>7,439,314</u>
OPERATING EXPENSES				
Personal Services	1,159,742	1,782,941	2,942,683	623,921
Contractual Services	833,131	2,156,050	2,989,181	992,556
Materials and Supplies	2,226,303	1,757,928	3,984,231	228,609
Utilities	594,411	638,698	1,233,109	6,012
Insurance Claims and Expenses	-	-	-	6,930,962
Depreciation and Amortization	3,122,489	3,105,715	6,228,204	120
Taxes	103,703	-	103,703	-
Total Operating Expenses	<u>8,039,779</u>	<u>9,441,332</u>	<u>17,481,111</u>	<u>8,782,180</u>
OPERATING INCOME (LOSS)	5,556,022	3,073,588	8,629,610	(1,342,866)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	40,033	186,320	226,353	-
Intergovernmental Grants	286,493	-	286,493	-
Gain on Disposal of Capital Assets	27,079	12,925	40,004	-
Interest and Fiscal Charges	<u>(615,797)</u>	<u>(363,264)</u>	<u>(979,061)</u>	<u>(49)</u>
Total Nonoperating Revenues (Expenses)	<u>(262,192)</u>	<u>(164,019)</u>	<u>(426,211)</u>	<u>(49)</u>
INCOME (LOSS) BEFORE TRANSFERS	5,293,830	2,909,569	8,203,399	(1,342,915)
Transfers Out	<u>(2,232,865)</u>	<u>-</u>	<u>(2,232,865)</u>	<u>(286,976)</u>
CHANGE IN NET POSITION	3,060,965	2,909,569	5,970,534	(1,629,891)
Net Position - Beginning of Year	<u>57,760,757</u>	<u>107,956,515</u>	<u>165,717,272</u>	<u>3,629,451</u>
NET POSITION - END OF YEAR	<u>\$ 60,821,722</u>	<u>\$ 110,866,084</u>	<u>\$ 171,687,806</u>	<u>\$ 1,999,560</u>
Change in Net Position, Per Above			\$ 5,970,534	
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>(177,649)</u>	
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities			<u>\$ 5,792,885</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 12,903,793	\$ 13,379,746	\$ 26,283,539	\$ 7,365,404
Cash Received from Other	324,364	111,030	435,394	-
Cash Paid for Employee Wages and Benefits	(2,586,109)	(1,976,566)	(4,562,675)	(622,875)
Cash Paid to Suppliers	(2,210,519)	(4,754,110)	(6,964,629)	(7,694,420)
Net Cash Provided (Used) by Operating Activities	8,431,529	6,760,100	15,191,629	(951,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Revenues	286,493	-	286,493	-
Transfer Out	(2,232,865)	-	(2,232,865)	(286,976)
Net Cash Used by Noncapital Financing Activities	(1,946,372)	-	(1,946,372)	(286,976)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(3,886,661)	(3,334,978)	(7,221,639)	(1,562)
Special assessments collected (levied)	26,491	(6,613)	19,878	-
Sale of Capital Assets	(49,600)	19,499	(30,101)	-
Proceeds from Issuance of Long-Term Debt	3,280,000	-	3,280,000	-
Proceeds from Issuance of Lease Liability	12,335	11,577	23,912	1,562
Premium on Long-Term Debt	113,370	-	113,370	-
Principal Paid on Long-Term Debt	(3,749,452)	(3,977,819)	(7,727,271)	-
Principal Paid on Lease Liability	(333)	(645)	(978)	(42)
Interest Paid on Long-Term Debt	(727,942)	(378,859)	(1,106,801)	(49)
Net Cash Used by Capital and Related Financing Activities	(4,981,792)	(7,667,838)	(12,649,630)	(91)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	40,033	186,320	226,353	-
CHANGE IN CASH AND CASH EQUIVALENTS	1,543,398	(721,418)	821,980	(1,238,958)
Cash and Cash Equivalents - Beginning of Year	3,784,082	10,777,581	14,561,663	4,162,659
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,327,480</u>	<u>\$ 10,056,163</u>	<u>\$ 15,383,643</u>	<u>\$ 2,923,701</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, 2022**

	Enterprise Funds		Totals	Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 5,556,022	\$ 3,073,588	\$ 8,629,610	\$ (1,342,866)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	3,122,489	3,105,715	6,228,204	120
Depreciation Charged to Operating Accounts	286,136	-	286,136	-
Effects of Changes in Operating Assets, Deferred Outflows, Liabilities, and Deferred Inflows:				
Accounts Receivables	(443,331)	149,057	(294,274)	(73,910)
Due from Other Governments	-	826,799	826,799	-
Prepaid Supplies and Items	(20,958)	-	(20,958)	1,347
Accounts Payable	(3,454)	(201,434)	(204,888)	114,011
Accrued and Other Current Liabilities	(89,254)	10,414	(78,840)	351,150
Unearned Revenue	75,687	-	75,687	-
Compensated Absences	828	(6,746)	(5,918)	(1,743)
Change in WRS Pension Asset/ Liability	(136,376)	(181,749)	(318,125)	-
Change in WRS Pension Related Deferred Outflows of Resources	(388,198)	(511,876)	(900,074)	-
Change in WRS Pension Related Deferred Inflows of Resources	437,921	459,572	897,493	-
Change in Postemployment Benefits Liability	18,253	16,880	35,133	-
Change in Postemployment Benefits Deferred Outflows of Resources	35	1,619	1,654	-
Change in Postemployment Benefits Deferred Inflows of Resources	15,729	18,261	33,990	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,431,529</u>	<u>\$ 6,760,100</u>	<u>\$ 15,191,629</u>	<u>\$ (951,891)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 1,998,516	\$ 5,859,091	\$ 7,857,607	\$ 2,923,701
Cash and Cash Equivalents in Restricted Assets	3,328,964	4,197,072	7,526,036	-
Total Cash and Cash Equivalents	<u>\$ 5,327,480</u>	<u>\$ 10,056,163</u>	<u>\$ 15,383,643</u>	<u>\$ 2,923,701</u>
Noncash Capital and Related Financing Activity				
Capital Related Accounts Payable	<u>\$ 112,250</u>	<u>\$ 119,000</u>	<u>\$ 231,250</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, 2022**

ASSETS

Cash and Investments	\$ 7,462,264
Receivables:	
Taxes and Special Charges	21,007,046
Due from Other Governments	<u>13,872,698</u>
Total Assets	<u>42,342,008</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year	<u>42,342,008</u>
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FIDUCIARY NET POSITION

Restricted for Other Governments	<u><u>\$ -</u></u>
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**CITY OF FOND DU LAC, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2022**

ADDITIONS

Property Tax Collections \$ 43,017,562

DEDUCTIONS

Current:

Payments to Other Taxing Jurisdictions 43,017,562

CHANGE IN NET POSITION

-

Net Position - Beginning of Year

-

NET POSITION - END OF YEAR

\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

Debt Service Fund

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

The City reports the following major enterprise funds:

Water Utility Fund

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

Wastewater Utility Fund

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

Additionally, the City reports the following fund type:

Internal Service Fund

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, 2022**

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 including lease liabilities, 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, 2022**

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. 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, 2022**

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 are tangible and intangible 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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)

Capital assets are capitalized and reported at cost or estimated historical cost except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D 12. The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend its life are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use lease equipment, and infrastructure are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-Type Activities
	Years	
Land Improvements	15 to 20	15 to 20
Buildings and Improvements	30 to 40	12 to 47
Machinery and Equipment	2 to 20	5 to 45
Improvements Other Than Buildings	-	25 to 77
Infrastructure	20 to 40	-
Right-to-Use Lease Asset - Machinery and Equipment	3 to 5	3 to 5

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 represent a consumption of net assets that applies to future reporting periods. Deferred inflows of resources represent an acquisition of net assets by the government that is applicable to future reporting periods. 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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. Leases

The City is a lessee and lessor for various pieces of equipment and land.

Lessee

The City recognizes a lease liability and an intangible right-to-use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

At the commencement of a lease, the City determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the lease is a financed purchased or a lease liability. Then the City initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Leases (Continued)

Lessee (Continued)

An intangible right-to-use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to-use lease asset is reported with the City capital assets in its own category called Leased Assets (Right to Use).

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Lessor

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Leases (Continued)

Lessor (Continued)

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lease at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and traditional manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Pensions

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (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.

14. 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.

15. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable.** 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.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed.** 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Assigned.** 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.** 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 or amortization, 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.

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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

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 ARPA, Community Development Block Grant, Community Projects, County Sales Tax, Special Events, Property Insurance Deductible, Residential Development Improvement Program, Highway 45 Transfer, and Affordable Housing 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

4. The budget as enacted includes total expenditures, which 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, 2022.

B. Excess of Expenditures over Budget Appropriations

The following expenditure accounts of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2022, as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General:	
General Government	\$ 76,008
Debt Service:	
Principal	6,649
Interest and Fiscal Charges	4,830

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures over Budget Appropriations (Continued)

The 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, 2022:

Funds	Deficit Fund Balance
Special Revenue:	
ARPA	\$ 538,802
City Grant Programs	2,217
Solid Waste and Recycling	204,850
Transit	366,258
Public Safety Training Center	4

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

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 2023 and 2022 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 2022 budget was 1.43%. The actual limit for the City for the 2023 budget was 1.28%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

The carrying amount of the City's cash and investments totaled \$77,002,112 on December 31, 2022 as summarized below:

Petty Cash and Cash On Hand	\$ 14,925
Deposits with Financial Institutions	49,680,771
Investments	<u>27,306,416</u>
Total	<u><u>\$ 77,002,112</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 62,013,812
Restricted Cash and Investments	7,526,036
Fiduciary Fund Statement of Net Position:	
Cash and Investments	<u>7,462,264</u>
Total	<u><u>\$ 77,002,112</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, 2022:

	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasury Securities	\$ -	\$ 18,955,972	\$ -	\$ 18,955,972
Federal Farm Credit Bank	-	2,013,266	-	2,013,266
Fond du Lac Area Foundation	-	-	179,038	179,038
Federal Home Loan Bank	-	3,086,502	-	3,086,502
Federal Home Loan Mortgage Corp.	-	2,055,184	-	2,055,184
Federal National Mortgage Assoc.	-	1,008,623	-	1,008,623
Total	<u><u>\$ -</u></u>	<u><u>\$ 27,119,547</u></u>	<u><u>\$ 179,038</u></u>	<u><u>\$ 27,298,585</u></u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Custodial Credit Risk (Continued)

As of December 31, 2022, the City's bank balances related to deposits with financial institutions were in excess of federal and state depository limits by \$49,607,876. Of this balance, \$20,380,256 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.

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Not Rated</u>
U.S. Treasury Securities	\$ 18,955,972	\$ 18,955,972	\$ -	\$ -
Federal Farm Credit Bank	2,013,266	-	2,013,266	-
Fond du Lac Area Foundation	179,038	-	-	179,038
Federal Home Loan Bank	3,086,502	-	3,086,502	-
Federal Home Loan Mortgage Corp.	2,055,184	-	2,055,184	-
Federal National Mortgage Assoc.	1,008,623	-	1,008,623	-
Wisconsin Local Government Investment Pool	7,831	-	-	7,831
Total	<u>\$ 27,306,416</u>	<u>\$ 18,955,972</u>	<u>\$ 8,163,575</u>	<u>\$ 186,869</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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Total Investments</u>
Federal Farm Credit Bank	Bonds	\$ 2,013,266	7 %
Federal Home Loan Bank	Bonds	3,086,502	11
Federal Home Loan Mortgage Corp.	Bonds	2,055,184	8
Federal National Mortgage Assoc.	Bonds	1,008,623	4

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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	\$ 18,955,972	\$ 7,946,503	\$ 7,887,811	\$ 3,121,658
Federal Farm Credit Bank	2,013,266	954,262	-	1,059,004
Fond du Lac Area Foundation	179,038	179,038	-	-
Federal Home Loan Bank	3,086,502	967,622	2,118,880	-
Federal Home Loan Mortgage Corp.	2,055,184	2,055,184	-	-
Federal National Mortgage Assoc.	1,008,623	1,008,623	-	-
Wisconsin Local Government Investment Pool	7,831	7,831	-	-
Total	\$ 27,306,416	\$ 13,119,063	\$ 10,006,691	\$ 4,180,662

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	\$ 2,013,266
Federal Home Loan Bank	3,086,502
Federal Home Loan Mortgage Corp.	2,055,184
Federal National Mortgage Assoc.	1,008,623

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$7,831 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, 2022, 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, 2022**

NOTE 4 RESTRICTED ASSETS

Restricted assets on December 31, 2022 totaled \$7,526,036 and consisted of cash and investments held for the following purposes:

	<u>Amount</u>	<u>Purpose</u>
Enterprise:		
Water Utility:		
Bond Redemption	\$ 3,328,964	To meet debt service requirements
Wastewater Utility:		
Equipment Replacement	<u>4,197,072</u>	For future equipment replacement needs
Total Enterprise Funds	<u>\$ 7,526,036</u>	

NOTE 5 LEASES RECEIVABLE

The City has entered into written agreements to rent land that provide for annual installments of \$11,200. The agreement does not include a stated interest rate, therefore, the City has elected to use an incremental borrowing rate of 2% to calculate the present value of the expected lease payments. During the year ended December 31, 2022, the City recognized \$10,140 and \$860 in lease revenue and interest revenue, respectively.

Principal and interest payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,869	\$ 331	\$ 11,200
2024	10,978	222	11,200
2025	11,089	111	11,200
2026	11,200	-	11,200
Total	<u>\$ 44,136</u>	<u>\$ 664</u>	<u>\$ 44,800</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	\$ 6,776,084	\$ 50,936	\$ -	\$ 6,827,020
Construction In Progress	1,015,129	3,634,470	1,015,131	3,634,468
Total Capital Assets, Nondepreciable/Nonamortizable	7,791,213	3,685,406	1,015,131	10,461,488
Capital Assets, Depreciated and Amortized:				
Land Improvements	11,845,871	385,227	-	12,231,098
Buildings and Improvements	35,305,496	-	-	35,305,496
Machinery and Equipment	32,123,687	1,835,640	1,297,339	32,661,988
Infrastructure	224,446,756	7,049,863	-	231,496,619
Right-to-Use Lease Assets Machinery and Equipment	-	167,662	-	167,662
Total Capital Assets, Depreciated and Amortized	303,721,810	9,438,392	1,297,339	311,862,863
Less Accumulated Depreciation and Amortization for:				
Land Improvements	8,808,751	402,091	-	9,210,842
Buildings and Improvements	18,605,885	943,491	-	19,549,376
Machinery and Equipment	22,533,027	2,096,865	1,297,338	23,332,554
Infrastructure	119,696,536	6,871,143	-	126,567,679
Right-to-Use Lease Assets Machinery and Equipment	-	12,850	-	12,850
Total Accumulated Depreciation and Amortization	169,644,199	10,326,440	1,297,338	178,673,301
Total Capital Assets, Depreciated and Amortized	134,077,611	(888,048)	1	133,189,562
Governmental Activities Capital Assets, Net	<u>\$ 141,868,824</u>	<u>\$ 2,797,358</u>	<u>\$ 1,015,132</u>	143,651,050
Less: Capital Related Debt				85,985,000
Add: Unspent Bond Proceeds				11,104,526
Less: Debt Premium				3,293,235
Less: Lease Liability				160,971
Less: Contracts Payable Related to Capital Assets				1,569,484
Net Investment in Capital Assets				<u>\$ 63,746,886</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	\$ 387,830	\$ -	\$ -	\$ 387,830
Construction In Progress	2,652,047	2,598,248	2,470,447	2,779,848
Total Capital Assets Nondepreciable/Nonamortizable	3,039,877	2,598,248	2,470,447	3,167,678
Capital Assets, Depreciated and Amortized:				
Buildings and Improvements	89,629,876	-	-	89,629,876
Machinery and Equipment	48,211,303	1,194,639	170,707	49,235,235
Improvements Other Than Buildings	144,627,381	6,106,533	294,866	150,439,048
Right-to-Use Lease Assets				
Machinery and Equipment	-	23,912	-	23,912
Total Capital Assets, Depreciated and Amortized	282,468,560	7,325,084	465,573	289,328,071
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	35,670,025	2,287,647	-	37,957,672
Machinery and Equipment	26,470,459	1,960,271	174,946	28,255,784
Improvements Other Than Buildings	37,079,895	2,264,589	360,733	38,983,751
Right-to-Use Lease Assets				
Machinery and Equipment	-	1,832	-	1,832
Total Accumulated Depreciation and Amortization	99,220,379	6,514,339	535,679	105,199,039
Total Capital Assets, Depreciated and Amortized, Net	183,248,181	810,745	(70,106)	184,129,032
Business-Type Activities Capital Assets, Net	<u>\$ 186,288,058</u>	<u>\$ 3,408,993</u>	<u>\$ 2,400,341</u>	187,296,710
Less: Capital Related Debt				38,356,851
Less: Debt Premium				1,021,269
Less: Lease Liability				22,934
Less: Capital Related Accounts Payable				231,250
Net Investment in Capital Assets				<u>\$ 147,664,406</u>

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

Governmental Activities:	
General Government	\$ 435,985
Public Safety:	
Police	278,955
Fire and Rescue	808,717
Public Works	8,023,198
Culture and Recreation	779,585
Total Governmental Activities	<u>\$ 10,326,440</u>
Business-Type Activities:	
Water Utility	\$ 3,122,489
Water Utility Charged to Operating Accounts	286,135
Wastewater Utility	3,105,715
Total Business-Type Activities	<u>\$ 6,514,339</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables as of December 31, 2022, were as follows:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
General	\$ 452,317	\$ -
Nonmajor Governmental Funds:		
Solid Waste and Recycling	-	168,050
Transit	-	284,267
Totals	\$ 452,317	\$ 452,317

Interfund transfers for the year ended December 31, 2022, were as follows:

	Transfer In	Transfer Out
General Fund	\$ 1,683,961	\$ 324,400
Debt Service Fund	1,542,941	-
Nonmajor Governmental Funds:		
Solid Waste and Recycling	-	159,988
HazMat Agreement	7,500	-
Public Safety Training Fund	55,576	-
TIF Districts	37,026	1,340,009
Affordable Housing	59,043	-
County Sales Tax	-	37,026
General Capital Projects	1,966,428	816,075
Streets	317,800	312,653
Storm Sewers	251,222	256,369
Parks	292,129	447,265
Subtotal Nonmajor Governmental Funds	2,986,724	3,369,385
Enterprise Fund:		
Water Utility	-	2,232,865
Internal Service Fund:		
Information Technology	-	286,976
Total	\$ 6,213,626	\$ 6,213,626

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	\$ 1,683,961
Transfers to Debt Service for Debt Retirement	1,542,941
To Move Revenues from Funds that are Required to Collect Them to Fund that is Allowed to Expend Them	159,145
To Reimburse Capital Project Funds for Project Costs	2,827,579
Total	\$ 6,213,626

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 23,750,000	\$ -	\$ 10,385,000	\$ 13,365,000	\$ 2,205,000
Notes	65,345,000	16,015,000	8,065,000	73,295,000	7,525,000
Subtotal	<u>89,095,000</u>	<u>16,015,000</u>	<u>18,450,000</u>	<u>86,660,000</u>	<u>9,730,000</u>
Debt Premium	3,192,614	679,938	568,041	3,304,511	566,416
Lease Liability	-	167,662	6,691	160,971	32,137
Compensated Absences	1,754,822	1,816,901	1,791,609	1,780,114	1,752,751
Total	<u>\$ 94,042,436</u>	<u>\$ 18,679,501</u>	<u>\$ 20,816,341</u>	<u>\$ 91,905,596</u>	<u>\$ 12,081,304</u>
Business-Type Activities:					
Revenue Bonds	\$ 11,175,000	\$ 3,280,000	\$ 1,900,000	\$ 12,555,000	\$ 1,490,000
Revenue Bonds - Direct					
Borrowings and Placements	31,629,122	-	5,827,271	25,801,851	5,963,594
Debt Premium	1,103,910	113,370	196,011	1,021,269	-
Lease Liability	-	22,934	-	22,934	4,583
Compensated Absences	58,577	52,659	58,577	52,659	52,659
Total	<u>\$ 43,966,609</u>	<u>\$ 3,468,963</u>	<u>\$ 7,981,859</u>	<u>\$ 39,453,713</u>	<u>\$ 7,510,836</u>

Total interest paid during the year on long-term debt totaled \$2,066,140.

The City's outstanding notes from direct borrowings related to business type activities of \$25,801,851 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/22</u>
2013 Refunding Bonds	2/27/13	4/1/24	2.67%	3,975,000	\$ 1,100,000
2013 Refunding Bonds	2/27/13	4/1/23	3.25%	1,800,000	100,000
2013 Refunding Bonds	2/27/13	3/1/23	2.39%	3,085,000	675,000
2014 Capital Improvement Project Notes	2/5/14	9/2/23	2.45%	2,000,000	350,000
2014 Taxable Bonds	7/9/14	6/1/28	4.04%	1,055,000	525,000
2015 Refunding Bonds	3/11/15	3/1/30	2.90%	7,275,000	5,650,000
2015 Capital Improvement Project Notes	3/11/15	3/1/25	2.53%	2,800,000	1,250,000
2016 Refunding Bonds	3/9/16	3/1/28	2.74%	2,275,000	1,725,000
2016 Capital Improvement Project Notes	3/9/16	3/1/26	2.32%	2,525,000	575,000
2016 TIF #10 Notes	3/9/16	3/1/26	2.60%	1,300,000	1,600,000
2017 G.O. Promissory Notes	3/22/17	3/1/27	2.00-3.00%	5,025,000	4,100,000
2018 G.O. Promissory Notes	3/28/18	3/1/28	2.00-3.50%	9,025,000	7,950,000
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	1.25-3.00%	19,630,000	16,220,000
2021A G.O. Promissory Note	12/1/21	3/1/31	2.00-3.00%	19,350,000	18,940,000
2021B G.O. Refunding Bonds	12/1/21	4/1/33	0.50-2.20%	3,825,000	3,590,000
2022 G.O. Promissory Note	10/19/22	9/1/29	4.00-5.00%	16,015,000	16,015,000
Total Outstanding General Obligation Debt					<u>\$ 86,660,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$86,660,000 on December 31, 2022, are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,730,000	\$ 2,411,639	\$ 12,141,639
2024	9,150,000	2,231,593	11,381,593
2025	8,955,000	1,972,749	10,927,749
2026	9,145,000	1,706,049	10,851,049
2027	9,090,000	1,433,633	10,523,633
2028 - 2032	40,430,000	3,048,808	43,478,808
2033	160,000	1,760	161,760
Total	<u>\$ 86,660,000</u>	<u>\$ 12,806,231</u>	<u>\$ 99,466,231</u>

Estimated payments of compensated absences and the other post-employment benefit liability are not included in the debt service requirement schedules. The compensated absences liability and the other post-employment liability attributable to governmental activities will be liquidated primarily by the general fund.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2022, was \$98,490,775 as follows:

Equalized Valuation of the City	\$ 3,703,015,500
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, Per Section 67.03 of the of the Wisconsin Statutes	185,150,775
Total Outstanding General Obligation Debt Applicable to Debt Limitation	86,660,000
Legal Margin for New Debt	\$ 98,490,775

Revenue Bonds

Revenue bonds outstanding on December 31, 2022, totaled \$38,386,851 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
2013 Waterworks System Revenue Bonds	10/1/13	9/1/23	3.05%	\$ 4,325,000	\$ 100,000
2014 Waterworks System Revenue Bonds	7/9/14	9/1/23	4.00%	5,275,000	600,000
Safe Drinking Water Loan	4/23/08	5/1/27	2.37%	21,753,247	6,706,906
Safe Drinking Water Loan	2/23/11	5/1/29	2.20%	10,990,743	4,583,216
Clean Water Fund Loan	12/14/05	5/1/25	2.37%	59,000,000	12,067,747
Clean Water Fund Loan	4/25/18	5/1/37	1.87%	3,131,186	2,443,982
2021 Waterworks System Revenue Bonds	12/1/21	9/1/29	3.00-4.00%	9,300,000	8,575,000
2022 Waterworks System Revenue Bonds	10/19/22	9/1/42	4.25-6.00%	3,280,000	3,280,000
Total Outstanding Revenue Bonds					\$ 38,356,851

Annual principal and interest maturities of the outstanding revenue bonds of \$38,356,851 on December 31, 2022, are detailed below:

Year Ended	Business-Type Activities					
	Bonded Debt		Direct Borrowings / Placements		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>December 31,</u>						
2023	\$ 1,490,000	\$ 503,406	\$ 5,963,594	\$ 521,398	\$ 7,453,594	\$ 1,024,804
2024	1,270,000	464,138	6,103,113	380,245	7,373,113	844,383
2025	1,340,000	411,338	6,245,900	235,786	7,585,900	647,124
2026	1,375,000	355,638	2,177,291	137,886	3,552,291	493,524
2027	1,490,000	298,438	2,226,958	87,650	3,716,958	386,088
2028 - 2032	3,565,000	751,690	2,193,812	152,423	5,758,812	904,113
2033 - 2037	890,000	420,300	891,183	42,281	1,781,183	462,581
2038 - 2042	1,135,000	176,000	-	-	1,135,000	176,000
Total	\$ 12,555,000	\$ 3,380,948	\$ 25,801,851	\$ 1,557,669	\$ 38,356,851	\$ 4,938,617

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

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 2042 and 2037, respectively. The total principal and interest remaining to be paid on the water bonds is \$27,991,706. Principal and interest paid for the current year and total customer net revenues were \$4,373,251 and \$8,718,544 respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$15,303,762. Principal and interest paid for the current year and total customer net revenues were \$4,356,313 and \$6,365,623, respectively.

NOTE 9 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, 2022, there were five series of industrial revenue bonds outstanding. The aggregate principal amount payable was \$11,491,302.

NOTE 10 LEASES PAYABLE

The City leases various pieces of equipment under long-term, noncancelable lease agreements. The leases expire at various dates through 2027. Total principal and interest payments for such leases for governmental funds and business type-activities were \$7,669 and \$3,538, respectively, for the year ended December 31, 2022. The remaining principal and interest payments for these agreements are as follows:

Year Ended December 31,	Governmental Activities			Business-Type Activities			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 32,137	\$ 7,097	\$ 39,234	\$ 4,583	\$ 1,012	\$ 5,595	\$ 36,720	\$ 8,109	\$ 44,829
2024	33,729	5,505	39,234	4,810	785	5,595	38,539	6,290	44,829
2025	35,404	3,831	39,234	5,048	546	5,595	40,452	4,377	44,829
2026	37,160	2,075	39,235	5,299	296	5,595	42,459	2,371	44,830
2027	22,541	363	22,904	3,194	52	3,246	25,735	415	26,150
Total	\$ 160,971	\$ 18,871	\$ 179,842	\$ 22,934	\$ 2,691	\$ 25,625	\$ 183,905	\$ 21,562	\$ 205,467

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 LEASES PAYABLE (CONTINUED)

Right-to-use assets acquired through outstanding leases are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Machinery and Equipment	\$ 167,662	\$ 23,912	\$ 191,574
Less Accumulated Depreciation for:			
Machinery and Equipment	12,850	1,832	14,682
Total	<u>\$ 154,812</u>	<u>\$ 22,080</u>	<u>\$ 176,892</u>

NOTE 11 PENSION PLAN

A. Plan Description

The Wisconsin Retirement System (WRS) is a cost-sharing, multiemployer, 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/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

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.

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 (%)
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
2021	5.1	13.0

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 PENSION PLAN (CONTINUED)

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, 2022, the WRS recognized \$2,550,879 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Executives, and Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

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

At December 31, 2022, the City reported an asset of \$17,229,829 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.21376472%, which was a decrease of 0.00052682% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension revenue of \$1,490,925.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 PENSION PLAN (CONTINUED)

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 27,833,917	\$ 2,007,126
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	38,544,562
Changes in Assumptions	3,214,496	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	16,852	5,239
Employer Contributions Subsequent to the Measurement Date	2,550,579	-
Total	\$ 33,615,844	\$ 40,556,927

\$2,550,579 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2023	\$ (802,226)
2024	(4,667,647)
2025	(2,051,231)
2026	(1,970,558)
Total	\$ (9,491,662)

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 PENSION PLAN (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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, 2022**

NOTE 11 PENSION PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets (Continued)

The target allocation and best estimates of geometric 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 Return %
<u>Core Fund Asset Class</u>			
Global Equities	52.0 %	6.8 %	4.2 %
Fixed Income	25.0	4.3	1.8
Inflation Sensitive Assets	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6	4.0
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0 %	6.3 %	3.7 %
International Equities	30.0	7.2	4.6
Total Variable Fund	100.0 %	6.8	4.2

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

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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, 2022**

NOTE 11 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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,225,785	\$ (17,229,829)	\$ (38,432,392)

Pension Plan Fiduciary Net Position

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

F. Payables to the Pension Plan

At December 31, 2022, the City reported a payable of \$372,520 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

NOTE 12 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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	8
Active Employees	280
Total	288

Total OPEB Liability

The City's total other postemployment benefit (OPEB) liability was determined by an actuarial valuation as of December 31, 2021 and includes a measurement date of December 31, 2021.

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 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	2.00%
Salary Increases	3.00%
Discount Rate	2.25%
Healthcare Cost Trend Rates	6.50% 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, 2021 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% for the current and 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, 2022**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - December 31, 2020	\$ 2,648,865
Changes for the Year:	
Service Cost	205,495
Interest	60,590
Differences Between Expected and Actual Experience	(189,158)
Changes of Assumptions or Other Input	(96,708)
Benefit Payments	(117,485)
Net Changes	(137,266)
Balance - December 31, 2021	\$ 2,511,599

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	\$ 2,686,151	\$ 2,511,599	\$ 2,344,448

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 (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 2,029,096	\$ 2,511,599	\$ 2,866,244

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 12 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, 2022, the City recognized OPEB expense of \$324,516. At December 31, 2022, 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	\$ 161,371	\$ 171,962
Changes in Assumptions	576,739	135,723
City Benefit Payments Made Subsequent to the Measurement Date	50,341	-
Total	<u>\$ 788,451</u>	<u>\$ 307,685</u>

\$50,341 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, 2022, and reported in the year ended December 31, 2023. 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>
2023	\$ 58,431
2024	58,431
2025	58,431
2026	58,431
2027	58,431
Thereafter	138,270
Total	<u>\$ 430,425</u>

NOTE 13 DEFERRED COMPENSATION PLAN

The City offers its employees two different deferred compensation plans, both were created in accordance with the Internal Revenue Code Section 457. The plans are administered through Nationwide and ICMA/Mission Square and are available to all City employees. Both of these plans permit eligible participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statements. The City makes no employer contribution to either of these plans.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 14 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, 2022, nonspendable fund balances were as follows:

General Fund:		
Prepaid Supplies and Items	\$	719,001
Special Revenue Funds:		
Prepaid Supplies and Items		
Solid Waste and Recycling		<u>37,338</u>
Total Nonspendable Fund Balance	<u>\$</u>	<u>756,339</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, 2022, restricted fund balance was as follows:

Special Revenue Funds:		
Restricted for:		
Community Development Block Grant:		
Community Development Projects and Loans	\$	2,717,519
TIF Districts:		
Tax Incremental Districts		3,838,704
Debt Service Fund:		
Restricted for:		
Debt Service		614,987
Capital Projects Funds:		
Restricted for:		
Capital Projects		<u>11,104,526</u>
Total Restricted Fund Balance	<u>\$</u>	<u>18,275,736</u>

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 14 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, 2022, governmental fund balance was committed as follows:

General Fund:	
Committed for:	
Public Site Fee	\$ 110,600
Special Revenue Funds:	
Committed for:	
Library	483,670
Harbor and Boating Facilities	711,359
Community Projects	317,901
HazMat Agreement	192,626
Fuel Pump Maintenance	99,061
Special Events	286,217
Property Insurance Deductible	25,822
Residential Development Improvement Program	78,375
Affordable Housing	96,124
Highway 45 Transfer	<u>955,909</u>
Total Special Revenue Funds Committed	3,247,064
Capital Projects Funds:	
Committed for:	
General Capital Projects	3,340,149
Storm Sewers	102,046
Parks	499,089
Harbor Improvements	<u>110,822</u>
Total Capital Improvements Funds Committed	<u>4,052,106</u>
Total Committed Fund Balance	<u><u>\$ 7,409,770</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, 2022, fund balance has been assigned as follows:

General Fund:	
Assigned for Subsequent Years Budget	<u><u>\$ 2,919,895</u></u>

**CITY OF FOND DU LAC, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022**

NOTE 14 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 2023 General Fund Expenditures	\$ 36,870,252
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	\$ 5,530,538

The City’s unassigned general fund balance of \$5,231,282 is slightly below the minimum fund balance at approximately 14.2% of budgeted 2023 general fund expenditures. For 2023, the City has implemented concerted efforts to reduce spending.

NOTE 15 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:

	Termination Year
TID No. 10	2027
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, 2022**

NOTE 16 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, 2022, the City abated property taxes totaling \$261,565 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- Property tax abatements of \$55,997 to developers for residential apartment and housing projects within the Districts.
- A property tax abatement of \$155,733 to a developer for a residential apartment housing project within the District.
- Property tax abatements of \$49,835 to local business related to development within the Districts.

NOTE 17 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, 2022**

NOTE 17 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, 2022, the City's health insurance internal service fund reported ending net position in the amount of \$1,759,501. The claims payable liability of \$843,418 reported in the fund at December 31, 2022 is based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probably that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the funds reported liability amount for 2022 and 2021 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2022	\$ 495,057	\$ 6,930,962	6,582,601	843,418
2021	497,448	5,232,765	5,235,156	495,057

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 18 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.

NOTE 19 PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment that resulted in the following:

	Nonmajor Governmental Funds	Governmental Activities
Fund Balance / Net Position - Beginning of Year, as Originally Reported	\$ 15,738,765	\$ 94,623,288
Prior Period Adjustment	(998,176)	(170,486)
Fund Balance / Net Position - Beginning of Year, as Restated	\$ 14,740,589	\$ 94,452,802

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN 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 %
12/31/21	0.21376472 %	(17,229,829)	23,910,499	72.06 %	106.02 %

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN 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	-	23,910,499	10.46 %
12/31/22	2,550,579	2,550,579	-	24,820,472	10.28 %

See Notes to Requirement Supplementary Information.

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

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Cost	\$ 205,495	\$ 185,389	\$ 133,879	\$ 139,898	\$ 139,898
Interest	60,590	67,990	71,810	69,438	74,256
Changes of Benefit Terms	-	-	(275,384)	-	-
Differences Between Expected and Actual Experience	(189,158)	-	221,884	-	-
Changes of Assumptions	(96,708)	89,204	692,660	(75,127)	-
Benefit Payments	(117,485)	(146,787)	(240,165)	(399,620)	(304,035)
Net Change in Total OPEB Liability	<u>(137,266)</u>	<u>195,796</u>	<u>604,684</u>	<u>(265,411)</u>	<u>(89,881)</u>
Total OPEB Liability - Beginning	<u>2,648,865</u>	<u>2,453,069</u>	<u>1,848,385</u>	<u>2,113,796</u>	<u>2,203,677</u>
Total OPEB Liability - Ending	<u>\$ 2,511,599</u>	<u>\$ 2,648,865</u>	<u>\$ 2,453,069</u>	<u>\$ 1,848,385</u>	<u>\$ 2,113,796</u>
Covered-Employee Payroll	\$ 22,354,804	\$ 21,795,396	\$ 21,795,396	\$ 21,223,899	\$ 21,223,899
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	11.24 %	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, 2022**

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, 2021 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 6.5% down to 5.0% per the December 31, 2021 actuarial valuation.
- Discount rate has remained the same at 2.25%.

Changes in assumptions and other inputs that effected the December 31, 2021 measurement period include the change in discount rate. Please refer to the actuarial assumptions section of Note 12.

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.

**CITY OF FOND DU LAC, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

NOTE 2 WISCONSIN RETIREMENT SYSTEM

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.

Changes of Benefit Terms

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

Changes of Assumptions

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

SUPPLEMENTARY INFORMATION

**CITY OF FOND DU LAC, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	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	\$ 547,662	\$ 61,532	\$ 1,231,096	\$ 716,468	\$ 308,085	\$ -	\$ -
Receivables:							
Taxes and Special Charges	2,047,561	-	-	-	-	1,872,724	210,120
Accounts	136,867	-	-	806	-	8,592	4,089
Special Assessments	-	-	-	-	-	18,489	-
Loans	-	-	4,399,221	-	-	-	-
Due from Other Governments	-	-	1,533,413	-	25,071	-	748,525
Prepaid Supplies and Items	-	-	-	-	-	37,338	-
Total Assets	<u>\$ 2,732,090</u>	<u>\$ 61,532</u>	<u>\$ 7,163,730</u>	<u>\$ 717,274</u>	<u>\$ 333,156</u>	<u>\$ 1,937,143</u>	<u>\$ 962,734</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 112,773	\$ 180	\$ 42,512	\$ 5,915	\$ 5,305	\$ 91,100	\$ 44,711
Accrued and Other Current Liabilities	88,086	-	-	-	-	11,478	29,848
Due to Other Funds	-	-	-	-	-	168,050	284,267
Special Deposits	-	-	-	-	9,950	-	-
Unearned Revenues	-	63,569	-	-	-	-	12,278
Total Liabilities	<u>200,859</u>	<u>63,749</u>	<u>42,512</u>	<u>5,915</u>	<u>15,255</u>	<u>270,628</u>	<u>371,104</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	2,047,561	-	-	-	-	1,871,365	210,120
Special Charges Assessed	-	-	-	-	-	-	-
Loans Receivable	-	-	4,399,221	-	-	-	-
Other Unavailable Revenues	-	-	4,478	-	-	-	747,768
Total Deferred Inflows of Resources	<u>2,047,561</u>	<u>-</u>	<u>4,403,699</u>	<u>-</u>	<u>-</u>	<u>1,871,365</u>	<u>957,888</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	37,338	-
Restricted	-	-	2,717,519	-	-	-	-
Committed	483,670	-	-	711,359	317,901	-	-
Unassigned	-	(2,217)	-	-	-	(242,188)	(366,258)
Total Fund Balances	<u>483,670</u>	<u>(2,217)</u>	<u>2,717,519</u>	<u>711,359</u>	<u>317,901</u>	<u>(204,850)</u>	<u>(366,258)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,732,090</u>	<u>\$ 61,532</u>	<u>\$ 7,163,730</u>	<u>\$ 717,274</u>	<u>\$ 333,156</u>	<u>\$ 1,937,143</u>	<u>\$ 962,734</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	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	\$ 235,448	\$ 99,061	\$ 286,217	\$ 3,847,598	\$ 25,822	\$ 78,375	\$ 955,909	\$ 2,974	\$ 96,124
Receivables:									
Taxes and Special Charges	-	-	-	2,964,542	-	-	-	-	-
Accounts	650	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-	-	-
Prepaid Supplies and Items	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 236,098</u>	<u>\$ 99,061</u>	<u>\$ 286,217</u>	<u>\$ 6,812,140</u>	<u>\$ 25,822</u>	<u>\$ 78,375</u>	<u>\$ 955,909</u>	<u>\$ 2,974</u>	<u>\$ 96,124</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 2,775	\$ -	\$ -	\$ 8,894	\$ -	\$ -	\$ -	\$ 2,978	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Special Deposits	-	-	-	-	-	-	-	-	-
Unearned Revenues	40,697	-	-	-	-	-	-	-	-
Total Liabilities	<u>43,472</u>	<u>-</u>	<u>-</u>	<u>8,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,978</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for Subsequent Year	-	-	-	2,964,542	-	-	-	-	-
Special Charges Assessed	-	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-	-
Other Unavailable Revenues	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,964,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	3,838,704	-	-	-	-	-
Committed	192,626	99,061	286,217	-	25,822	78,375	955,909	-	96,124
Unassigned	-	-	-	-	-	-	-	(4)	-
Total Fund Balances	<u>192,626</u>	<u>99,061</u>	<u>286,217</u>	<u>3,838,704</u>	<u>25,822</u>	<u>78,375</u>	<u>955,909</u>	<u>(4)</u>	<u>96,124</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 236,098</u>	<u>\$ 99,061</u>	<u>\$ 286,217</u>	<u>\$ 6,812,140</u>	<u>\$ 25,822</u>	<u>\$ 78,375</u>	<u>\$ 955,909</u>	<u>\$ 2,974</u>	<u>\$ 96,124</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

	Capital Projects						Totals
	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Harbor Improvements	
ASSETS							
Cash and Investments	\$ 7,338,350	\$ 1,107,357	\$ 6,868,059	\$ 1,036,012	\$ 133,812	\$ 110,822	\$ 25,086,783
Receivables:							
Taxes and Special Charges	820,162	950,000	110,000	-	-	-	8,975,109
Accounts	-	22,691	-	1,658	-	-	175,353
Special Assessments	-	-	-	-	-	-	18,489
Loans	150,000	-	-	-	-	-	4,549,221
Due from Other Governments	-	552,588	-	7,577	-	-	2,867,174
Prepaid Supplies and Items	-	-	-	-	-	-	37,338
Total Assets	<u>\$ 8,308,512</u>	<u>\$ 2,632,636</u>	<u>\$ 6,978,059</u>	<u>\$ 1,045,247</u>	<u>\$ 133,812</u>	<u>\$ 110,822</u>	<u>\$ 41,709,467</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 563,128	\$ 1,124,590	\$ 34,112	\$ 160,847	\$ 3,840	\$ -	\$ 2,203,660
Accrued and Other Current Liabilities	-	-	-	-	-	-	129,412
Due to Other Funds	-	-	-	-	-	-	452,317
Special Deposits	-	-	-	-	-	-	9,950
Unearned Revenues	-	-	-	-	-	-	116,544
Total Liabilities	<u>563,128</u>	<u>1,124,590</u>	<u>34,112</u>	<u>160,847</u>	<u>3,840</u>	<u>-</u>	<u>2,911,883</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	820,162	950,000	110,000	-	-	-	8,973,750
Special Charges Assessed	-	-	-	-	-	-	-
Loans Receivable	150,000	-	-	-	-	-	4,549,221
Other Unavailable Revenues	-	456,000	-	-	-	-	1,208,246
Total Deferred Inflows of Resources	<u>970,162</u>	<u>1,406,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,731,217</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	37,338
Restricted	3,435,073	-	7,154,170	385,311	129,972	-	17,660,749
Committed	3,340,149	102,046	-	499,089	-	110,822	7,299,170
Unassigned	-	-	(320,223)	-	-	-	(930,890)
Total Fund Balances	<u>6,775,222</u>	<u>102,046</u>	<u>6,833,947</u>	<u>884,400</u>	<u>129,972</u>	<u>110,822</u>	<u>24,066,367</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,308,512</u>	<u>\$ 2,632,636</u>	<u>\$ 6,978,059</u>	<u>\$ 1,045,247</u>	<u>\$ 133,812</u>	<u>\$ 110,822</u>	<u>\$ 41,709,467</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Special Revenue							
	Library	City Grant Programs	Community Development Block Grant	Harbor and Boating Facilities	Community Projects	Solid Waste and Recycling	Transit	County Sales Tax
REVENUES								
Taxes	\$ 2,007,413	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 210,120	\$ -
Intergovernmental	1,250,133	20,392	1,580,941	-	65,774	156,843	816,747	279,265
Public Charges for Services	37,126	-	-	247,822	-	1,402,378	175,832	-
Miscellaneous	223,239	-	418,068	10,356	95,081	40,468	34,154	-
Total Revenues	<u>3,517,911</u>	<u>20,392</u>	<u>1,999,009</u>	<u>258,178</u>	<u>160,855</u>	<u>2,199,689</u>	<u>1,236,853</u>	<u>279,265</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	242,239
Public Safety	-	23,125	-	-	114,026	-	-	-
Public Works	-	-	-	-	-	2,202,473	2,039,093	-
Culture and Recreation	3,441,467	-	-	162,949	18,270	-	-	-
Conservation and Development	-	-	1,060,020	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>3,441,467</u>	<u>23,125</u>	<u>1,060,020</u>	<u>162,949</u>	<u>132,296</u>	<u>2,202,473</u>	<u>2,039,093</u>	<u>242,239</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	76,444	(2,733)	938,989	95,229	28,559	(2,784)	(802,240)	37,026
OTHER FINANCING SOURCES (USES)								
Long-Term Debt Issued	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	108,106	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(159,988)	-	(37,026)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>108,106</u>	<u>-</u>	<u>-</u>	<u>(159,988)</u>	<u>-</u>	<u>(37,026)</u>
NET CHANGE IN FUND BALANCES	<u>76,444</u>	<u>(2,733)</u>	<u>1,047,095</u>	<u>95,229</u>	<u>28,559</u>	<u>(162,772)</u>	<u>(802,240)</u>	<u>-</u>
Fund Balances - Beginning of Year, as Originally Reported	407,226	516	2,668,600	616,130	289,342	(42,078)	435,982	-
Prior Period Adjustment	-	-	(998,176)	-	-	-	-	-
Fund Balances - Beginning of Year, as Restated	<u>407,226</u>	<u>516</u>	<u>1,670,424</u>	<u>616,130</u>	<u>289,342</u>	<u>(42,078)</u>	<u>435,982</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 483,670</u>	<u>\$ (2,217)</u>	<u>\$ 2,717,519</u>	<u>\$ 711,359</u>	<u>\$ 317,901</u>	<u>\$ (204,850)</u>	<u>\$ (366,258)</u>	<u>\$ -</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, 2022**

	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	\$ -	\$ -	\$ 111,917	\$ 2,763,980	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	125,385	-	-	800,000	-	-
Public Charges for Services	3,110	-	-	-	-	-	-	-	-
Miscellaneous	-	31,046	-	-	30,704	7,574	-	-	-
Total Revenues	<u>3,110</u>	<u>31,046</u>	<u>111,917</u>	<u>2,889,365</u>	<u>30,704</u>	<u>7,574</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES									
Current:									
General Government	-	-	-	45,437	54,887	-	-	-	-
Public Safety	35,950	-	-	-	-	-	-	58,026	-
Public Works	-	16,128	-	-	-	-	-	-	-
Culture and Recreation	-	-	72,228	-	-	-	-	-	-
Conservation and Development	-	-	-	37,701	-	-	-	-	-
Capital Outlay	-	-	-	113,237	-	-	-	-	-
Total Expenditures	<u>35,950</u>	<u>16,128</u>	<u>72,228</u>	<u>196,375</u>	<u>54,887</u>	<u>-</u>	<u>-</u>	<u>58,026</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(32,840)	14,918	39,689	2,692,990	(24,183)	7,574	800,000	(58,026)	-
OTHER FINANCING SOURCES (USES)									
Long-Term Debt Issued	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	-	-
Transfers In	7,500	-	-	37,026	-	-	-	55,576	59,043
Transfers Out	-	-	-	(1,340,009)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>(1,302,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,576</u>	<u>59,043</u>
NET CHANGE IN FUND BALANCES	<u>(25,340)</u>	<u>14,918</u>	<u>39,689</u>	<u>1,390,007</u>	<u>(24,183)</u>	<u>7,574</u>	<u>800,000</u>	<u>(2,450)</u>	<u>59,043</u>
Fund Balances - Beginning of Year, as Originally Reported	217,966	84,143	246,528	2,448,697	50,005	70,801	155,909	2,446	37,081
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
Fund Balances - Beginning of Year, as Restated	<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>
FUND BALANCES - END OF YEAR	<u>\$ 192,626</u>	<u>\$ 99,061</u>	<u>\$ 286,217</u>	<u>\$ 3,838,704</u>	<u>\$ 25,822</u>	<u>\$ 78,375</u>	<u>\$ 955,909</u>	<u>\$ (4)</u>	<u>\$ 96,124</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, 2022**

	Capital Projects						Totals
	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Harbor Improvements	
REVENUES							
Taxes	\$ 630,448	\$ 1,050,000	\$ 110,000	\$ -	\$ -	\$ -	\$ 7,483,878
Intergovernmental	-	96,588	-	24,167	-	-	5,216,235
Public Charges for Services	-	-	32,744	-	-	-	1,899,012
Miscellaneous	5,757	-	-	-	-	-	896,447
Total Revenues	<u>636,205</u>	<u>1,146,588</u>	<u>142,744</u>	<u>24,167</u>	<u>-</u>	<u>-</u>	<u>15,495,572</u>
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	342,563
Public Safety	-	-	-	-	-	-	231,127
Public Works	-	-	-	-	-	-	4,257,694
Culture and Recreation	-	-	-	-	-	-	3,694,914
Conservation and Development	-	-	-	-	-	-	1,097,721
Capital Outlay	3,824,336	6,055,479	1,513,916	625,091	118,361	35,800	12,286,220
Total Expenditures	<u>3,824,336</u>	<u>6,055,479</u>	<u>1,513,916</u>	<u>625,091</u>	<u>118,361</u>	<u>35,800</u>	<u>21,910,239</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,188,131)	(4,908,891)	(1,371,172)	(600,924)	(118,361)	(35,800)	(6,414,667)
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	4,181,000	3,930,000	7,120,000	644,000	140,000	-	16,015,000
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	108,106
Transfers In	1,966,428	317,800	251,222	292,129	-	-	2,986,724
Transfers Out	(816,075)	(312,653)	(256,369)	(447,265)	-	-	(3,369,385)
Total Other Financing Sources (Uses)	<u>5,331,353</u>	<u>3,935,147</u>	<u>7,114,853</u>	<u>488,864</u>	<u>140,000</u>	<u>-</u>	<u>15,740,445</u>
NET CHANGE IN FUND BALANCES	<u>2,143,222</u>	<u>(973,744)</u>	<u>5,743,681</u>	<u>(112,060)</u>	<u>21,639</u>	<u>(35,800)</u>	<u>9,325,778</u>
Fund Balances - Beginning of Year, as Originally Reported	4,632,000	1,075,790	1,090,266	996,460	108,333	146,622	15,738,765
Prior Period Adjustment	-	-	-	-	-	-	(998,176)
Fund Balances - Beginning of Year, as Restated	<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>14,740,589</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,775,222</u>	<u>\$ 102,046</u>	<u>\$ 6,833,947</u>	<u>\$ 884,400</u>	<u>\$ 129,972</u>	<u>\$ 110,822</u>	<u>\$ 24,066,367</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,007,413	\$ 2,007,413	\$ 2,007,413	\$ -
Intergovernmental	-	964,047	1,250,133	286,086
Public Charges for Services	-	33,000	37,126	4,126
Miscellaneous	-	198,734	223,239	24,505
Total Revenues	<u>2,007,413</u>	<u>3,203,194</u>	<u>3,517,911</u>	<u>314,717</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>2,007,413</u>	<u>3,203,133</u>	<u>3,441,467</u>	<u>(238,334)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	61	76,444	76,383
Fund Balance - Beginning of Year	<u>407,226</u>	<u>407,226</u>	<u>407,226</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 407,226</u></u>	<u><u>\$ 407,287</u></u>	<u><u>\$ 483,670</u></u>	<u><u>\$ 76,383</u></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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,000	\$ 9,000	\$ 20,392	\$ 11,392
EXPENDITURES				
Current:				
Public Safety	11,340	11,340	23,125	(11,785)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,340)	(2,340)	(2,733)	(393)
Fund Balance - Beginning of Year	516	516	516	-
FUND BALANCE - END OF YEAR	<u>\$ (1,824)</u>	<u>\$ (1,824)</u>	<u>\$ (2,217)</u>	<u>\$ (393)</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public Charges for Services	\$ 249,700	\$ 249,700	\$ 247,822	\$ (1,878)
Miscellaneous	3,000	3,000	10,356	7,356
Total Revenues	<u>252,700</u>	<u>252,700</u>	<u>258,178</u>	<u>5,478</u>
EXPENDITURES				
Current:				
Culture and Recreation	161,384	164,580	162,949	1,631
Capital Outlay	14,000	14,000	-	14,000
Total Expenditures	<u>175,384</u>	<u>178,580</u>	<u>162,949</u>	<u>15,631</u>
EXCESS OF REVENUES OVER EXPENDITURES	77,316	74,120	95,229	21,109
Fund Balance - Beginning of Year	<u>616,130</u>	<u>616,130</u>	<u>616,130</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 693,446</u></u>	<u><u>\$ 690,250</u></u>	<u><u>\$ 711,359</u></u>	<u><u>\$ 21,109</u></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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
Intergovernmental	157,389	157,389	156,843	(546)
Public Charges for Services	1,346,441	1,346,441	1,402,378	55,937
Miscellaneous	12,000	12,000	40,468	28,468
Total Revenues	<u>2,115,830</u>	<u>2,115,830</u>	<u>2,199,689</u>	<u>83,859</u>
EXPENDITURES				
Current:				
Public Works	<u>1,924,457</u>	<u>1,924,456</u>	<u>2,202,473</u>	<u>(278,017)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	191,373	191,374	(2,784)	(194,158)
OTHER FINANCING USES				
Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(159,988)</u>	<u>(9,988)</u>
NET CHANGE IN FUND BALANCE	41,373	41,374	(162,772)	(204,146)
Fund Balance - Beginning of Year	<u>(42,078)</u>	<u>(42,078)</u>	<u>(42,078)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (705)</u>	<u>\$ (704)</u>	<u>\$ (204,850)</u>	<u>\$ (204,146)</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 210,120	\$ 210,120	\$ 210,120	\$ -
Intergovernmental	1,481,338	1,481,338	816,747	(664,591)
Public Charges for Services	263,000	263,000	175,832	(87,168)
Miscellaneous	30,000	30,000	34,154	4,154
Total Revenues	<u>1,984,458</u>	<u>1,984,458</u>	<u>1,236,853</u>	<u>(747,605)</u>
EXPENDITURES				
Current:				
Public Works	<u>2,064,394</u>	<u>2,072,466</u>	<u>2,039,093</u>	<u>33,373</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(79,936)	(88,008)	(802,240)	(714,232)
Fund Balance - Beginning of Year	<u>435,982</u>	<u>435,982</u>	<u>435,982</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 356,046</u></u>	<u><u>\$ 347,974</u></u>	<u><u>\$ (366,258)</u></u>	<u><u>\$ (714,232)</u></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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 31,514	\$ 31,514	\$ -	\$ (31,514)
Public Charges for Services	-	-	3,110	3,110
Total Revenues	<u>31,514</u>	<u>31,514</u>	<u>3,110</u>	<u>(28,404)</u>
EXPENDITURES				
Current:				
Public Safety	53,242	53,242	35,950	17,292
Capital Outlay	135,000	135,000	-	135,000
Total Expenditures	<u>188,242</u>	<u>188,242</u>	<u>35,950</u>	<u>152,292</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(156,728)	(156,728)	(32,840)	123,888
OTHER FINANCING SOURCES				
Transfers In	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(149,228)	(149,228)	(25,340)	123,888
Fund Balance - Beginning of Year	<u>217,966</u>	<u>217,966</u>	<u>217,966</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 68,738</u>	<u>\$ 68,738</u>	<u>\$ 192,626</u>	<u>\$ 123,888</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 31,046	\$ 9,046
EXPENDITURES				
Current:				
Public Works	<u>9,363</u>	<u>9,363</u>	<u>16,128</u>	<u>(6,765)</u>
EXCESS OF REVENUES OVER EXPENDITURES	12,637	12,637	14,918	2,281
Fund Balance - Beginning of Year	<u>84,143</u>	<u>84,143</u>	<u>84,143</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 96,780</u></u>	<u><u>\$ 96,780</u></u>	<u><u>\$ 99,061</u></u>	<u><u>\$ 2,281</u></u>

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
PUBLIC SAFETY TRAINING CENTER FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public Works	\$ 75,969	\$ 75,969	\$ 58,026	\$ 17,943
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(75,969)	(75,969)	(58,026)	17,943
OTHER FINANCING SOURCES				
Transfers In	54,393	54,393	55,576	1,183
NET CHANGE IN FUND BALANCE	(21,576)	(21,576)	(2,450)	19,126
Fund Balance - Beginning of Year	2,446	2,446	2,446	-
FUND BALANCE - END OF YEAR	<u>\$ (19,130)</u>	<u>\$ (19,130)</u>	<u>\$ (4)</u>	<u>\$ 19,126</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,991,765	\$ 2,991,765	\$ 2,763,980	\$ (227,785)
Intergovernmental	124,961	124,961	125,385	424
Total Revenues	<u>3,116,726</u>	<u>3,116,726</u>	<u>2,889,365</u>	<u>(227,361)</u>
EXPENDITURES				
Current:				
General Government	1,950	1,950	45,437	(43,487)
Conservation and Development	376,123	376,123	37,701	338,422
Debt Service:				
Interest and Fiscal Charges	3,450	3,450	-	3,450
Capital Outlay	1,275,000	1,380,285	113,237	1,267,048
Total Expenditures	<u>1,656,523</u>	<u>1,761,808</u>	<u>196,375</u>	<u>1,565,433</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,460,203	1,354,918	2,692,990	1,338,072
OTHER FINANCING SOURCES (USES)				
Transfers In	54,839	54,839	37,026	(17,813)
Transfers Out	(559,117)	(559,117)	(1,340,009)	(780,892)
Total Other Financing Sources (Uses)	<u>(504,278)</u>	<u>(504,278)</u>	<u>(1,302,983)</u>	<u>(798,705)</u>
NET CHANGE IN FUND BALANCE	955,925	850,640	1,390,007	539,367
Fund Balance - Beginning of Year	<u>2,448,697</u>	<u>2,448,697</u>	<u>2,448,697</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,404,622</u></u>	<u><u>\$ 3,299,337</u></u>	<u><u>\$ 3,838,704</u></u>	<u><u>\$ 539,367</u></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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,680,000	\$ 8,680,000	\$ 8,680,000	\$ -
EXPENDITURES				
Current:				
General Government	-	-	9,500	(9,500)
Debt Service:				
Principal	7,205,000	7,205,000	8,200,000	(995,000)
Interest and Fiscal Charges	2,337,442	2,337,442	2,296,735	40,707
Total Expenditures	<u>9,542,442</u>	<u>9,542,442</u>	<u>10,506,235</u>	<u>(963,793)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(862,442)	(862,442)	(1,826,235)	(963,793)
OTHER FINANCING SOURCES				
Premium on Debt Issued	-	-	679,938	679,938
Payment to Current Noteholder	-	-	(10,250,000)	(10,250,000)
Transfers In	851,093	851,093	1,542,941	691,848
Total Other Financing Sources	<u>851,093</u>	<u>851,093</u>	<u>(8,027,121)</u>	<u>(8,878,214)</u>
NET CHANGE IN FUND BALANCE	(11,349)	(11,349)	(9,853,356)	(9,842,007)
Fund Balance - Beginning of Year	<u>10,468,343</u>	<u>10,468,343</u>	<u>10,468,343</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,456,994</u>	<u>\$ 10,456,994</u>	<u>\$ 614,987</u>	<u>\$ (9,842,007)</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022**

	Health Insurance	Information Technology	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,529,009	\$ 394,692	\$ 2,923,701
Receivables:			
Accounts	73,910	-	73,910
Prepaid Supplies and Items	-	66,672	66,672
Total Current Assets	2,602,919	461,364	3,064,283
Capital Assets:			
Being Depreciated and Amortized, Net	-	1,442	1,442
Total Assets	2,602,919	462,806	3,065,725
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	187,619	187,619
Accrued and Other Current Liabilities	843,418	23,542	866,960
Compensated Absences	-	10,066	10,066
Current Portion of Lease Liability	-	299	299
Total Current Liabilities	843,418	221,526	1,064,944
Noncurrent Liabilities:			
Lease Liability	-	1,221	1,221
Total Liabilities	843,418	222,747	1,066,165
NET POSITION			
Net Investment in Capital Assets	-	(78)	(78)
Unrestricted	1,759,501	240,137	1,999,638
Total Net Position	\$ 1,759,501	\$ 240,059	\$ 1,999,560

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2022**

	<u>Health Insurance</u>	<u>Information Technology</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 5,435,272	\$ 2,004,042	\$ 7,439,314
OPERATING EXPENSES			
Personal Services	-	623,921	623,921
Contractual Services	-	992,556	992,556
Materials and Supplies	-	228,609	228,609
Utilities	-	6,012	6,012
Insurance Claims and Expenses	6,930,962	-	6,930,962
Depreciation and Amortization	-	120	120
Total Operating Expenses	<u>6,930,962</u>	<u>1,851,218</u>	<u>8,782,180</u>
OPERATING INCOME (LOSS)	(1,495,690)	152,824	(1,342,866)
NONOPERATING EXPENSES			
Interest and Fiscal Charges	<u>-</u>	<u>(49)</u>	<u>(49)</u>
INCOME (LOSS) BEFORE TRANSFERS	(1,495,690)	152,775	(1,342,915)
Transfers Out	<u>-</u>	<u>(286,976)</u>	<u>(286,976)</u>
CHANGE IN NET POSITION	(1,495,690)	(134,201)	(1,629,891)
Net Position - Beginning of Year	<u>3,255,191</u>	<u>374,260</u>	<u>3,629,451</u>
NET POSITION - END OF YEAR	<u>\$ 1,759,501</u>	<u>\$ 240,059</u>	<u>\$ 1,999,560</u>

**CITY OF FOND DU LAC, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2022**

	<u>Health Insurance</u>	<u>Information Technology</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 5,361,362	\$ 2,004,042	\$ 7,365,404
Cash Paid for Employee Wages and Benefits	-	(622,875)	(622,875)
Cash Paid to Suppliers	<u>(6,582,601)</u>	<u>(1,111,819)</u>	<u>(7,694,420)</u>
Net Cash Provided (Used) by Operating Activities	(1,221,239)	269,348	(951,891)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer Out	-	(286,976)	(286,976)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Right to Use Lease Assets	-	(1,562)	(1,562)
Proceeds from Issuance of Lease Liability	-	1,562	1,562
Principal Paid on Lease Liability	-	(42)	(42)
Interest Paid on Lease Liability	<u>-</u>	<u>(49)</u>	<u>(49)</u>
Net Cash Flows Provided by Capital and Related Financing Activities	<u>-</u>	<u>(91)</u>	<u>(91)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,221,239)	(17,719)	(1,238,958)
Cash and Cash Equivalents - Beginning of Year	<u>3,750,248</u>	<u>412,411</u>	<u>4,162,659</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,529,009</u></u>	<u><u>\$ 394,692</u></u>	<u><u>\$ 2,923,701</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,495,690)	\$ 152,824	\$ (1,342,866)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	-	120	120
Effect of Changes in Operating Assets and Liabilities:			
Accounts Receivable	(73,910)	-	(73,910)
Prepaid Supplies and Items	-	1,347	1,347
Accounts Payable	-	114,011	114,011
Accrued and Other Current Liabilities	348,361	2,789	351,150
Compensated Absences	<u>-</u>	<u>(1,743)</u>	<u>(1,743)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,221,239)</u></u>	<u><u>\$ 269,348</u></u>	<u><u>\$ (951,891)</u></u>

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY SOURCE
DECEMBER 31, 2022**

Governmental Capital Assets:	
Land	\$ 6,827,020
Buildings and Improvements	35,305,496
Land Improvements	12,231,098
Machinery and Equipment	32,661,988
Infrastructure	231,496,619
Right-to-Use Lease Machinery and Equipment	167,662
Construction In Progress	<u>3,634,468</u>
 Total Governmental Capital Assets	 <u><u>\$ 322,324,351</u></u>
Investments in Governmental Capital Assets	
Capital Projects Funds - General Obligation Bonds/Notes/Lease Liability	\$ 267,095,163
General Fund Revenues	35,578,502
Gifts	605,091
Private Development	3,458,365
City Owned	67,750
Noncash Transactions	86,922
Special Revenue Funds	9,226,145
Federal Grants	5,637,314
State Grants	<u>569,099</u>
 Total Investments in Governmental Capital Assets	 <u><u>\$ 322,324,351</u></u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2022

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Land Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Right-to-Use Lease Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government	\$ 1,812,198	\$ 3,210,881	\$ 534,757	\$ 3,913,040	\$ -	\$ 55,888	\$ 360,969	\$ 9,887,733
Public Safety:								
Police Protection	490,200	3,714,056	116,469	2,822,666	-	55,887	475,972	7,675,250
Fire Protection	712,056	7,624,548	195,243	6,303,994	-	55,887	525,554	15,417,282
Ambulance	-	-	-	1,976,158	-	-	-	1,976,158
Public Works	223,605	6,249,248	147,586	12,465,333	231,496,619	-	1,468,091	252,050,482
Culture and Recreation	1,576,750	3,689,371	10,086,008	1,788,061	-	-	803,882	17,944,072
Library	19,200	5,516,439	84,133	325,017	-	-	-	5,944,789
Transit	-	485,272	127,483	2,941,977	-	-	-	3,554,732
Parking	1,993,011	4,815,681	939,419	125,742	-	-	-	7,873,853
Total Governmental Capital Assets	<u>\$ 6,827,020</u>	<u>\$ 35,305,496</u>	<u>\$ 12,231,098</u>	<u>\$ 32,661,988</u>	<u>\$ 231,496,619</u>	<u>\$ 167,662</u>	<u>\$ 3,634,468</u>	<u>\$ 322,324,351</u>

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2022

	Balance December 31, 2021	Additions and Transfers In	Deductions and Transfers Out	Balance December 31, 2022
General Government	\$ 9,294,118	\$ 620,602	\$ 26,987	\$ 9,887,733
Public Safety:				
Police Protection	7,536,030	621,812	482,592	7,675,250
Fire Protection	15,637,441	666,260	886,419	15,417,282
Ambulance	1,877,908	271,368	173,118	1,976,158
Public Works	243,320,457	9,394,060	664,035	252,050,482
Culture and Recreation	16,600,044	1,662,524	318,496	17,944,072
Library	5,860,656	84,133	-	5,944,789
Transit	3,554,732	-	-	3,554,732
Parking	7,831,637	42,216	-	7,873,853
Total Governmental Capital Assets	<u>\$ 311,513,023</u>	<u>\$ 13,362,975</u>	<u>\$ 2,551,647</u>	<u>\$ 322,324,351</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

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

City of Fond du Lac, Wisconsin

NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 63,746,886
Restricted	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	26,959,258
Unrestricted	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	10,531,830
Total government activities net assets	<u>\$ 94,670,649</u>	<u>\$ 90,146,081</u>	<u>\$ 95,748,532</u>	<u>\$ 91,321,917</u>	<u>\$ 87,012,564</u>	<u>\$ 85,282,565</u>	<u>\$ 83,427,099</u>	<u>\$ 84,021,589</u>	<u>\$ 94,623,288</u>	<u>\$ 101,237,974</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 147,664,406
Restricted	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	8,752,051
Unrestricted	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	15,696,565
Total business-type activities net assets	<u>\$ 122,814,368</u>	<u>\$ 126,997,951</u>	<u>\$ 132,289,049</u>	<u>\$ 136,341,664</u>	<u>\$ 142,329,312</u>	<u>\$ 149,312,382</u>	<u>\$ 154,407,237</u>	<u>\$ 161,100,752</u>	<u>\$ 166,320,137</u>	<u>\$ 172,113,022</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 211,411,292
Restricted	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	35,711,309
Unrestricted	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	26,228,395
Total primary government	<u>\$ 217,485,017</u>	<u>\$ 217,144,032</u>	<u>\$ 228,037,581</u>	<u>\$ 227,663,581</u>	<u>\$ 229,341,876</u>	<u>\$ 234,594,947</u>	<u>\$ 237,834,336</u>	<u>\$ 245,122,341</u>	<u>\$ 260,943,425</u>	<u>\$ 273,350,996</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses										
Governmental activities										
General government	\$ 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	\$ 3,420,020
Public safety										
Police	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	12,121,884
Fire/Rescue	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	8,686,938
Public works	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	18,463,648
Culture and recreation	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	6,178,699
Community and development	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	5,934,201
Interest and fiscal charges	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	1,858,431
Total governmental activities expenses	<u>47,835,439</u>	<u>50,029,871</u>	<u>49,609,674</u>	<u>52,946,745</u>	<u>54,892,846</u>	<u>54,584,915</u>	<u>58,472,638</u>	<u>54,665,811</u>	<u>50,005,038</u>	<u>56,663,821</u>
Business-type activities										
Water Utility	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	8,745,669
Wastewater Utility	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	9,892,152
Total business-type activities	<u>17,831,929</u>	<u>18,496,597</u>	<u>17,673,647</u>	<u>18,407,579</u>	<u>17,513,486</u>	<u>17,201,751</u>	<u>18,403,407</u>	<u>17,454,047</u>	<u>17,827,623</u>	<u>18,637,821</u>
Total primary government expenses	<u>\$ 65,667,368</u>	<u>\$ 68,526,468</u>	<u>\$ 67,283,321</u>	<u>\$ 71,354,324</u>	<u>\$ 72,406,332</u>	<u>\$ 71,786,666</u>	<u>\$ 76,876,045</u>	<u>\$ 72,119,858</u>	<u>\$ 67,832,661</u>	<u>\$ 75,301,642</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 1,129,913
Public safety										
Police	126,566	92,561	161,408	178,203	180,661	220,665	197,685	203,160	138,311	171,270
Fire/Rescue	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	2,100,284
Public works	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	1,968,219
Culture and recreation	478,373	459,396	547,380	579,350	540,277	554,945	565,293	405,634	487,444	559,083
Community and development	1,327,924	1,894,294	922,074	266,434	387,496	215,478	260,202	1,098,511	1,309,516	1,485,569
Interest and fiscal charges	-	-	-	-	133,849	-	1	-	-	-
Operating grants and contributions	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	8,601,558
Capital grants and contributions	1,003,855	968,788	105,428	665,058	469,051	308,237	419,226	456,476	5,039,814	3,715,597
Total governmental activities program revenue	<u>8,292,656</u>	<u>13,591,544</u>	<u>13,108,196</u>	<u>14,044,015</u>	<u>14,154,798</u>	<u>14,498,640</u>	<u>14,323,136</u>	<u>14,779,527</u>	<u>19,850,623</u>	<u>19,731,493</u>
Business-type activities										
Charges for services:										
Water Utility	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	13,595,801
Wastewater Utility	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	12,514,920
Operating grants and contributions	-	-	-	-	-	-	-	575,106	-	286,493
Capital grants and contributions	-	-	-	1,030	-	551,056	-	627,836	-	-
Total business-type activities program revenue	<u>23,629,491</u>	<u>24,020,057</u>	<u>23,836,136</u>	<u>24,025,394</u>	<u>25,087,596</u>	<u>25,698,823</u>	<u>24,887,237</u>	<u>25,739,724</u>	<u>24,708,637</u>	<u>26,397,214</u>
Total primary government program revenue	<u>\$ 31,922,147</u>	<u>\$ 37,611,601</u>	<u>\$ 36,944,332</u>	<u>\$ 38,069,409</u>	<u>\$ 39,242,394</u>	<u>\$ 40,197,463</u>	<u>\$ 39,210,373</u>	<u>\$ 40,519,251</u>	<u>\$ 44,559,260</u>	<u>\$ 46,128,707</u>
Net (Expense)/Revenue										
Governmental activities	\$ (34,061,783)	\$ (36,438,327)	\$ (36,501,478)	\$ (38,902,730)	\$ (40,738,048)	\$ (40,086,275)	\$ (44,149,502)	\$ (39,886,284)	\$ (30,154,415)	\$ (36,932,328)
Business-type activities	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	7,759,393
Total primary government net expense	<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>\$ (23,273,401)</u>	<u>\$ (29,172,935)</u>

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 32,433,029
Other taxes	377,172	321,744	445,272	458,974	433,384	454,154	479,813	393,115	455,065	526,031
Federal and state grants and other contributions not restricted to specific functions										
	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	7,595,989
Gain on sale of asset	-	30,725	33,887	87,795	34,385	129,917	82,829	106,578	138,797	269,880
Interest and investment earnings	(111,182)	418,826	193,223	222,364	254,756	688,413	740,430	352,839	(32,159)	336,133
Miscellaneous	11,239	12,665	20,491	10,931	35,985	4,036	155,786	226,070	588,951	323,573
Transfers	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	2,232,865
Total governmental activities	<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>40,756,115</u>	<u>43,717,500</u>
Business-type activities:										
Investment earnings	201,006	440,630	321,961	331,826	316,698	443,467	545,063	302,399	138,976	226,353
Federal and state grants and other contributions not restricted to specific functions										
	-	-	-	-	-	-	2,808	-	14,890	-
Gain on disposal of capital assets	25,450	5,579	-	-	18,634	-	5,201	-	13,658	40,004
Miscellaneous	-	-	-	-	-	-	-	(925)	-	-
Transfers	(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)	(2,232,865)
Total business-type activities	<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>	<u>(1,966,508)</u>
Total primary government	<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>\$ 39,094,486</u>	<u>\$ 41,750,992</u>
Changes in Net Position										
Governmental activities	\$ (2,873,455)	\$ (2,873,455)	\$ (4,524,568)	\$ (3,527,065)	\$ (4,309,353)	\$ (1,522,960)	\$ (3,674,281)	\$ 594,490	\$ 10,601,700	\$ 6,785,172
Business-type activities	4,392,848	4,392,848	4,183,583	4,627,423	5,987,648	6,995,522	5,094,855	6,693,515	5,219,385	5,792,885
Total primary government	<u>\$ 1,519,393</u>	<u>\$ 1,519,393</u>	<u>\$ (340,985)</u>	<u>\$ 1,100,358</u>	<u>\$ 1,678,295</u>	<u>\$ 5,472,562</u>	<u>\$ 1,420,574</u>	<u>\$ 7,288,005</u>	<u>\$ 15,821,085</u>	<u>\$ 12,578,057</u>

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

City of Fond du Lac, Wisconsin

Fund Balances, Governmental Funds Last Ten Fiscal Years

	2013	2014	2015	2016	2016	2017	2018	2019	2020	2021	2022
General fund											
Nonspendable	\$ 657,434	\$ 788,600	\$ 822,550	\$ 843,454	\$ 791,799	\$ 791,799	\$ 784,385	\$ 815,164	\$ 703,254	\$ 913,767	\$ 719,001
Committed	110,500	129,700	160,900	261,300	313,300	313,300	-	56,400	7,600	48,000	110,600
Assigned	726,392	1,034,438	1,043,484	866,644	422,359	422,359	243,028	480,431	1,283,018	1,561,055	2,919,895
Unassigned	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	5,231,282
Total general fund	\$ 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	\$ 8,980,778
All other governmental funds											
Nonspendable	\$ 23,541	\$ 16,531	\$ 19,321	\$ 21,088	\$ 10,543	\$ 10,543	\$ 11,185	\$ 11,297	\$ 13,688	\$ 22,581	\$ 37,338
Restricted, reported in:											
Debt service fund	164,368	176,731	41,007	30,188	-	-	21,073	35,893	181,493	10,468,343	614,987
Other governmental funds	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	8,234,173	17,660,749
Committed	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	7,299,170
Unassigned	(8,693)	(19,639)	-	-	(132,616)	(132,616)	-	(158,287)	(704,902)	(293,149)	(1,469,692)
Total all other governmental funds	\$ 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	\$ 26,207,109	\$ 24,142,552

Note:

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

City of Fond du Lac, Wisconsin

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Taxes	\$ 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	\$ 32,959,060
Licenses and permits	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	1,595,292
Intergovernmental	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	17,756,363
Public charges for services	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	4,274,085
Fines and forfeits	403,259	353,427	315,075	340,309	350,905	487,268	452,391	371,255	345,423	325,740
Special assessments	310,994	365,625	105,428	477,806	269,051	108,237	219,226	154,398	139,814	107,774
Intergovernmental charges for services	-	-	-	-	6,388	6,472	4,046	3,125	2,993	3,661
Miscellaneous	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	1,657,334
Total revenues	<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>	<u>58,679,309</u>
EXPENDITURES										
Current:										
General government	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	3,817,279
Public safety	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	21,093,838
Public works	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	10,129,415
Culture and recreation	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	5,794,662
Community and development	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	2,446,904
Other	82,258	7,025	8,400	12,300	-	-	-	-	-	-
Debt service:										
Principal	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	8,206,649
Interest and fiscal charges	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	2,301,565
Capital outlay	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	14,648,378
Total expenditures	<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>	<u>68,438,690</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(9,759,381)</u>
OTHER FINANCING SOURCES (USES)										
Long-term debt issued	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	16,181,100
Premium on debt issued	376,520	30,338	132,350	125,000	255,564	347,620	212,975	1,567,782	1,264,127	679,938
Payment to current noteholder	(3,257,783)	-	-	-	(7,050,000)	-	-	(12,265,000)	(6,970,000)	(10,250,000)
Proceeds from sale of capital assets	-	-	-	-	42,718	130,141	81,823	104,020	70,112	269,880
Transfers in	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	6,213,626
Transfers out	(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)	(3,693,785)
Total other financing sources (uses)	<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>	<u>9,400,759</u>
Net change in fund balances	<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>	<u>\$ (358,622)</u>
Debt service (net of principal refinancings) as a percentage of noncapital expenditures										
	23.02%	14.43%	26.65%	19.23%	16.75%	17.30%	18.35%	19.61%	25.01%	18.65%

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
2022	\$ 3,005,546,800	\$ 114,359,750	\$ 3,119,906,550	10.245	\$ 3,703,015,500	84.25
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

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

2022				2013			
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	\$ 58,300,300	1.96%	Mercury Marine	Manufacturer of Boat Engines	\$ 42,754,500	1.62%
SSM Health	Hospital/Health Care Facility	46,278,120	1.55%	Agnesian Healthcare Inc	Hospital/Health Care Facility	29,740,780	1.12%
Grande Cheese Company	Food & Dairy	31,697,290	1.06%	John Mark Apt. Complexes	Apartments	25,623,160	0.97%
Edward Rose Development Co LLC	Apartments	30,717,410	1.03%	Simon Properties	Shopping Mall	17,735,570	0.67%
Badger Liquor Co Inc	Distributor	27,753,308	0.93%	Aurora Medical Group	Health Care Facility	16,449,740	0.62%
Countryside Villas	Apartments	26,110,980	0.88%	Wal-Mart	Retail Shopping Facility	15,307,500	0.58%
Aurora Medical Group	Healthcare	17,311,650	0.58%	J.F. Ahern	Metal Fabrication	14,295,390	0.54%
CD Smith Construction	Construction	17,173,080	0.58%	Eagle Fond du Lac	Warehouse	13,602,500	0.51%
East Central Warehouse	Warehouses	15,452,600	0.52%	1115 East Johnson LLC	Grocery / Retail	12,417,070	0.47%
Walmart	Retail/Grocery	15,178,530	0.51%	Menards	Retail	11,481,950	0.43%
Principal Taxpayers Total		285,973,268	9.60%	Principal Taxpayers Total		199,408,160	7.53%
All Other		2,693,462,732	90.40%	All Other		2,447,219,080	92.47%
Total		\$ 2,979,436,000	100.00%	Total		\$ 2,646,627,240	100.00%

Sources:

^a 2022 City Assessment Roll.

^b 2013 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
2022	\$ 32,694,592	\$ 32,617,747	99.765 %
2021	30,889,400	30,773,020	99.623
2020	30,545,749	24,389,495	79.846
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

Notes:

¹ Fiscal 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.

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															
2022	\$ 9.997	43.5%	\$ 7.902	34.4%	\$ 0.578	2.5%	\$ 5.962	25.9%	0.000	0.0%	\$ 24.442	\$ 1.440	6.3%	\$ 22.999	100.0%
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	41.7	8.647	37.6	0.613	2.7	5.654	24.6	0.000	0.0	24.491	1.504	6.5	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

	Tax Levies					Total
2022	\$ 29,669,049	\$ 22,824,730	\$ 1,716,718	\$ 17,692,059	\$ -	\$ 71,902,556
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

Notes:

¹Fiscal year is the year in which the tax is collected. The 2022 fiscal year consists of the 2021 tax bills due in 2022 and used to finance the 2022 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	Lease Liability ¹	Revenue Bond Debt	Lease Liability ¹			
2022	\$ 13,475,202	\$ 76,489,309	\$ 160,971	\$ 39,378,120	\$ 22,934	\$ 129,526,536	n/a	2,913
2021	23,915,038	68,372,576	-	43,908,032	-	136,195,646	4.3%	3,071
2020	32,887,182	53,918,133	-	52,086,434	-	138,891,749	3.9%	3,137
2019	46,049,327	39,521,851	-	59,524,063	-	145,095,241	3.6%	3,275
2018	51,296,471	32,397,755	-	66,534,776	-	150,229,002	3.3%	3,420
2017	56,263,615	20,683,911	-	70,676,773	-	147,624,299	3.2%	3,380
2016	60,599,603	16,579,585	-	77,388,896	-	154,568,084	3.0%	3,563
2015	61,905,892	16,002,096	-	83,909,719	-	161,817,707	2.8%	3,723
2014	64,720,584	14,077,312	-	90,291,918	-	169,089,814	2.6%	3,919
2013	65,761,317	12,805,000	26,976	100,407,579	-	179,000,872	2.3%	4,153

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

N/A = Not Available.

¹ Lease liabilities 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
2022	44,412	\$ 89,964,511	\$ -	\$ 89,964,511	2.88%	2.43%	\$ 2,025.68
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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value ^a	\$ 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	\$ 2,943,353,900
Equalized Value ^a	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	3,703,015,500
Debt Limit Five Percent of Equalized Value ¹	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	185,150,775
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	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	13,365,000
General Obligation Notes	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	73,295,000
Total Debt	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	86,660,000
Legal Debt Margin	\$ 50,457,629	\$ 51,618,931	\$ 55,714,632	\$ 59,184,513	\$ 64,365,195	\$ 61,967,848	\$ 68,258,790	\$ 75,659,135	\$ 77,390,935	\$ 98,490,775
Percent of Legal Debt Limit Available	39.3%	39.7%	41.8%	43.6%	45.8%	42.8%	45.5%	48.1%	46.5%	53.2%

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, 2022

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Fond du Lac¹</u>	<u>City of Fond du Lac Share of Debt</u>
Direct Debt:			
City of Fond du Lac	\$ 83,694,226	100.0 %	<u>\$ 83,694,226</u>
Overlapping Debt:			
Fond du Lac County	61,395,000	36.4	22,360,059
Moraine Park Technical College	32,755,000	9.9	3,256,918
Fond du Lac School District	108,959,363	70.8	77,165,021
North Fond du Lac School District	42,676,691	13.1	<u>5,590,647</u>
Total - overlapping debt			<u>108,372,644</u>
	TOTAL		<u><u>\$ 192,066,870</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	
2022	\$ 13,595,801	\$ 4,917,290	\$ 353,605	\$ 9,032,116	\$ 3,749,452	\$ 623,799	\$ 4,373,251	2.07
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

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	
2022	\$ 12,514,920	\$ 6,335,617	\$ 199,245	\$ 6,378,548	\$ 3,977,818	\$ 378,495	\$ 4,356,313	1.46
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

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
2022	44,470	n/a	n/a	n/a	37.2	2.6	6,675	477
2021	44,349	\$ 58,905	\$ 5,883,749	\$ 56,378	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

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

2022			2013		
Name	Employees ^a	Percentage of Total City Employment ¹	Name	Employees ^a	Percentage of Total City Employment ¹
SSM Health	3,450	7.19%	Mercury Marine	3,033	6.76%
Mercury Marine	3,100	6.46%	Agmesian Health Care	2,860	6.37%
Fond du Lac County	880	1.83%	Fond du Lac County	900	2.00%
Fond du Lac School District	876	1.83%	Fond du Lac School District	803	1.79%
Grande Cheese Company	415	0.86%	Moraine Park Technical College	430	0.96%
Moraine Park Technical College	397	0.83%	J.F. Ahern Co.	416	0.93%
Taycheedah Correctional Facility	388	0.81%	Taycheedah Correctional Facility	390	0.87%
Marian University	386	0.80%	City of Fond du Lac	308	0.69%
Fives Machining Systems Inc	375	0.78%	Marian University	263	0.59%
Total	10,267	23.09%	Total	9,403	20.80%

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
2022	27.0	161.5	69.0	12.5	12.0	282.0
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

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Community Development										
Building Permits Issued	3,133	3,157	2,655	1,683	3,724	3,807	4,257	1,346	1,315	1,378
Total Valuation of Building Permits	\$ 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	\$ 146,273,582
New site plans reviewed	30	26	17	32	26	30	28	27	47	36
Rezoning/special use permits applied for	14	9	14	18	13	16	8	11	14	11
Variances applied for	37	16	14	15	27	14	10	17	8	12
New lots/parcels created	2	4	2	2	4	-	17	7	17	18
Housing Code Enforcement-complaints filed	402	410	415	458	513	552	509	426	439	418
Housing Code Enforcement-violations cured	664	610	645	542	526	544	441	329	347	447
Housing rehabilitation value of loans approved	\$ 258,800	\$ 286,300	\$ 172,099	\$ 142,179	\$ 377,050	\$ 191,300	\$ 93,295	\$ 104,900	\$ 94,009	\$ 113,500
Downtown parking revenue (permits & meter)	\$ 298,400	\$ 276,667	\$ 288,452	\$ 296,981	\$ 306,351	\$ 310,534	\$ 305,663	\$ 227,255	\$ 206,015	\$ 208,889
Transit ridership	212,327	200,473	206,139	209,119	200,540	206,364	193,050	103,427	99,403	120,525
Transit farebox revenue	\$ 252,248	\$ 249,664	\$ 246,530	\$ 256,947	\$ 330,351	\$ 249,051	\$ 250,502	\$ 26,320	\$ 30,094	\$ 35,554
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	197,213	198,829	204,418	209,864	203,464	208,313	206,235	204,929	194,396	194,480
Circulation	766,425	779,448	709,154	680,674	641,827	627,249	590,624	453,768	379,826	404,581
Senior Center number of visits	52,508	47,728	51,948	63,359	63,113	62,208	66,274	11,511	45,472	50,091
Senior Center volunteer hours worked	17,812	17,058	21,052	18,114	15,751	15,203	16,644	4,785	17,807	2,665
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	14,238	14,275	14,202	14,246	14,358	14,391	14,433	14,449	14,474	14,541
Commercial	1,380	1,381	1,199	1,204	1,215	1,220	1,222	1,234	1,262	1,300
Industrial	54	56	53	53	53	54	52	53	55	53
Multifamily			297	301	311	309	318	309	317	322
Public	74	43	77	75	77	76	76	82	82	81
Gallons of Water Sold:										
Residential	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	525,140,132
Commercial	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	350,415,560
Industrial	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	377,967,392
Multifamily			83,877,728	81,969,580	83,892,688	85,010,200	92,238,124	90,256,672	93,084,112	103,305,532
Public	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	81,160,992
Plant Capacity (gallons/day)	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	6,726,000
Wastewater Collection & Treatment System										
Average No. of Customers:										
Residential	14,238	14,275	14,202	14,246	14,358	14,391	14,433	14,449	14,474	14,541
Commercial	1,380	1,381	1,199	1,204	1,215	1,220	1,222	1,234	1,262	1,300
Industrial	54	56	53	53	53	54	52	53	55	53
Multifamily			297	301	311	309	318	309	317	322
Public	74	43	77	75	77	76	76	82	82	81
System Usage in Gallons										
Residential	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	525,140,132
Commercial	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	350,415,560
Industrial	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	377,967,392
Multifamily			83,877,728	81,969,580	83,892,688	85,010,200	92,238,124	90,256,672	93,084,112	103,305,532
Public	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	81,160,992

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	73	73	73	73	72	72	73	73	64	67
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	64
Firefighting Vehicles	6	6	6	6	6	6	6	6	6	6
Ambulances	5	5	5	5	5	5	6	6	6	6
Public Works										
Miles of Streets	171	171	171	171	171	176	177	177	177	177
Miles of Storm Sewers	175	175	175	175	182	192	228	227	237	237
Recreation and Culture										
Playgrounds	15	15	15	16	16	17	17	18	18	18
City Parks	21	21	21	22	22	22	22	23	23	23
Acres of City Park Land	520	520	520	530	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	2	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	18	18	18	18	18	18	18	18
Business-type activities:										
Water Utility										
Miles of Mains	220	221	223	223	223	224	225	225	216	216
Hydrants	1,829	1,833	1,830	1,836	1,836	1,842	1,846	1,856	1,862	1,819
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	197	198	198	198	198	203	206	205	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, 2022, 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 27, 2023.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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*.

City of Fond du Lac, Wisconsin’s Response to Finding

Government Auditing Standards require the auditor to perform limited procedure on the City’s response to the finding identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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 the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 27, 2023

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, 2022. 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, 2022.

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, 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.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 27, 2023

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/2022 As Restated	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/22	Total Expenditures	Subrecipient Payments
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	14.218	Direct Program	N/A	(778,812)	355,838	1,060,989	638,015	-
COVID-19: Community Development Block Grants/Entitlement Grants	14.218	Direct Program	N/A	(352,711)	-	472,423	119,712	152,206
Community Development Block Grant-Revolved Loan Funds Program Income	14.218	Direct Program	N/A	-	401,090	-	401,090	-
Total Community Development Block Grants and U.S. Department of Housing and Urban Development				(1,131,523)	756,928	1,533,412	1,158,817	152,206
U.S. Department of the Interior								
Knowles-Nelson Stewardship Program, Land and Water Conservation Aids	15.916	WI Dept. of Natural Resources	55-01918	-	16,590	7,577	24,167	-
U.S. DEPARTMENT OF JUSTICE								
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	Direct Program	N/A	(11,501)	38,772	-	27,271	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct Program	N/A	(9,799)	4,876	29,910	24,987	-
Asset Forfeiture Programs Equitable Sharing	16.922	Direct Program	N/A	4,648	-	(4,648)	-	-
Total U.S. Department of Justice				(16,652)	43,648	25,262	52,258	-
U.S. DEPARTMENT OF TRANSPORTATION								
Federal Transit Cluster:								
Federal Transit Formula Grants	20.507	Direct Program	N/A	-	-	747,768	747,768	-
COVID-19: Federal Transit Formula Grants	20.507	Direct Program	N/A	(369,955)	674,492	-	304,537	-
Total Federal Transit Cluster and U.S. Department of Transportation				(369,955)	674,492	747,768	1,052,305	-
U.S. DEPARTMENT OF TREASURY								
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	Direct Program	N/A	6,896,077	6,896,077	(11,941,724)	1,850,430	-
Total Expenditures of Federal Awards				<u>\$ 5,375,447</u>	<u>\$ 8,387,735</u>	<u>\$ (9,625,205)</u>	<u>\$ 4,137,977</u>	<u>\$ 152,206</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, 2022**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 1/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/22	Total Expenditures	Passed Through to Subrecipients
DEPARTMENT OF NATURAL RESOURCES								
Urban Forestry	370.587	Direct Program	N/A	\$ (23,123)	\$ 23,123	\$ -	\$ -	\$ -
DEPARTMENT OF TRANSPORTATION								
Transit Operating Aids	395.104	Direct Program	N/A	-	468,210	-	468,210	-
DEPARTMENT OF HEALTH SERVICES								
EMS Funding Assistance Program	435.167	Direct Program	N/A	2,734	17,671	(12,423)	7,982	-
DEPARTMENT OF MILITARY AFFAIRS								
Regional Emergency Response Teams	465.306	Direct Program	N/A	11,897	16,514	(21,177)	7,234	-
Hazardous Materials Emergency Preparedness	465.308	Fond du Lac County	11036 & 11163	14,294	5,226	(19,520)	-	-
Total Department of Military Affairs				<u>26,191</u>	<u>21,740</u>	<u>(40,697)</u>	<u>7,234</u>	<u>-</u>
TOTAL STATE PROGRAMS				<u>\$ 5,802</u>	<u>\$ 530,744</u>	<u>\$ (53,120)</u>	<u>\$ 483,426</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, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the Schedules) 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 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 2022 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines*. 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, 2022**

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? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal 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 major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grant
20.507	Federal Transit Cluster
	Federal Transit Formula Grants
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds

- 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 (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

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 Program

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

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings

Finding No.	Control Deficiency
2022-001	Adjustments to the City's Financial Records
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	As part of our audit, we proposed adjusting entries including a prior period misstatement that were material to the organization's financial statements.
Criteria or Specific Requirement:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Effect:	Year-end financial records may contain material misstatements.
Cause:	CLA identified material adjusting journal entries including a prior period misstatement during the audit.
Repeat Finding:	No
Recommendation:	We recommend the City review year end closing procedures specifically related to year end cut off and period of availability for governmental funds to ensure proper year end recording.
Views of Responsible Officials and Corrective Action Plan:	There is no disagreement with the adjustment. Management has reviewed and approved the adjusting journal entries proposed by CLA. Policies and procedures will be reviewed to ensure proper recording in future periods.

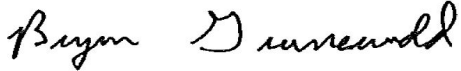
Section III – Findings and Questioned Costs – Federal and State Award Programs

Uniform Guidance and State Single Audit Guidelines Findings

There are no findings related to the Federal and State Awards required to be reported under 2 CFR 200.516(a) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended December 31, 2022.

**CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

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 |
| Department of Revenue | 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 27, 2023 |